Chapter Two

MONEY OR SIMPLE CIRCULATION

Gladstone, speaking in a parliamentary debate on Sir Robert Peel's Bank Act of 1844 and 1845, observed that even love has not turned more men into fools than has meditation upon the nature of money. He spoke of Britons to Britons. The Dutch, on the other hand, who in spite of Petty's doubts possessed a "divine sense" for money speculation from time immemorial, have never lost their senses in speculation about money.

The principal difficulty in the analysis of money is surmounted as soon as it is understood that the commodity is the origin of money. After that it is only a question of clearly comprehending the specific form peculiar to it. This is not so easy because all bourgeois relations appear to be gilded, i.e. they appear to be money relations, and the money form, therefore, seems to possess an infinitely varied content, which is quite alien to this form.

During the following analysis it is important to keep in mind that we are only concerned with those forms of money which arise directly from the exchange of commodities, but not with forms of money, such as credit money, which belong to a higher stage of production. For the sake of simplicity gold is assumed throughout to be the money commodity.

1. MEASURE OF VALUE

The first phase of circulation is, as it were, a theoretical phase preparatory to real circulation. Commodities, which exist as use

values, must first of all assume a form in which they appear to one another nominally as exchange values, as definite quantities of objectified universal labour time. The first necessary move in this process is, as we have seen, that the commodities set apart a specific commodity, say, gold, which becomes the direct materialisation of universal labour time or the universal equivalent. Let us return for a moment to the form in which gold is converted into money by commodities.

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\begin{align*}
1 \text{ ton of iron} & = 2 \text{ ounces of gold}, \\
1 \text{ quarter of wheat} & = 1 \text{ ounce of gold}, \\
1 \text{ hundredweight of Mocha coffee} & = \frac{1}{4} \text{ ounce of gold}, \\
1 \text{ hundredweight of potash} & = \frac{1}{2} \text{ ounce of gold}, \\
1 \text{ ton of Brazil-timber} & = 1 \frac{1}{2} \text{ ounces of gold}, \\
Y \text{ commodities} & = X \text{ ounces of gold}.
\end{align*}
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In this series of equations iron, wheat, coffee, potash, etc., appear to one another as materialisation of uniform labour, that is labour materialised in gold, in which all distinctive features of the concrete labour represented in the different use values are entirely obliterated. They are as values identical, i.e. materialisations of the same labour or the same materialisation of labour—gold. Since they are uniform materialisations of the same labour, they differ only in one way, quantitatively: in other words they represent different magnitudes of value, because their use values contain unequal amounts of labour time. These individual commodities can be compared with one another as embodiments of universal labour time, since they have been compared with universal labour time in the shape of the excluded commodity, i.e. gold. The same dynamic relation, as a result of which commodities become exchange values for one another, causes the labour time contained in gold to represent universal labour time, a given amount of which is expressed in different quantities of iron, wheat, coffee, etc., in short in the use values of all commodities, or it may be displayed directly in the infinite series of commodity equivalents. Since the exchange value of all commodities is expressed in gold, the exchange value of gold is directly expressed in all commodities. Because the commodities themselves assume the form of exchange value for one another, they turn gold into the universal equivalent or into money.

Gold becomes the measure of value because the exchange value of all commodities is measured in gold, is expressed in the relation of a definite quantity of gold and a definite quantity of
commodity containing equal amounts of labour time. To begin with, gold becomes the universal equivalent, or money, only because it thus functions as the measure of value and as such its own value is measured directly in all commodity equivalents. The exchange value of all commodities, on the other hand, is now expressed in gold. One has to distinguish a qualitative and a quantitative aspect in this expression. The exchange value of the commodity exists as the embodiment of equal uniform labour time, the value of the commodity is thus fully expressed, for to the extent that commodities are equated with gold they are equated with one another. Their golden equivalent reflects the universal character of the labour time contained in them on the one hand, and its quantity on the other hand. The exchange value of commodities thus expressed in the form of universal equivalence and simultaneously as the degree of this equivalence in terms of a specific commodity, that is a single equation to which commodities are compared with a specific commodity, constitutes price. Price is the converted form in which the exchange value of commodities appears within the circulation process.

Thus as a result of the same process through which the values of commodities are expressed in gold prices, gold is transformed into the measure of value and thence into money. If the values of all commodities were measured in silver or wheat or copper, and accordingly expressed in terms of silver, wheat or copper prices, then silver, wheat or copper would become the measure of value and consequently universal equivalents. Commodities as exchange values must be antecedent to circulation in order to appear as prices in circulation. Gold becomes the measure of value only because the exchange value of all commodities is estimated in terms of gold. The universality of this dynamic relation, from which alone springs the capacity of gold to act as a measure, presupposes however that every single commodity is measured in terms of gold in accordance with the labour time contained in both, so that the real measure of commodity and gold is labour itself, that is commodity and gold are as exchange values equated by direct exchange. How this equating is carried through in practice cannot be discussed in the context of simple circulation. It is evident, however, that in countries where gold and silver are produced a definite amount of labour time is directly incorporated in a definite quantity of gold and silver, whereas countries which produce no gold and silver arrive at the same result in a roundabout way, by direct or indirect exchange of their home products, i.e. of a definite portion of their average national labour,
for a definite quantity of labour time materialised in the gold and silver of countries that possess mines. Gold must be in principle a *variable* value, if it is to serve as a measure of value, because only as materialisation of labour time can it become the equivalent of other commodities, but as a result of changes in the productivity of concrete labour, the same amount of labour time is embodied in unequal volumes of the same type of use values. The valuation of all commodities in terms of gold—like the expression of the exchange value of any commodity in terms of the use value of another commodity—merely presupposes that at a given moment gold represents a definite quantity of labour time. The law of exchange value set forth earlier applies to changes occurring in the value of gold. If the exchange value of commodities remains unchanged, then a general rise of their prices in terms of gold can only take place when the exchange value of gold falls. If the exchange value of gold remains unchanged, then a general rise of prices in terms of gold is only possible if the exchange values of all commodities rise. The reverse takes place in the case of a general decline in the prices of commodities. If the value of an ounce of gold falls or rises in consequence of a change in the labour time required for its production, then it will fall or rise *equally* in relation to all other commodities and will thus for all of them continue to represent a *definite* volume of labour time. The same exchange values will now be estimated in quantities of gold which are larger or smaller than before, but they will be estimated in accordance with their values and will therefore maintain the same value relative to one another. The ratio $2:4:8$ remains the same whether it becomes $1:2:4$ or $4:8:16$. The fact that, because of the changing value of gold, exchange values are represented by varying quantities of gold does not prevent gold from functioning as the measure of value, any more than the fact that the value of silver is one-fifteenth of that of gold prevents silver from taking over this function. Labour time is the measure of both gold and commodities, and gold becomes the measure of value only because all commodities are measured in terms of gold; it is consequently merely an illusion created by the circulation process to suppose that money makes commodities commensurable.* On the contrary,  

* Aristotle does indeed realise that the exchange value of commodities is antecedent to the prices of commodities: "That exchange took place thus before there was money is plain; for it makes no difference whether it is five beds that exchange for a house, or the money value of five beds." On the other hand, since it is only in price that commodities possess the form of exchange value in relation to one another, he makes them commensurable by means of money. "This is why
it is only the commensurability of commodities as objectified labour time which converts gold into money.

The concrete form in which commodities enter the process of exchange is as use values. The commodities will only become universal equivalents as a result of their alienation. The establishment of their price is merely their ideal conversion into the universal equivalent, an equation with gold which still has to be put into practice. But because prices convert commodities only ideally into gold or only into imaginary gold—i.e. the existence of commodities as money is indeed not yet separated from their real existence—gold has been merely transformed into imaginary money, only into the measure of value, and definite quantities of gold serve in fact simply as names for definite quantities of labour time. The distinct form in which gold crystallises into money depends in each case on the way in which the exchange values of commodities are represented with regard to one another.

Commodities now confront one another in a dual form, really as use values and ideally as exchange values. They represent now for one another the dual form of labour contained in them, since the particular concrete labour actually exists as their use value, while universal abstract labour time assumes an imaginary existence in their price, in which they are all alike embodiments of the same substance of value, differing only quantitatively.

The difference between exchange value and price is, on the one hand, merely nominal; as Adam Smith says, labour is the real price of commodities and money their nominal price. Instead of saying that one quarter of wheat is worth thirty days' labour, one now says it is worth one ounce of gold, when one ounce of gold is produced in thirty working days. The difference is on the other hand.

all goods must have a price set on them; for then there will always be exchange, and if so, association of man with man. Money, then, acting as a measure, makes goods commensurate and equates them; for neither would there have been association if there were not exchange, nor exchange if there were not equality, nor equality if there were not commensurability.” Aristotle is aware of the fact that the different things measured by money are entirely incommensurable magnitudes. What he seeks is the oneness of commodities as exchange values, and since he lived in ancient Greece it was impossible for him to find it. He extricates himself from this predicament by making essentially incommensurable things commensurable—so far as this is necessary for practical needs—by means of money. “Now in truth it is impossible that things differing so much should become commensurate, but with reference to demand they may become so sufficiently” (Aristoteles, Ethica Nicomachea, l. V, c. 8, edit. Bekkeri, Oxonii, 1837). [The English text is from Aristotle—Ethica Nicomachea, Book V, Chapter 8, translation by W. D. Ross, Oxford, 1925, 1133b.] [Marx quotes in Greek.]
hand so far from being simply a nominal difference that all the storms which threaten the commodity in the actual process of circulation centre upon it. A quarter of wheat contains thirty days' labour, and it therefore does not have to be expressed in terms of labour time. But gold is a commodity distinct from wheat, and only circulation can show whether the quarter of wheat is actually turned into an ounce of gold as has been anticipated in its price. This depends on whether or not the wheat proves to be a use value, whether or not the quantity of labour time contained in it proves to be the quantity of labour time necessarily required by society for the production of a quarter of wheat. The commodity as such is an exchange value, the commodity has a price. This difference between exchange value and price is a reflection of the fact that the particular individual labour contained in the commodity can only through alienation be represented as its opposite, impersonal, abstract, general—and only in this form social—labour, i.e. money. Whether it can be thus represented or not seems a matter of chance. Although, therefore, the price gives exchange value a form of existence which is only nominally distinct from the commodity, and the two aspects of the labour contained in the commodity appear as yet only as different modes of expression; while, on the other hand, gold, the embodiment of universal labour time, accordingly confronts concrete commodities merely as an imaginary measure of value; yet the existence of price as an expression of exchange value, or of gold as a measure of value, entails the necessity for alienation of commodities in exchange for glittering gold and thus the possibility of their non-alienation. In short, there is here contained in latent form the whole contradiction which arises because the product is a commodity, or because the particular labour of an isolated individual can become socially effective only if it is expressed as its direct opposite, i.e. abstract universal labour. The utopians who wish to retain commodities but not money, production based on private exchange without the essential conditions for this type of production, are therefore quite consistent when they seek to "abolish" money not only in its palpable state but even in the nebulous, chimeraical state that it assumes as the measure of value. For beneath the invisible measure of value lurks hard money.

Given the process by which gold has been turned into the measure of value and exchange value into price, all commodities when expressed in their prices are merely imagined quantities of gold of various magnitudes. Since they are thus various quantities of the same thing, namely gold, they are similar, comparable and
commensurable, and thus arises the technical necessity of relating them to a definite quantity of gold as a *unit of measure*. This unit of measure then develops into a scale of measure by being divided into aliquot parts which are in turn subdivided into aliquot parts.* The quantities of gold themselves, however, are measured by weight. The standard weights generally used for metals accordingly provide ready-made standard measures, which originally also served as standard measures of price wherever metallic currency was in use. Since commodities are no longer compared as exchange values which are measured in terms of labour time, but as magnitudes of the same denomination measured in terms of gold, gold, the *measure of value*, becomes the *standard of price*. The comparison of commodity prices in terms of different quantities of gold thus becomes crystallised in figures denoting imaginary quantities of gold and representing gold as a standard measure divided into aliquot parts. Gold as measure of value and as standard of price has quite distinct specific functions, and the confusion of the one with the other has led to the most absurd theories. Gold as objectified labour time is a measure of value, as a piece of metal of definite weight it is the standard of price. Gold becomes the measure of value because as an exchange value it is compared with the exchange values of other commodities; in its aspect as a standard of price a definite quantity of gold serves as a unit for other quantities of gold. Gold is the measure of value because its value is variable; it is the standard of price because it has been established as an invariable unit of weight. Here, as in all cases of measuring quantities of the same denomination, stability and exactitude of the proportions is essential. The necessity of establishing a quantity of gold as the unit of measure and its aliquot parts as subdivisions of this unit has given rise to the idea that a fixed ratio of values has been set up between a definite quantity of gold, whose value is of course variable, and the exchange values of commodities. But such a view simply ignores the fact that the exchange values of commodities are turned into prices, into quantities of gold, before gold becomes the standard of price. Quite irrespective of any changes in the value of gold,

* The strange fact that the ounce of gold as the standard of money in England is not divided into fractional parts is accounted for as follows: "Our coinage was originally adapted to the employment of silver only—hence an ounce of silver can always be divided into a certain adequate number of pieces of coin; but, as gold was introduced at a later period into a coinage adapted only to silver, an ounce of gold cannot be coined into an adequate number of pieces" (Maclaren, *History of the Currency*, London, 1858, p. 16). [Marx quotes in English.]
different quantities of gold will always represent the same ratio of values with regard to one another. If the value of gold should fall by 1,000 per cent, then the value of twelve ounces of gold would still be twelve times bigger than that of one ounce of gold, and so far as prices are concerned what matters is only the proportion of the different quantities of gold to one another. Since, on the other hand, a rise or fall in the value of an ounce of gold does not in any way affect its weight, the weight of its aliquot parts remains likewise unaffected; gold can thus always serve as a stable standard of price, regardless of any changes in its value.*

As a result of an historical process, which, as we shall explain later, was determined by the nature of metallic currency, the names of particular weights were retained for constantly changing and diminishing weights of precious metals functioning as the standard of price. Thus the English pound sterling denotes less than one-third of its original weight, the pound Scots before the Union only \( \frac{1}{36} \), the French livre \( \frac{1}{74} \), the Spanish maravedi less than \( \frac{1}{1,000} \) and the Portuguese rei an even smaller proportion. Historical development thus led to a separation of the money names of certain weights of metals from the common names of these weights.** Because the designation of the unit of measure, its aliquot parts and their names is, on the one hand, purely conventional, and on the other hand must be accepted as universal and indispensable within the sphere of circulation, it had to be established by legal means. The purely formal enactment thus devolved upon the government.*** Which particular metal served

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* "Money may continually vary in value, and yet be as good a measure of value as if it remained perfectly stationary. Suppose, for instance, it is reduced in value.... Before the reduction, a guinea would purchase three bushels of wheat or 6 days' labour; subsequently, it would purchase only 2 bushels of wheat, or 4 days' labour. In both cases, the relations of wheat and labour to money being given, their mutual relations can be inferred; in other words, we can ascertain that a bushel of wheat is worth 2 days' labour. This, which is all that measuring value implies, is as readily done after the reduction as before. The excellence of thing as a measure of value is altogether independent of its own variableness in value" (Bailey, *Money and Its Vicissitudes*, London, 1837, pp. 9, 10). [Marx quotes in English.]

** "The coins which today are ideal are the oldest coins of every nation, and all of them were once real" (so generally stated the latter assertion is incorrect) "and precisely because they were real they were used for calculation" (Galiani, *Della Moneta*, l.c., p. 153). [Marx quotes in Italian.]

*** The romantic A. Müller says: "According to our views every independent sovereign has the right to introduce metallic currency and ascribe to it a social nominal value, order, position and title" (A. H. Müller, *Die Elemente der Staatskunst*, Berlin, 1809. Part II, p. 288). The aulic councillor is right as regards the title, but he forgets the content. How confused his "views" are becomes evident, for instance,
as the material of money depended on the given social conditions. The legal standard of price is of course different in different countries. In England, for example, the ounce as a weight of metal is divided into pennyweights, grains and carats troy; but the ounce of gold as the unit of money is divided into $3^{7/8}$ sovereigns, the sovereign into 20 shillings and the shilling into 12 pence, so that 100 pounds of 22-carat gold (1200 ounces) equal 4,672 sovereigns and 10 shillings. But in the world market, where state frontiers disappear, such national features of the standards of money disappear as well and are replaced by measures of weight generally used for metals.

The price of a commodity, or the quantity of gold into which it is nominally converted, is now expressed therefore in the monetary names of the standard of gold. Thus, instead of saying a quarter of wheat is worth an ounce of gold, one would say in England it is worth £3 17s. 10½d. All prices are thus expressed in the same denomination. The specific form which the exchange value of commodities assumes is converted into denominations of money, by which their value is expressed. Money* in turn becomes money of account.*

in the following passage: “Everybody realises how important it is to determine the price of coins correctly, especially in a country like England, where the government with splendid generosity coins money gratuitously” (Mr. Müller apparently assumes that the members of the British government defray the costs of minting out of their own pocket), “where it does not levy seigniorage, etc., and consequently if it were to fix the mint price of gold considerably above the market price, if instead of paying £3 17 s. 10½ d. for an ounce of gold as at present, it should decide to fix the price of an ounce of gold at £3 19s., all money would flow into the mint and the silver obtained there would be exchanged for the cheaper gold on the market, and then it would again be taken to the mint, thus throwing the monetary system into disorder” (l.c., pp. 280, 281). Müller throws his ideas into “disorder”, so as to preserve order at the mint in England. Whereas shillings and pence are merely names, that is names of definite fractions of an ounce of gold represented by silver and copper tokens, he imagines that an ounce of gold is estimated in terms of gold, silver and copper and thus confers upon the English a triple standard of value. Silver as the standard of money along with gold was formally abolished only in 1816 by 56 George III, C. 68, although it was in fact legally abolished by 14 George II, C. 42 in 1734, and in practice even earlier. Two circumstances in particular enabled A. Müller to arrive at a so-called higher conception of political economy: first his extensive ignorance of economic facts and second his purely amateurish infatuation with philosophy.

* "When Anacharsis was asked what the Hellenes used money for, he replied—for calculation” (Athenaeus, Deipnosophistae, 1. IV, 49, v. II, [p. 120], ed. Schweighäuser, 1802). [Marx quotes in Greek.]

a The original has “gold”; changed by Marx in his own copy.— Ed.
The transformation of commodities into money of account in the mind, on paper or in words takes place whenever the aspect of exchange value becomes fixed in a particular type of wealth.* This transformation needs the material of gold, but only in imagination. Not a single atom of real gold is used to estimate the value of a thousand bales of cotton in terms of a certain number of ounces of gold and then to express this number of ounces in £. s. d., the names of account of the ounce. For instance, not a single ounce of gold was in circulation in Scotland before Sir Robert Peel's Bank Act of 1845, although the ounce of gold, called £3 17s. 10½d. as the British standard of account, served as the legal standard of price. Similarly, silver serves as the standard of price in exchange of commodities between Siberia and China, although this trade is in fact merely barter. It makes no difference, therefore, to gold as money of account whether or not its standard unit or its subdivisions are actually coined. During the reign of William the Conqueror, one pound sterling, at that time a pound of pure silver, and the shilling, 1/20 of a pound, existed in England only as money of account, while the penny, 1/240 of a pound of silver, was the largest silver coin in existence. On the other hand, there are no shillings or pence in England today, although they are legal names of account for definite fractions of an ounce of gold. Money as money of account may exist only ideally, while actually existing money may be coined according to an entirely different standard. Thus in many of the English colonies in North America, the money in circulation consisted of Spanish and Portuguese coins till late in the eighteenth century, whereas the money of account was everywhere the same as in England.**

Because as standard of price gold is expressed by the same names of account as the prices of commodities—for example £3 17s. 10½d. may denote an ounce of gold just as well as a ton of iron—these names of account are called the *mint price* of gold. Thus the queer notion arose that gold is estimated in its own

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* G. Garnier, one of the first to translate Adam Smith into French, had the odd idea of establishing the proportion between the use of money of account and that of real money. [According to him] this proportion is 10 to 1 (G. Garnier, *Histoire de la monnaie depuis les temps de la plus haute antiquité* etc., t. I, p. 78).

** The Act of Maryland of 1732, which made tobacco legal currency but converted its value into English gold money, by declaring a pound of tobacco equal to a penny, recalls the *leges barbarorum*, which on the contrary equated definite sums of money with oxen, cows, etc. In this case the real material of the money of account was neither gold nor silver, but the ox and the cow. [See J. Wirth, *Die Geschichte der Deutschen*, Vol. I, Stuttgart, 1846, pp. 97-99.]
material and that, unlike all other commodities, its price is fixed by the State. The establishing of names of account for definite weights of gold was mistaken for the establishing of the value of these weights.* Gold has neither a fixed price nor any price at all, when it is a factor in the determination of prices and therefore functions as money of account. In order to have a price, in other words to be expressed in terms of a specific commodity functioning as the universal equivalent, this other commodity would have to play the same exclusive role in the process of circulation as gold. But two commodities which exclude all other commodities would exclude each other as well. Consequently, wherever silver and gold exist side by side as legal money, i.e. as measure of value, the vain attempt has always been made to treat them as one and the same substance. If one assumes that a given labour time is invariably objectified in the same proportion in silver and gold, then one assumes, in fact, that silver and gold are the same substance, and that silver, the less valuable metal, represents a constant fraction of gold. The history of the monetary system in England from the reign of Edward III up to the time of George II consists of a continuous series of disturbances caused by conflict between the legally established ratio between the values of gold and silver and the actual fluctuations in their value. Sometimes the value of gold was too high, sometimes that of silver. The metal whose value was estimated at too low a rate was withdrawn from circulation, melted down and exported. The value ratio of the two metals was then once again changed by law; but soon the new nominal value in its turn clashed with the actual value ratio. In our own time, the slight and short-lived fall in the value of gold as compared with silver, brought about by the Indian and Chinese demand for silver, produced the same phenomenon on a large scale in France—the export of silver and the elimination of silver from the sphere of circulation by gold. During the years 1855, 1856 and 1857, the excess of France's gold imports over her gold exports amounted to £41,580,000, while the excess of her silver exports over silver imports came to £34,704,000.\(^a\) In countries like France, where both metals are legally sanctioned measures of value and

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* Thus we read, for example, in the Familiar Words of Mr. David Urquhart—"The value of gold is to be measured by itself; how can any substance be the measure of its own worth in other things? The worth of gold is to be established by its own weight, under a false denomination of that weight—and an ounce is to be worth so many pounds and fractions of pounds. This is falsifying a measure, not establishing a standard." [Marx quotes in English.]

\(^a\) "Foreign Correspondence", The Economist, No. 775, July 3, 1858.—Ed.
both are accepted as legal tender, where moreover every person can pay in the one or the other metal as he pleases, the metal whose value rises is in fact at a premium, and its price like that of any other commodity is measured in terms of the over-rated metal, which thus serves alone as the measure of value. All historical experience in this sphere simply shows that, where two commodities function as legally valid measures of value, it is always one of them only which actually maintains this position.*

B. THEORIES OF THE STANDARD OF MONEY

The fact that commodities are only nominally converted in the form of prices into gold and hence gold is only nominally transformed into money led to the doctrine of the ideal standard of money. Because only imaginary gold or silver, i.e. gold and silver merely as money of account, is used in the determination of prices, it was asserted that the terms pound, shilling, pence, thaler, franc, etc. denote ideal particles of value but not weights of gold or silver or any form of objectified labour. If, for example, the value of an ounce of silver were to rise, it would contain more of these particles and would therefore have to be divided or coined into a greater number of shillings. This doctrine, which arose at the close of the seventeenth century, was again advanced during the last commercial crisis in England²⁵ and was even advocated by Members of Parliament in two special reports appended to the 1858 Report of the Select Committee on the Bank Acts. In England at the time of the accession of William III, the mint price of an ounce of silver was 5s. 2d., that is 1/62 of an ounce of silver was called a penny and 12 of these pence were called a shilling. A bar of silver weighing say six ounces would, according to this standard, be coined into 31 coins which would be called shillings. But whereas the mint price of an ounce of silver was 5s. 2d., its market price rose to 6s. 3d., that is to say in order to buy an ounce of uncoined silver 6s. 3d. had to be handed over. How was it possible for the market price of an ounce of silver to rise above its mint price, if the mint price was merely a name of account for fractions of an ounce of silver? The solution of this riddle was quite simple. Four million of the £5,600,000 of silver money in

* "Money as the measure of commerce ought to be kept (as all other measures) as steady and invariable as may be. But this cannot be, if your money be made of two metals, whose proportion constantly varies" (John Locke, Some Considerations on the Lowering of Interest etc., 1691; in his Works, 7th Edition, London, 1768, Vol. II, p. 65).
circulation at that time were worn out or clipped. A trial showed that £57,200 in silver coins, whose weight ought to have been 220,000 ounces, weighed only 141,000 ounces. The mint continued to coin silver pieces according to the same standard, but the lighter shillings which were actually in circulation represented smaller fractions of an ounce than their name denoted. A larger quantity of these reduced shillings had consequently to be paid for an ounce of uncoined silver on the market. When, because of the resulting difficulties, it was decided to recoin all the money, Lowndes, the Secretary to the Treasury, claimed that the value of an ounce of silver had risen and that in future accordingly 6s. 3d. would have to be struck from an ounce instead of 5s. 2d. as previously. He thus in effect asserted that, because the value of an ounce of silver had risen, the value of its aliquot parts had fallen. But his false theory was merely designed to make a correct practical measure more palatable. The government debts had been contracted in light shillings, were they to be repaid in coins of standard weight? Instead of saying pay back 4 ounces of silver for every 5 ounces you received nominally but which contained in fact only 4 ounces of silver, he said, on the contrary, pay back nominally 5 ounces but reduce their metal content to 4 ounces and call the amount you hitherto called $4/5$ of a shilling a shilling. Lowndes's action, therefore, was in reality based on the metal content, whereas in theory he stuck to the name of account. His opponents on the other hand, who simply clung to the name of account and therefore declared that a shilling of standard weight was identical with a shilling which was 25 to 50 per cent lighter, claimed to be adhering to the metal content. John Locke, who championed the new bourgeoisie in every way—he took the side of the manufacturers against the working classes and the paupers, the merchants against the old-fashioned usurers, the financial aristocracy against governments that were in debt; he even demonstrated in a separate work that the bourgeois way of thinking is the normal human way of thinking—took up Lowndes's challenge. John Locke won the day and money borrowed in guineas containing 10 to 14 shillings was repaid in guineas of 20 shillings.* Sir James Steuart gives the following ironical summary of this operation:

* Locke says *inter alia*: "Call that a Crown now, which before was a half Crown. Its Value is determined, as before, by the quantity of metal. If you can reduce the quantity of silver of any coin by $1/20$ without lessening its value, you can just as well reduce it by $19/20$. According to this theory, a farthing, being called a Crown, should buy as much spice, or silk, or any other commodity, as a crown-piece, which
"...The state gained considerably upon the score of taxes, as well as the creditors upon their capitals and interest; and the nation, which was the principal loser, was pleased; because their standard" (the standard of their own value) "was not debased." *

Steuart believed that in the course of further development of commerce the nation would become wiser. But he was wrong. Some 120 years later the same quid pro quo was repeated.

Very fittingly it was Bishop Berkeley, the advocate of mystical idealism in English philosophy, who gave the doctrine of the nominal standard of money a theoretical twist, which the practical Secretary to the Treasury had omitted to do. Berkeley says:

"Whether the terms livre, pound sterling, crown, etc., are not to be considered as mere denominations of proportions?" (i.e. proportions of abstract value as such). "And whether gold, silver, and paper are not tickets or counters for reckoning, recording and transferring thereof?" (of the proportion of value). "Whether power to command the industry of others" (social labour) "be not real wealth? And whether money be not in truth, tickets or tokens for conveying and recording such power, and whether it be of great consequence what materials the tickets are made of?" **

contains 60 times as much silver. All you can do is to give a less quantity of silver the stamp and denomination of a greater, but 'tis silver and not names that pay debts and purchase commodities. The raising being but giving of names at pleasure to aliquot parts of a silver piece, e.g. calling the eighth part of an ounce a penny, you may, in fact, set money as high as you please." [Some Considerations of the Consequences of the Lowering of Interest..., London, 1768, pp. 54, 58.] In reply to Lowndes, Locke declared that the rise of the market price above the mint price was not brought about by "an increase in the value of silver, but by a decrease in the weight of the silver coins." Seventy-seven clipped shillings did not weigh more than 62 shillings of standard weight. Finally Locke is quite correct in emphasising that, irrespective of the loss of silver suffered by the coins in circulation, a certain rise in the market price of silver bullion over the mint price might occur in England, because the export of silver bullion was permitted whereas that of silver coin was prohibited (see i.e., pp. 54-116 passim). Locke takes good care to avoid the vital issue of the national debt, just as he equally prudently refrains from discussing another ticklish economic problem, i.e. that according to the evidence of both the exchange rate and the ratio of silver bullion to silver coin, the depreciation of the money in circulation was by no means proportional to the amount of silver it had actually lost. We shall return to this question in its general form in the section dealing with the medium of circulation. In A Discourse Concerning Coining the New Money Lighter, in answer to Mr. Locke's considerations etc., London, 1696, Nicholas Barbon vainly sought to entice Locke on to difficult ground.

* Steuart, I.e., Vol. II, p. 156.

** The Querist, I.e. Incidentally, the section "Queries on Money" is rather witty. Among other things it contains the true observation that the development of the North American colonies "makes it plain as daylight, that gold and silver are not so necessary for the wealth of a nation, as the vulgar of all ranks imagine." [The text in quotes is in English in the original.]
In this passage, the author, on the one hand, confuses the measure of value with the standard of price, and on the other he confuses gold or silver as measure of value and as means of circulation. Because tokens can be substituted for precious metals in the sphere of circulation, Berkeley concludes that these tokens in their turn represent nothing, i.e. the abstract concept of value.

The theory of the nominal standard of money was so fully elaborated by Sir James Steuart, that his followers—they are not aware of being followers since they do not know him—can find neither a new expression nor even a new example. He writes:

"Money of account is no more than an arbitrary scale of equal parts, invented for measuring the respective value of things vendible. Money of account is quite a different thing from money-coin,* which is price,* and it might exist, although there was no such substance in the world as could be a proportional equivalent for every commodity. Money of account performs the same office with regard to the value of things, that degrees, minutes, seconds, etc., do with regard to angles, or as scales do to geographical maps, etc. In all these inventions, the same denomination is always taken for the unit. The usefulness of all these inventions being solely confined to the marking of proportion. Just so the unit in money can have no invariable determinate proportion to any part of value, that is to say it cannot be fixed to any particular quantity of gold, silver, or any other commodity whatsoever. The unit once fixed, we can, by multiplying it, ascend to the greatest value. As the value of commodities depends upon a general combination of circumstances relative to themselves and to the fancies of men, it ought to be considered as changing only with respect to one another; anything which disturbs or confuses the ascertaining those changes of proportion by the means of a general, determinate and invariable scale, must be hurtful to trade. Money is an ideal scale of equal parts. If it be demanded what ought to be the standard value of one part? I answer by putting another question: What is the standard length of a degree, a minute, a second? It has none, but so soon as one part becomes determined, by the nature of a scale, all the rest must follow in proportion. Examples of this ideal money are the money of the bank of Amsterdam and that of Angola, on the African coast."**

Steuart simply considers money as it appears in the sphere of circulation, i.e. as standard of price and as money of account. If different commodities are quoted at 15s., 20s. and 36s. respectively in a price list, then in a comparison of their value both the silver content of the shilling and its name are indeed quite irrelevant. Everything is now expressed in the numerical relations of 15, 20 and 36, and the numeral one has become the sole unit of measure. The purely abstract expression of a proportion is after all only the abstract numerical proportion. In order to be consistent, Steuart therefore had to abandon not only gold and silver but also their

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* Here, as in the works of seventeenth-century English economists, price is used in the sense of a concrete equivalent.

** Steuart, I.e., Vol. II, pp. 102-07.

Marx gives this English term in brackets after its German equivalent.—Ed.
legal designations. But since he does not understand how the measure of value is transformed into the standard of price, he naturally thinks that the particular quantity of gold which serves as a unit of measure is, as a measure, related to values as such, and not to other quantities of gold. Because commodities appear to be magnitudes of the same denomination as a result of the conversion of their exchange values into prices, Steuart denies that the measure possesses the quality which reduces commodities to the same denomination, and since in this comparison of different quantities of gold the quantity of gold which serves as a standard is a matter of convention, he denies that it must be established at all. Instead of calling a 360th part of a circle a degree, he might call a 180th part a degree; the right angle would then measure not 90 degrees but 45, and the measurements of acute and obtuse angles would change correspondingly. Nevertheless, the measure of the angle would remain firstly a qualitatively determined mathematical figure, the circle, and secondly a quantitatively determined section of the circle. As for Steuart's economic examples one of these disproves his own assertions, the other proves nothing at all. The money of the Bank of Amsterdam was in fact only the name of account for Spanish doubloons, which retained their standard weight because they lay idle in the vaults of the bank, while the coins which busily circulated lost weight as a result of intensive friction with their environment. As for the African idealists, we must leave them to their fate until critical accounts by travellers provide further information about them.* One might say that the French assignat—"National property, Assignment of 100 francs"—is nearly ideal money in Steuart's sense. The use value which the assignat was supposed to represent, i.e. confiscated land, was indeed specified, but the quantitative definition of the unit of measure had been omitted and "franc" was therefore a meaningless word. How much or little land this franc represented depended on the outcome of public auctions. But in practice the assignat circulated as a token representing silver money, and its depreciation was consequently measured in terms of this silver standard.

The period when the Bank of England suspended cash

* In connection with the last commercial crisis a certain faction in England ardently praised the ideal African money after moving its location on this occasion from the coast into the interior of Barbary. It was declared that because their BARS constituted an ideal measure, the Berbers had no commercial and industrial crises. Would it not have been simpler to say that commerce and industry are the conditio sine qua non for commercial and industrial crises?
payments was hardly more prolific of war bulletins than of monetary theories. The depreciation of bank notes and the rise of the market price of gold above its mint price caused some defenders of the Bank to revive the doctrine of the ideal measure of money. Lord Castlereagh found the classically confused expression for this confused notion when he declared that the standard of money is

"A SENSE OF VALUE IN REFERENCE TO CURRENCY AS COMPARED WITH COMMODITIES".\(^{a}\)

A few years after the Treaty of Paris\(^{70}\) when the situation permitted the resumption of cash payments, the problem which Lowndes had broached during the reign of William III arose again in practically the same form. A huge national debt and a mass of private debts, fixed obligations, etc., which had accumulated in the course of over 20 years, were incurred in depreciated bank notes. Should they be repaid in bank-notes £4,672 10s. of which represented, not in name but in fact, 100 lbs. of 22-carat gold? Thomas Attwood, a Birmingham banker, acted like a Lowndes redivivus.\(^{b}\) He advocated that as many shillings should be returned to the creditors as they had nominally lent, but whereas according to the old monetary standard, say \(\frac{1}{78}\) of an ounce of gold was known as a shilling, now perhaps \(\frac{1}{90}\) of an ounce should be called a shilling. Attwood's supporters are known as the Birmingham school of "little shillingmen".\(^{36}\) The quarrel about the ideal standard of money, which began in 1819, was still carried on in 1845 by Sir Robert Peel and Attwood, whose wisdom in so far as it concerns the function of money as a measure is fully summarised in the following quotation:

In his polemic with the Birmingham Chamber of Commerce, Sir Robert Peel asked, What will your pound note represent? What is a pound? What, conversely, is to be understood by the present standard of value? Is £3 17s. 10\(\frac{1}{2}\)d. an ounce of gold, or is it its value? If it be an ounce of gold, why not call things by their proper names, and, instead of saying pounds, shillings and pence, say ounces, pennyweights and grains? Then we revert to direct system of barter.... Or is it the value? If an ounce = £3 17s. 10\(\frac{1}{2}\)d., why was it worth at different times now £5 4s. now £3 17s. 9d?... The expression pound (£) has reference to value, but not to the value fixed in an unchangeable weight unit of gold. The term pound is the ideal unit.... Labour is the substance to which the production costs can be reduced and it gives the relative value to gold or iron. Therefore, whatever the particular names of account used to express the daily or weekly labour of a man, such names express the value of the commodity produced.\(^{*}\)

\(^{a}\) *The Currency Question, the Gemini Letters*, London, 1844, pp. 268-72 passim.


\(^{36}\) Resurrected.— Ed.
The hazy notion about the ideal measure of money fades away in the last words and its real mental content becomes clear. Pound, shilling, etc., the names of account of money, are said to be names representing definite quantities of labour time. Since labour time is the substance and the inherent measure of value, the names thus indeed express the value relations themselves. In other words it is asserted that labour time is the real standard of money. Here we leave the Birmingham school and merely note in passing that the doctrine of the ideal measure of money has gained new importance in connection with the controversy over the convertibility or non-convertibility of bank notes. While the denomination of paper is based on gold or silver, the convertibility of the note, i.e. its exchangeability for gold or silver, remains an economic law regardless of what juridical law may say. For instance, a Prussian paper thaler, although legally inconvertible, would immediately depreciate if in everyday commerce it were worth less than a silver thaler, that is if it were not convertible in practice. The consistent advocates of inconvertible paper money in Britain, therefore, had recourse to the ideal standard of money. If the denominations of money, pound, shilling and so on, are names for a determinate amount of particles of value, of which sometimes more, sometimes less are either absorbed or lost by a commodity when it is exchanged for other commodities, then the value of an English £5 note, for instance, is just as little affected by its relation to gold as by its relation to iron and cotton. Since its designation would no longer equate the bank note in theory to a determinate quantity of gold or of any other commodity, its very concept would preclude the demand for its convertibility, that is for its equation in practice with a determinate quantity of a specific thing.

John Gray was the first to set forth the theory that labour time is the direct measure of money in a systematic way.* He proposes that a national central bank should ascertain through its branches the labour time expended in the production of various commodities. In exchange for the commodity, the producer would

* John Gray, *The Social System. A Treatise on the Principle of Exchange*, Edinburgh, 1831. Cf. the same author's *Lectures on the Nature and Use of Money*, Edinburgh, 1848. After the February [1848] Revolution, Gray sent a memorandum to the French Provisional Government in which he explains that France did not need an "ORGANISATION OF LABOUR" but an "ORGANISATION OF EXCHANGE", the plan for which was fully worked out in the monetary system he had invented. The worthy John had no inkling that sixteen years after the publication of *The Social System*, the ingenious Proudhon would be taking out a patent for the same invention.

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a The original has "gold".—Ed.
receive an official certificate of its value, i.e. a receipt for as much labour time as his commodity contains,* and this bank note of one labour week, one labour day, one labour hour, etc., would serve at the same time as an order to the bank to hand over an equivalent in any of the other commodities stored in its warehouses.** This is the basic principle, which is scrupulously worked out in detail and modelled throughout on existing English institutions. Gray says that under this system

"to sell for money may be rendered, at all times, precisely as easy as it now is to buy with money;... production would become the uniform and never-failing cause of demand".***

The precious metals would lose their "privileged" position in comparison with other commodities and

"take their proper place in the market beside butter and eggs, and cloth and calico, and then the value of the precious metals will concern us just as little ... as the value of the diamond".****

"Shall we retain our fictitious standard of value, gold, and thus keep the productive resources of the country in bondage? or, shall we resort to the natural standard of value, labour, and thereby set our productive resources free?"*****

Since labour time is the intrinsic measure of value, why use another extraneous standard as well? Why is exchange value transformed into price? Why is the value of all commodities computed in terms of an exclusive commodity, which thus becomes the adequate expression of exchange value, i.e. money? This was the problem which Gray had to solve. But instead of solving it, he assumed that commodities could be directly compared with one another as products of social labour. But they are only comparable as the things they are. Commodities are the direct products of isolated independent individual kinds of labour, and through their alienation in the course of individual exchange

* Gray, The Social System etc., p. 63. "Money should be merely a receipt, an evidence that the holder of it has either contributed a certain value to the national stock of wealth, or that he has acquired a right to the said value from some one who has contributed to it.” [Marx quotes in English.]

** "An estimated value being previously put upon produce, let it be lodged in a bank, and drawn out again whenever it is required; merely stipulating, by common consent, that he who lodges any kind of property in the proposed National Bank, may take out of it an equal value of whatever it may contain, instead of being obliged to draw out the self-same thing that he put in.” L.c., pp. 67-68. [Marx quotes in English.]

*** L.c., p. 16.

**** Gray, Lectures on Money etc., p. 182.

***** L.c., p. 169.
they must prove that they are general social labour, in other words, on the basis of commodity production, labour becomes social labour only as a result of the universal alienation of individual kinds of labour. But as Gray presupposes that the labour time contained in commodities is immediately social labour time, he presupposes that it is communal labour time or labour time of directly associated individuals. In that case, it would indeed be impossible for a specific commodity, such as gold or silver, to confront other commodities as the incarnation of universal labour and exchange value would not be turned into price; but neither would use value be turned into exchange value and the product into a commodity, and thus the very basis of bourgeois production would be abolished. But this is by no means what Gray has in mind—goods are to be produced as commodities but not exchanged as commodities. Gray entrusts the realisation of this pious wish to a national bank. On the one hand, society in the shape of the bank makes the individuals independent of the conditions of private exchange, and, on the other hand, it causes them to continue to produce on the basis of private exchange. Although Gray merely wants “to reform” the money evolved by commodity exchange, he is compelled by the intrinsic logic of the subject-matter to repudiate one condition of bourgeois production after another. Thus he turns capital into national capital,* and land into national property** and if his bank is examined carefully it will be seen that it not only receives commodities with one hand and issues certificates for labour supplied with the other, but that it directs production itself. In his last work, Lectures on Money, in which Gray seeks timidly to present his labour money as a purely bourgeois reform, he gets tangled up in even more flagrant absurdities.

Every commodity is immediately money; this is Gray’s thesis which he derives from his incomplete and hence incorrect analysis of commodities. The “organic” project of “labour money” and “national bank” and “warehouses” is merely a fantasy in which a dogma is made to appear as a law of universal validity. The dogma that a commodity is immediately money or that the particular labour of a private individual contained in it is immediately social labour, does not of course become true because

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* “The business of every country ought to be conducted on a national capital” (John Gray, The Social System etc., p. 171). [Marx quotes in English.]

** “The land to be transformed into national property” (l.c., p. 298). [Marx quotes in English.]
a bank believes in it and conducts its operations in accordance with this dogma. On the contrary, bankruptcy would in such a case fulfil the function of practical criticism. The fact that labour money is a pseudo-economic term, which denotes the pious wish to get rid of money, and together with money to get rid of exchange value, and with exchange value to get rid of commodities, and with commodities to get rid of the bourgeois mode of production,—this fact, which remains concealed in Gray's work and of which Gray himself was not aware, has been bluntly expressed by several British socialists, some of whom wrote earlier than Gray and others later.* But it was left to M. Proudhon and his school to declare seriously that the degradation of money and the exaltation of commodities was the essence of socialism and thereby to reduce socialism to an elementary misunderstanding of the inevitable correlation existing between commodities and money.**

2. MEDIUM OF EXCHANGE

When, as a result of the establishing of prices, commodities have acquired the form in which they are able to enter circulation and gold has assumed its function as money, the contradictions latent in the exchange of commodities are both exposed and resolved by circulation. The real exchange of commodities, that is the social metabolic process, constitutes a transformation in which the dual nature of the commodity—commodity as use value and as exchange value—manifests itself; but the transformation of the commodity itself is, at the same time, epitomised in certain forms of money. To describe this transformation is to describe circulation. Commodities, as we have seen, constitute fully developed exchange value only when a world of commodities and consequently a really developed system of division of labour is presupposed; in the same manner circulation presupposes that acts of exchange are taking place everywhere and that they are being continuously renewed. It also presupposes that commodities enter into the process of exchange with a determinate price, in other words that in the course of exchange they appear to confront one another in a dual form—really as use values and nominally (in the price) as exchange values.

** Alfred Darimon, De la réforme des banques, Paris, 1856, can be regarded as a compendium of this melodramatic monetary theory.
The busiest streets of London are crowded with shops whose show cases display all the riches of the world, Indian shawls, American revolvers, Chinese porcelain, Parisian corsets, furs from Russia and spices from the tropics, but all of these worldly things bear odious, white paper labels with Arabic numerals and then laconic symbols £ s. d. This is how commodities are presented in circulation.

a. The Metamorphosis of Commodities

Closer examination shows that the circulation process comprises two distinct types of circuit. If commodities are denoted by \( C \) and money by \( M \), the two circuits may be represented in the following way:

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\begin{align*}
C & \rightarrow M \rightarrow C \\
M & \rightarrow C \rightarrow M.
\end{align*}
\]

In this section we are solely concerned with the first circuit, that is the one which directly expresses commodity circulation.

The circuit \( C \rightarrow M \rightarrow C \) may be divided into the movement \( C \rightarrow M \), the exchange of commodities for money, or sale; the opposite movement \( M \rightarrow C \), the exchange of money for commodities, or purchase; and the unity of the two movements \( C \rightarrow M \rightarrow C \), exchange of commodities for money so as to exchange money for commodities, in other words, selling in order to purchase. The outcome in which the transaction terminates is \( C \rightarrow C \), i.e. exchange of one commodity for another, actual exchange of matter.

\( C \rightarrow M \rightarrow C \), when considered from the point of departure of the first commodity, represents its conversion into money and its reconversion from money into commodity; that is to say a movement in which at the outset the commodity appears as a particular use value, then sheds this form of existence and assumes that of exchange value or universal equivalent—which is entirely distinct from its natural form—finally it sheds this as well and emerges as a real use value which can serve particular needs. In this last form it drops out of the sphere of circulation and enters that of consumption. Thus to begin with, the whole circuit of \( C \rightarrow M \rightarrow C \) represents the entire series of metamorphoses through which every individual commodity passes in order to become a direct use value for its owner. The first metamorphosis takes place in \( C \rightarrow M \), the first phase of the circuit; the second in
$M-C$, the other phase, and the entire circuit forms the *curriculum vitae* of the commodity. But the cycle $C-M-C$ represents the complete metamorphosis of an individual commodity only because it is at the same time an aggregate of definite partial metamorphoses of other commodities. For each metamorphosis of the first commodity is its transformation into another commodity and therefore the transformation of the second commodity into the first; hence it is a double transformation which is carried through during a single stage of the cycle. To start with, we shall separately examine each of the two phases of exchange into which the cycle $C-M-C$ is resolved.

$C-M$ or *sale*: $C$, the commodity, enters the sphere of circulation not just as a particular use value, e.g. a ton of iron, but as a use value with a definite price, say £3 17s. 10½d., or an ounce of gold. The price while on the one hand indicating the amount of labour time contained in the iron, namely its value, at the same time signifies the pious wish to convert the iron into gold, that is to give the labour time contained in the iron the form of universal social labour time. If this transformation fails to take place, then the ton of iron ceases to be not only a commodity but also a product; since it is a commodity only because it is not a use value for its owner, that is to say his labour is only really labour if it is useful labour for others, and it is useful for him only if it is abstract general labour. It is therefore the task of the iron or of its owner to find that location in the world of commodities where iron attracts gold. But if the sale actually takes place, as we assume in this analysis of simple circulation, then this difficulty, the *salto mortale* of the commodity, is surmounted. As a result of this alienation—that is its transfer from the person for whom it is a non-use value to the person for whom it is a use value—the ton of iron proves to be in fact a use value and its price is simultaneously realised, and merely imaginary gold is converted into real gold. The term "ounce of gold", or £3 17s. 10½d., has now been replaced by an ounce of real gold, but the ton of iron has gone. The sale $C-M$ does not merely transform the commodity—which by means of the price was nominally turned into gold—really into gold, but gold, which as measure of value was only nominally money and in fact functioned only as the money name of commodities, is through the same process transformed into actual money.* As gold became nominally the universal equivalent,

* "Money is of two kinds: ideal and real; and it is used for two different purposes: to valuate things and to buy them. For valuation, ideal money is just as
because the values of all commodities were measured in terms of gold, so now, as a result of the universal alienation of commodities in exchange for it—and the sale $C-M$ is the procedure by which this universal alienation is accomplished—does it become the absolutely alienated commodity, i.e. real money. But gold becomes real money through sale, only because the exchange values of commodities expressed in prices were already converted into nominal gold.

During the sale $C-M$, and likewise during the purchase $M-C$, two commodities, i.e. units of exchange value and use value, confront each other; but in the case of the commodity exchange value exists merely nominally as its price, whereas in the case of gold, although it has real use value, its use value merely represents exchange value and is therefore merely a formal use value which is not related to any real individual need. The contradiction of use value and exchange-value is thus polarised at the two extreme points of $C-M$, so that with regard to gold the commodity represents use value whose nominal exchange value, the price, still has to be realised in gold; with regard to the commodity, on the other hand, gold represents exchange value whose formal use value still has to acquire a material form in the commodity. The contradictions inherent in the exchange of commodities are resolved only by reason of this duplication of the commodity so that it appears as commodity and gold, and again by way of the dual and opposite relation in which each extreme is nominal where its opposite is real, and real where its opposite is nominal, in other words they are resolved only by means of presenting commodities as bilateral polar opposites.

So far we have regarded $C-M$ as a sale, as the conversion of a commodity into money. But if we consider it from the other side, then the same transaction appears, on the contrary, as $M-C$, a purchase, the conversion of money into a commodity. A sale is inevitably and simultaneously its opposite, a purchase; it is the former if one looks at the transaction from one side and the latter if one sees it from the other. In other words, the difference between the transactions is in reality merely that in $C-M$ the initiative comes from the side of the commodity or of the seller while in $M-C$ it comes from the side of money or of the good as real money, and probably even better. The other use of money is to buy the very things for the pricing of which it serves... Prices and contracts are estimated in ideal money and are realised in real money" (Galiani, I.c., p. 112 et seq.). [Marx quotes in Italian.]
purchaser. When we describe the first metamorphosis of the commodity, its transformation into money, as the result of the first phase of the circuit, we simultaneously presuppose that another commodity has already been converted into money and is therefore now in the second phase of the circuit, \( M-C \). We are thus caught up in a vicious circle of presuppositions. This vicious circle is indeed circulation itself. If we do not regard \( M \) in \( C-M \) as belonging to the metamorphosis of another commodity, then we isolate the act of exchange from the process of circulation. But if it is separated from the process, the phase \( C-M \) disappears and there remain only two commodities which confront each other, for instance iron and gold, whose exchange is not a distinct part of the cycle but is direct barter. At the place where gold is produced, it is a commodity like any other commodity. Its relative value and that of iron or of any other commodity is there reflected in the quantities in which they are exchanged for one another. But this transaction is presupposed in the process of circulation, the value of gold is already given in the prices of commodities. It would therefore be entirely wrong to assume that within the framework of circulation, the relation of gold and commodities is that of direct barter and that consequently their relative value is determined by their exchange as simple commodities. It seems as though in the process of circulation gold were exchanged merely as a commodity for other commodities, but this illusion arises simply because a definite quantity of a given commodity is equalised by means of prices with a definite quantity of gold: that is it is compared with gold as money, the universal equivalent, and consequently it can be directly exchanged for gold. In so far as the price of a commodity is realised in gold, the commodity is exchanged for gold as a commodity, as a particular materialisation of labour time; but in so far as it is the price of the commodity that is realised in gold, the commodity is exchanged for gold as money and not as a commodity, i.e. for gold as the general materialisation of labour time. But the quantity of gold for which the commodity is exchanged in the process of circulation is in both cases determined not by means of exchange, but the exchange is determined by the price of the commodity, by its exchange value calculated in terms of gold.*

* This does not, of course, prevent the market price of commodities from rising above or falling below their value. But this consideration lies outside the sphere of simple circulation and belongs to quite a different sphere to be examined later, in which context we shall discuss the relation of value and market price.
Within the process of circulation gold seems to be always acquired as the result of a sale \( C \rightarrow M \). But since \( C \rightarrow M \), the sale, is simultaneously \( M \rightarrow C \), a purchase, it is evident that while \( C \), the commodity which begins the process, undergoes its first metamorphosis, the other commodity which confronts it as \( M \) from the opposite extreme undergoes its second metamorphosis and accordingly passes through the second phase of the circuit while the first commodity is still in the first phase of its cycle.

The outcome of the first stage of circulation, of the sale, provides money, the point of departure of the second stage. The first form of the commodity has now been replaced by its golden equivalent. This outcome may to begin with involve a pause, since the commodity has now assumed a specific durable form. The commodity which was not a use value in the hands of its owner exists now in a form in which it is always useful because it can always be exchanged, and it depends on circumstances when and at which point in the world of commodities it will again be thrown into circulation. The golden chrysalis state forms an independent phase in the life of the commodity, in which it can remain for a shorter or longer period. The separation and independence of the acts of purchase and sale is a general feature of the labour which creates exchange value, whereas in barter the exchange of one discrete use value is directly tied to the exchange of another discrete use value.

The *purchase*, \( M \rightarrow C \), is the reverse movement to \( C \rightarrow M \) and at the same time the second or final metamorphosis of the commodity. Regarded as gold or as the general equivalent, the commodity can be directly expressed in terms of the use values of all other commodities, all of which through their prices seek gold as their hereafter, and simultaneously they indicate the key note which must be sounded so that their bodies, the use values, should change over to the money side, while their soul, the exchange value, is turned into gold. The general result of the alienation of commodities is the absolutely alienated commodity. The conversion of gold into commodities has no qualitative limit but only a quantitative limit, the fact that the amount of gold, or the value it represents, is limited. Everything can be obtained with ready money. Whereas the commodity realises its own price and the use value of someone else's money through its alienation as a use value in the movement \( C \rightarrow M \), it realises its own use value and the price of the other commodity through its alienation as an exchange value in the movement \( M \rightarrow C \). Just as by the realisation of its price, the commodity simultaneously turns gold into real money,
so by its retransformation it converts gold into its (the commodity’s) own merely transitory money form. Because commodity circulation presupposes an advanced division of labour and therefore also a diversity of wants on the part of the individual, a diversity bearing an inverse relation to the narrow scope of his own production, the purchase \( M-C \) will at times consist of an equation with one commodity as the equivalent, and at other times of a series of commodity equivalents determined by the buyer’s needs and the amount of money at his disposal. Just as a sale must at the same time be a purchase, so the purchase must at the same time be a sale; \( M-C \) is simultaneously \( C-M \), but in this case gold or the purchaser takes the initiative.

Returning to the complete circuit \( C-M-C \), we can see that in it one commodity passes through the entire series of its metamorphoses. But at the same time as this commodity begins the first phase of its circuit and undergoes the first metamorphosis, another commodity commences the second phase of the circuit, passes through its second metamorphosis and drops out of circulation; the first commodity, on the other hand, enters the second phase of the circuit, passes through its second metamorphosis and drops out of circulation, while a third commodity enters the sphere of circulation, passes through the first phase of its cycle and accomplishes the first metamorphosis. Thus the total circuit \( C-M-C \) representing the complete metamorphosis of a commodity is simultaneously the end of a complete metamorphosis of a second commodity and the beginning of a complete metamorphosis of a third commodity; it is therefore a series without beginning or end. To demonstrate this and to distinguish the commodities we shall use different symbols to denote \( C \) in the two extremes, e.g. \( C'-M-C'' \). Indeed, the first term \( C'-M \) presupposes that \( M \) is the outcome of another \( C-M \), and is accordingly itself only the last term of the circuit \( C-M-C' \), while the second term \( M-C'' \) implies that it will result in \( C''-M \), and constitutes the first term of the circuit \( C''-M-C''' \), and so on. It is moreover evident, that, although \( M \) is the outcome of a single sale, the last term \( M-C \) may take the form of \( M-C'+M-C''+M-C'''+ \) and so forth; in other words it may be divided into numerous purchases, i.e. into numerous sales and hence numerous first terms of new complete metamorphoses of commodities. While in this way the complete metamorphosis of a single commodity forms not only a link of just one sequence of metamorphoses without beginning or end, but of many such sequences, the circulation of the world of commodities—since
every individual commodity goes through the circuit \( C - M - C \) constitutes an infinitely intricate network of such series of movements, which constantly end and constantly begin afresh at an infinite number of different points. But each individual sale or purchase stands as an independent isolated transaction, whose complementary transaction, which constitutes its continuation, does not need to follow immediately but may be separated from it temporally and spatially. Because every particular cycle \( C - M \) or \( M - C \) representing the transformation of one commodity into use value and of another into money, i.e. the first and second phase of the circuit, forms a separate interval for both sides, and since on the other hand all commodities begin their second metamorphosis, that is turn up at the starting point of the circuit’s second phase, in the form of gold, the general equivalent, a form common to them all, in the real process of circulation any \( M - C \) may follow any particular \( C - M \), i.e. the second section of the life cycle of any commodity may follow the first section of the life cycle of any other commodity. For example, A sells iron for £2, and thus \( C - M \) or the first metamorphosis of the commodity iron has taken place, but for the time being A does not buy anything else. At the same time B, who had sold two quarters of wheat for £6 two weeks ago, buys a coat and trousers from Moses and Son with the same £6, and thereby completes \( M - C \) or the second metamorphosis of the commodity wheat. The two transactions \( M - C \) and \( C - M \) appear to be parts of the same sequence only because as \( M \) [money or] gold, all commodities look alike and gold does not look any different whether it represents transformed iron or transformed wheat. In the real process of circulation \( C - M - C \), therefore, represents an exceedingly haphazard coincidence and succession of motley phases of various complete metamorphoses. The actual process of circulation appears, therefore, not as a complete metamorphosis of the commodity, i.e. not as its movement through opposite phases, but as a mere accumulation of numerous purchases and sales which chance to occur simultaneously or successively. The process accordingly loses its distinct form, especially as each individual transaction, e.g. a sale, is simultaneously its opposite, a purchase, and vice versa. On the other hand, the metamorphoses in the world of commodities constitute the process of circulation and the former must therefore be reflected in the total movement of circulation. This reflection will be examined in the next section. Here we shall merely observe that the \( C \) at each of the two extremes of the circuit \( C - M - C \) has a different formal relation to \( M \). The first \( C \) is a particular
commodity which is compared with money as the universal commodity, whereas in the second phase money as the universal commodity is compared with an individual commodity. The formula $C - M - C$ can therefore be reduced to the abstract logical syllogism $P - U - I$, where particularity forms the first extreme, universality characterises the common middle term and individuality signifies the final extreme.

The commodity owners entered the sphere of circulation merely as guardians of commodities. Within this sphere they confront one another in the antithetical roles of buyer and seller, one personifying a sugar-loaf, the other gold. Just as the sugar-loaf becomes gold, so the seller becomes a buyer. These distinctive social characters are, therefore, by no means due to individual human nature as such, but to the exchange relations of persons who produce their goods in the specific form of commodities. So little does the relation of buyer and seller represent a purely individual relationship that they enter into it only in so far as their individual labour is negated, that is to say, turned into money as non-individual labour. It is therefore as absurd to regard buyer and seller, these bourgeois economic types, as eternal social forms of human individuality, as it is preposterous to weep over them as signifying the abolition of individuality.* They are an essential expression of individuality arising at a particular stage of the social process of production. The antagonistic nature of bourgeois production is, moreover, expressed in the antithesis of buyer and seller in such a superficial and formal manner that this antithesis exists already in pre-bourgeois social formations, for it requires

* The following extract from M. Isaac Péreire’s *Leçons sur l’industrie et les finances*, Paris, 1832, shows that delicate spirits can be deeply hurt even by the quite superficial aspect of antagonism which is represented by purchase and sale. The fact that the same Isaac is the inventor and dictator of the *Crédit mobilier* and as such a notorious wolf of the Paris stock exchange points to the real significance of such sentimental criticism of political economy. M. Péreire, at that time an apostle of St. Simon, says: “Since individuals are isolated and separated from one another, whether in their labour or their consumption, they exchange the products of their respective occupations. The necessity of exchanging things entails the necessity of determining their relative value. The ideas of value and exchange are therefore closely linked and in their present form both are expressions of individualism and antagonism.... The value of products is determined only because there is sale and purchase, in other words, because there is antagonism between different members of society. Preoccupation with price and value exists only where there is sale and purchase, that is to say, where every individual is compelled to fight in order to obtain the things necessary for the maintenance of his existence” (I.e., pp. 2, 3 *passim*). [Marx quotes in French.]
merely that the relations of individuals to one another should be those of commodity owners.

An examination of the outcome of the circuit $C-M-C$ shows that it dissolves into the exchange of $C-C$. Commodity has been exchanged for commodity, use value for use value, and the transformation of the commodity into money, or the commodity as money, is merely an intermediary stage which helps to bring about this metabolism. Money emerges thus as a mere medium of exchange of commodities, not however as a medium of exchange in general, but a medium of exchange adapted to the process of circulation, i.e. a medium of circulation.*

If, because the process of circulation of commodities ends in $C-C$ and therefore appears as barter merely mediated by money, or because $C-M-C$ in general does not only fall apart into two isolated cycles but is simultaneously their dynamic unity, the conclusion were to be drawn that only the unity and not the separation of purchase and sale exists, this would display a manner of thinking the criticism of which belongs to the sphere of logic and not of political economy. The division of exchange into purchase and sale not only destroys locally evolved primitive, traditionally pious and sentimentally absurd obstacles standing in the way of social metabolism, but it also represents the general fragmentation of the associated factors of this process and their constant confrontation, in short it contains the general possibility of commercial crises, essentially because the contradiction of commodity and money is the abstract and general form of all contradictions inherent in the bourgeois mode of labour. Although circulation of money can occur therefore without crises, crises cannot occur without circulation of money. This simply means that where labour based on individual exchange has not even got as far as the formation of money, it is naturally still less able to produce phenomena that presuppose a full development of the bourgeois process of production. This gives some measure of the degree of profundity of a criticism which proposes to remove the "maladies" of bourgeois production by abolishing the "privileges" of precious metals and by introducing a so-called rational monetary system. A proposition reputed to be exceedingly clever may on the other hand serve as an example of economic

apologetics. James Mill, the father of the well-known English economist John Stuart Mill, says:

There can never be a lack of buyers for all commodities. Whoever offers a commodity for sale wants to obtain another in exchange for it, and is therefore a buyer through the mere fact of being a seller. Thus, the buyers and sellers of all commodities taken together must, through a metaphysical necessity, balance each other. Hence if there are more sellers than buyers of one commodity, there must be more buyers than sellers of another commodity.*

Mill establishes equilibrium by reducing the process of circulation to direct barter, but on the other hand he insinuates buyer and seller, figures derived from the process of circulation,—into direct barter. Using Mill's confusing language one may say that there are times when it is impossible to sell all commodities, for instance in London and Hamburg during certain stages of the commercial crisis of 1857/58 there were indeed more buyers than sellers of one commodity, i.e. money, and more sellers than buyers as regards all other forms of money, i.e. commodities. The metaphysical equilibrium of purchases and sales is confined to the fact that every purchase is a sale and every sale a purchase, but this gives poor comfort to the possessors of commodities who unable to make a sale cannot accordingly make a purchase either.**

* A pamphlet by William Spence entitled Britain Independent of Commerce was published in London in November 1807; its thesis was further elaborated by William Cobbett in his Political Register under the more militant heading "Perish Commerce". Against this James Mill wrote his Defence of Commerce, which appeared in 1808; in that work he already advances the argument which is also contained in the passage quoted above from his Elements of Political Economy. This ingenious invention has been appropriated by J. B. Say, and used in his polemic against Sismondi and Malthus on the question of commercial crises, and since it was not clear which new idea this comical prince de la science—whose merit consists rather in the impartiality with which he consistently misinterpreted his contemporaries Malthus, Sismondi and Ricardo—has contributed to political economy, continental admirers have trumpeted him abroad as the discoverer of the invaluable proposition about a metaphysical equilibrium of purchases and sales.

** The way in which economists describe the different aspects of the commodity may be seen from the following examples:

"With money in possession, we have but one exchange to make in order to secure the object of desire, while with other surplus products we have two, the first of which (securing the money) is infinitely more difficult than the second" (G. Opdyke, A Treatise on Political Economy, New York, 1851, pp. 287-88).

"The superior saleableness of money is the exact effect or natural consequence of the less saleableness of commodities" (Thomas Corbet, An Inquiry into the Causes and Modes of the Wealth of Individuals, etc., London 1841, p. 117).

"Money has the quality of being always exchangeable for what it measures" (Bosanquet, Metallic, Paper, and Credit Currency, etc., London, 1842, p. 100).

"Money can always buy other commodities, whereas other commodities can not always buy money" (Thomas Tooke, An Inquiry into the Currency Principle, Second
The separation of sale and purchase makes possible not only commerce proper, but also numerous *pro forma* transactions, before the final exchange of commodities between producer and consumer takes place. It thus enables large numbers of parasites to invade the process of production and to take advantage of this separation. But this again means only that money, the universal form of labour in bourgeois society, makes the development of the inherent contradictions possible.

*b. The Circulation of Money*

In the first instance real circulation consists of a mass of random purchases and sales taking place simultaneously. In both purchase and sale commodities and money confront each other always in the same way; the seller represents the commodity, the buyer the money. As a means of circulation money therefore appears always as a *means of purchase*, and this obscures the fact that it fulfils different functions in the antithetical phases of the metamorphosis of commodities.

Money passes into the hands of the seller in the same transaction which transfers the commodity into the hands of the buyer. Commodity and money thus move in opposite directions, and this change of places—in the course of which the commodity crosses over to one side and money to the other—occurs simultaneously at an indefinite number of points along the entire surface of bourgeois society. But the first move of the commodity in the sphere of circulation is also its last move.* No matter whether the commodity changes its position because gold is attracted by it (*C*—*M*) or because it is attracted by gold (*M*—*C*), in consequence of the single move, the single change of place, it falls out of the sphere of circulation into that of consumption. Circulation is a perpetual movement of commodities, though always of different commodities, and each commodity makes but one move. Each commodity begins the second phase of its circuit not as the same commodity, but as a different commodity, i.e. gold. The movement of the metamorphosed commodity is thus

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* A commodity may be several times bought and sold again. It circulates, in this case, not as a mere commodity, but fulfils a function which does not yet exist from the standpoint of simple circulation and of the simple antithesis of commodity and money.
the movement of gold. The same coin or the identical bit of gold which in the transaction $C-M$ changed places with a commodity becomes in turn the starting point of $M-C$, and thus for the second time changes places with another commodity. Just as it passed from the hands of $B$, the buyer, into those of $A$, the seller, so now it passes from the hands of $A$, who has become a buyer, into those of $C$. The changes in the form of a commodity, its transformation into money and its retransformation from money, in other words the movement of the total metamorphosis of a commodity, accordingly appear as the extrinsic movement of a single coin which changes places twice, with two different commodities. However scattered and fortuitous the simultaneous purchases and sales may be, a buyer is always confronted by a seller in actual circulation, and the money which takes the place of the commodity sold must already have changed places once with another commodity before reaching the hands of the buyer. On the other hand, sooner or later the money will pass again from the hands of the seller who has become a buyer into those of a new seller, and its repeated changes of place express the interlocking of the metamorphoses of commodities. The same coins therefore proceed—always in the opposite direction to the commodities moved—from one point of the circuit to another; some coins move more frequently, others less frequently, thus describing a longer or shorter curve. The different movements of one and the same coin can follow one another only temporally, just as conversely the multiplicity and fragmentation of the purchases and sales are reflected in the simultaneous and spatially concurrent changes of place of commodity and money.

The simple form of commodity circulation, $C-M-C$, takes place when money passes from the hands of the buyer into those of the seller and from the seller who has become a buyer into the hands of a new seller. This concludes the metamorphosis of the commodity and hence the movement of money in so far as it is the expression of this metamorphosis. But since there are new use values produced continuously in the form of commodities, which must therefore be thrown continuously afresh into the sphere of circulation, the circuit $C-M-C$ is renewed and repeated by the same commodity owners. The money they have spent as buyers returns to them when they once more become sellers of commodities. The perpetual renewal of commodity circulation is reflected in the fact that over the entire surface of bourgeois society money not only circulates from one person to another but that at the same time it describes a number of distinct small
circuits, starting from an infinite variety of points and returning to
the same points, in order to repeat the movement afresh.

As the change of form of the commodity appears as a mere change in place of money, and the continuity of the movement of circulation belongs entirely to the monetary side—because the commodity always makes only one step in the direction opposite to that of money, money however invariably making the second step for the commodity to complete the motion begun by the commodity—so the entire movement appears to be initiated by money, although during the sale the commodity causes the money to move, thus bringing about the circulation of the money in the same way as during the purchase the money brings about the circulation of the commodity. Since moreover money always confronts commodities as a means of purchase and as such causes commodities to move merely by realising their prices, the entire movement of circulation appears to consist of money changing places with commodities by realising their prices either in separate transactions which occur simultaneously, side by side, or successively when the same coin realises the prices of different commodities one after another. If, for example, one examines \( C-M-C'-M-C''-M-C''' \), etc., and disregards the qualitative aspects, which become unrecognisable in actual circulation, there emerges only the same monotonous operation. After realising the price of \( C \), \( M \) successively realises the prices of \( C', C'' \), etc., and the commodities \( C', C'', C''' \), etc., invariably take the place vacated by money. It thus appears that money causes the circulation of commodities by realising their prices. While it serves to realise prices, money itself circulates continuously, sometimes moving merely to a different place, at other times tracing a curve or describing a small cycle in which the points of departure and of return are identical. As a medium of circulation it has a circulation of its own. The movement and changing forms of the circulating commodities thus appear as the movement of money mediating the exchange of commodities, which are in themselves immobile. The movement of the circulation process of commodities is therefore represented by the movement of money as the medium of circulation, i.e. by the circulation of money.

Just as commodity owners presented the products of individual labour as products of social labour, by transforming a thing, i.e. gold, into the direct embodiment of labour time in general and therefore into money, so now their own universal movement by which they bring about the exchange of the material elements of their labour confronts them as the specific movement of a thing,
i.e. as the circulation of gold. The social movement is for the commodity owners, on the one hand, an external necessity and, on the other, merely a formal intermediary process enabling each individual to obtain different use values of the same total value as that of the use value which he has thrown into circulation. The commodity begins to function as a use value when it leaves the sphere of circulation, whereas the use value of money as a means of circulation consists in its very circulation. The movement of the commodity in the sphere of circulation is only an insignificant factor, whereas perpetual rotation within this sphere becomes the function of money. The specific function which it fulfils within circulation gives money as the medium of circulation a new and distinctive aspect, which now has to be analysed in more detail.

First of all, it is evident that the circulation of money is an infinitely divided movement, for it reflects the infinite fragmentation of the process of circulation into purchases and sales, and the complete separation of the complementary phases of the metamorphosis of commodities. It is true that a recurrent movement, real circular motion, takes place in the small circuits of money in which the point of departure and the point of return are identical; but in the first place, there are as many points of departure as there are commodities, and their indefinite multitude balks any attempt to check, measure and compute these circuits. The time which passes between the departure from and the return to the starting point is equally uncertain. It is, moreover, quite irrelevant whether or not such a circuit is described in a particular case. No economic fact is more widely known than that somebody may spend money without receiving it back. Money starts its circuit from an endless multitude of points and returns to an endless multitude of points, but the coincidence of the point of departure and the point of return is fortuitous, because the movement \( C \rightarrow M \rightarrow C \) does not necessarily imply that the buyer becomes a seller again. It would be even less correct to depict the circulation of money as a movement which radiates from one centre to all points of the periphery and returns from all the peripheral points to the same centre. The so-called circuit of money, as people imagine it, simply amounts to the fact that the appearance of money and its disappearance, its perpetual movement from one place to another, is everywhere visible. When considering a more advanced form of money used to mediate circulation, e.g. bank notes, we shall find that the conditions governing the issue of money determine also its reflux. But as regards simple money circulation it is a matter of chance whether a particular buyer becomes a seller once again.
Where actual circular motions are taking place continuously in the sphere of simple money circulation, they merely reflect the more fundamental processes of production, for instance, with the money which the manufacturer receives from his banker on Friday he pays his workers on Saturday, they immediately hand over the larger part of it to retailers, etc., and the latter return it to the banker on Monday.

We have seen that money simultaneously realises a given sum of prices comprising the motley purchases and sales which coexist in space, and that it changes places with each commodity only once. But, on the other hand, in so far as the movements of complete metamorphoses of commodities and the concatenation of these metamorphoses are reflected in the movement of money, the same coin realises the prices of various commodities and thus makes a larger or smaller number of circuits. Hence, if we consider the process of circulation in a country during a definite period, for instance a day, then the amount of gold required for the realisation of prices and accordingly for the circulation of commodities is determined by two factors: on the one hand, the sum total of prices and, on the other hand, the average number of circuits which the individual gold coins make. The number of circuits or the velocity of money circulation is in its turn determined by, or simply reflects, the average velocity of the commodities passing through the various phases of their metamorphoses, the speed with which the metamorphoses constituting a chain follow one another, and the speed with which new commodities are thrown into circulation to replace those that have completed their metamorphoses. Whereas during the determination of prices the exchange value of all commodities is nominally turned into a quantity of gold of the same value and in the two separate transactions, $M-C$ and $C-M$, the same value exists twice, on the one hand, in the shape of commodities and, on the other, in the form of gold; yet gold as a medium of circulation is determined not by its isolated relation to individual static commodities, but by its dynamic existence in the fluid world of commodities. The function of gold is to represent the transformation of commodities by its changes of place, in other words, to indicate the speed of their transformation by the speed with which it moves from one point to another. Its function in the process as a whole thus determines the actual amount of gold in circulation, or the actual quantity which circulates.

Commodity circulation is the prerequisite of money circulation; money, moreover, circulates commodities which have prices, that is
commodities which have already been equated nominally with definite quantities of gold. The determination of the prices of commodities presupposes that the value of the quantity of gold which serves as the standard measure or the value of gold, is given. According to this assumption, the quantity of gold required for circulation is in the first place determined therefore by the sum of the commodity prices to be realised. This sum, however, is in its turn determined by the following factors: 1. the price level, the relative magnitude of the exchange values of commodities in terms of gold, and 2. the quantity of commodities circulating at definite prices, that is the number of purchases and sales at given prices.* If a quarter of wheat costs 60s., then twice as much gold is required to circulate it or to realise its price as would be required if it cost only 30s. Twice as much gold is needed to circulate 500 quarters at 60s. as is needed to circulate 250 quarters at 60s. Finally only half as much gold is needed to circulate 10 quarters at 100s. as is needed to circulate 40 quarters at 50s. It follows therefore that the quantity of gold required for the circulation of commodities can fall despite rising prices, if the mass of commodities in circulation decreases faster than the total sum of prices increases, and conversely the amount of means of circulation can increase while the mass of commodities in circulation decreases provided their aggregate prices rise to an even greater extent. Thus excellent investigations carried out in great detail by Englishmen have shown that in England, for instance, the amount of money in circulation grows during the early stages of a grain shortage, because the aggregate price of the smaller supply of grain is larger than was the aggregate price of the bigger supply of grain, and for some time the other commodities continue to circulate as before at their old prices. The amount of money in circulation decreases, however, at a later stage of the grain shortage, because along with the grain either fewer commodities are sold at their old prices, or the same amount of commodities is sold at lower prices.

* The amount of money is a matter of indifference “provided there is enough of it to maintain the prices determined by the commodities”. Boisguillebert, Le détail de la France, p. 209. [Marx quotes in French.] “If the circulation of commodities of four hundred millions required a currency of forty millions, and... this proportion of one-tenth was the due level, ... then, if the value of commodities to be circulated increased to four hundred and fifty millions, from natural causes ... the currency, in order to continue at its level, must be increased to forty-five millions.” William Blake, Observations on the Effects Produced by the Expenditure of Government, etc., London, 1823, p. 80.
But the quantity of money in circulation is, as we have seen, determined not only by the sum of commodity prices to be realised, but also by the velocity with which money circulates, i.e. the speed with which this realisation of prices is accomplished during a given period. If in one day one and the same sovereign makes ten purchases, each consisting of a commodity worth one sovereign, so that it changes hands ten times, it transacts the same amount of business as ten sovereigns each of which makes only one circuit a day.* The velocity of circulation of gold can thus make up for its quantity: in other words, the stock of gold in circulation is determined not only by gold functioning as an equivalent alongside commodities, but also by the function it fulfils in the movement of the metamorphoses of commodities. But the velocity of currency can make up for its quantity only to a certain extent, for an endless number of separate purchases and sales take place simultaneously at any given moment.

If the aggregate prices of the commodities in circulation rise, but to a smaller extent than the velocity of currency increases, then the volume of money in circulation will decrease. If, on the contrary, the velocity of circulation decreases at a faster rate than the total price of the commodities in circulation, then the volume of money in circulation will grow. A general fall in prices accompanied by an increase in the quantity of the medium of circulation and a general rise in prices accompanied by a decrease in the quantity of the medium of circulation are among the best documented phenomena in the history of prices. But the causes occasioning a rise in the level of prices and at the same time an even larger rise in the velocity of currency, as also the converse development, lie outside the scope of an investigation into simple circulation. We may mention by way of illustration that in periods of expanding credit the velocity of currency increases faster than the prices of commodities, whereas in periods of contracting credit the velocity of currency declines faster than the prices of commodities. It is a sign of the superficial and formal character of simple money circulation that the quantity of means of circulation is determined by factors—such as the amount of commodities in circulation, prices, increases or decreases of prices, the number of purchases and sales taking place simultaneously, and the velocity of currency—all of which are contingent on the metamorphosis.

* "It is the velocity of the circulation of money and not the quantity of the metals, that causes the amount of money to be large or small" (Galiani, i.e., p. 99). [Marx quotes in Italian.]
proceeding in the world of commodities, which is in turn contingent on the general nature of the mode of production, the size of the population, the relation of town and countryside, the development of the means of transport, the more or less advanced division of labour, credit, etc., in short on circumstances which lie outside the framework of simple money circulation and are merely mirrored in it.

If the velocity of circulation is given, then the quantity of the means of circulation is simply determined by the prices of commodities. Prices are thus high or low not because more or less money is in circulation, but there is more or less money in circulation because prices are high or low. This is one of the principal economic laws, and the detailed substantiation of it based on the history of prices is perhaps the only achievement of the post-Ricardian English political economy. Empirical data show that, despite temporary fluctuations, and sometimes very intense fluctuations,* over longer periods the level of metallic currency or the volume of gold and silver in circulation in a particular country may remain on the whole stable, deviations from the average level amounting merely to small oscillations. This phenomenon is simply due to the contradictory nature of the factors determining the volume of money in circulation. Changes occurring simultaneously in these factors neutralise their effects and everything remains as it was.

The law that, if the speed of circulation of money and the sum total of the commodity prices are given, the amount of the medium of circulation is determined, can also be expressed in the following way: if the exchange values of commodities and the average speed of their metamorphoses are given, then the quantity of gold in circulation depends on its own value. Thus, if the value of gold, i.e. the labour time required for its production, were to increase or to decrease, then the prices of commodities would rise

* An example of a remarkable fall of the metallic currency below its average level occurred in England in 1858 as the following passage from the London Economist shows: "From the nature of the case" (i.e. owing to the fragmentation of simple circulation) "very exact data cannot be procured as to the amount of cash that is fluctuating in the market, and in the hands of the not banking classes. But, perhaps, the activity or the inactivity of the mints of the great commercial nations is one of the most likely indications in the variations of that amount. Much will be manufactured when it is wanted; and little when little is wanted.... At the English mint the coinage was in 1855: £9,245,000; 1856: £6,476,000; 1857: £5,293,858. During 1858 the mint had scarcely anything to do." Economist, July 10, 1858. [Marx quotes in English.] But at the same time about eighteen million pounds sterling were lying in the bank vaults.
or fall in inverse proportion and, provided the velocity remained unchanged, this general rise or fall in prices would necessitate a larger or smaller amount of gold for the circulation of the same amount of commodities. The result would be similar if the previous standard of value were to be replaced by a more valuable or a less valuable metal. For instance, when, in deference to its creditors and impelled by fear of the effect the discovery of gold in California and Australia might have, Holland replaced gold currency by silver currency, 14 to 15 times more silver was required than formerly was required of gold to circulate the same volume of commodities.

Since the quantity of gold in circulation depends upon two variable factors, the total amount of commodity price and the velocity of circulation, it follows that it must be possible to reduce and expand the quantity of metallic currency; in short, in accordance with the requirements of the process of circulation, gold, as means of circulation, must sometimes be put into circulation and sometimes withdrawn from it. We shall see later how these conditions are realised in the process of circulation.

c. Coins. Tokens of Value

Money functioning as a medium of circulation assumes a specific shape, it becomes a *coin*. In order to prevent its circulation from being hampered by technical difficulties, gold is minted according to the standard of the money of account. Coins are pieces of gold whose shape and imprint signify that they contain weights of gold as indicated by the names of the money of account, such as pound sterling, shilling, etc. Both the establishing of the mint price and the technical work of minting devolve upon the State. Coined money assumes a *local and political character*, it uses different national languages and wears different national uniforms, just as does money of account. Coined money circulates therefore in the *internal* sphere of circulation of commodities, which is circumscribed by the boundaries of a given community and separated from the *universal* circulation of the world of commodities.

But the only difference between gold in the form of bullion and gold in the form of coin is that between the denomination of the coin and denomination of its metal weight. What appears as a difference of denomination in the latter case, appears as a difference of shape in the former. Gold coins can be thrown into
the crucible and thus turned again into gold *sans phrase*, just as conversely gold bars have only to be sent to the mint to be transformed into coin. The conversion and reconversion of one form into the other appears as a purely technical operation.

In exchange for 100 pounds or 1,200 ounces troy of 22-carat gold one receives £4,672¹/₂ or 4,672¹/₂ gold sovereigns from the English mint, and if one puts these sovereigns on one side of a pair of scales and 100 pounds of gold bars on the other, the two will balance. This proves that the sovereign is simply a quantity of gold—with a specific shape and a specific imprint—the weight of which is denoted by this name in the English monetary scale. The 4,672¹/₂ gold sovereigns are thrown into circulation at different points and, once in the current, they make a certain number of moves each day, some sovereigns more and others less. If the average number of moves made by one ounce of gold during a day were ten, then the 1,200 ounces of gold would realise a total of commodity prices amounting to 12,000 ounces or 46,725 sovereigns. An ounce of gold, no matter how one may twist and turn it, will never weigh ten ounces. But here in the process of circulation, one ounce does indeed amount to ten ounces. In the process of circulation a coin is equal to the quantity of gold contained in it multiplied by the number of moves it makes. In addition to its actual existence as an individual piece of gold of a certain weight, the coin thus acquires a nominal existence which arises from the function it performs. But whether the sovereign makes one or ten moves, in each particular purchase or sale it nevertheless acts merely as a single sovereign. The effect is the same as in the case of a general who on the day of battle replaces ten generals by appearing at ten different places at the crucial time, but remains the same general at each point. The nominalisation of the medium of circulation, which arises as a result of the replacement of quantity by velocity, concerns only the functioning of coins within the process of circulation but does not affect the status of the individual coins.

But the circulation of money is an external movement and the sovereign, although *non olet*,⁴ keeps mixed company. The coin, which comes into contact with all sorts of hands, bags, purses, pouches, tills, chests and boxes, wears away, leaves a particle of gold here and another there, thus losing increasingly more of its intrinsic content as a result of abrasion sustained in the course of its worldly career. While in use it is getting used up. Let us

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⁴ It does not smell (Vespasian).—Ed.
consider a sovereign at a moment when its original solid features are as yet hardly impaired.

"A baker who receives a brand-new sovereign straight from the bank today, and pays it away to the miller tomorrow, does not pay the same veritable sovereign; it is lighter than when he received it..." [*

"It being obvious that the coinage, in the very nature of things, must be for ever, unit by unit, falling under depreciation by the mere action of ordinary and unavoidable abrasion. It is a physical impossibility at any time, even for a single day, utterly to eliminate light coins from circulation." **

Jacob estimates that of the £380 million which existed in Europe in 1809, £19 million had completely disappeared as a result of abrasion by 1829, that is in the course of 20 years.*** Whereas the commodity having taken its first step, bringing it into the sphere of circulation, drops out of it, the coin, after making a few steps in the sphere of circulation, represents a greater metal content than it actually possesses. The longer a coin circulates at a given velocity, or the more rapidly it circulates in a given period of time, the greater becomes the divergence between its existence as a coin and its existence as a piece of gold or silver. What remains is magni nominis umbra,* the body of the coin is now merely a shadow. Whereas originally circulation made the coin heavier, it now makes it lighter, but in each individual purchase or sale it still passes for the original quantity of gold. As a pseudo-sovereign, or pseudo-gold, the sovereign continues to perform the function of a legal gold coin. Although friction with the external world causes other entities to lose their idealism, the coin becomes increasingly ideal as a result of practice, its golden or silver substance being reduced to a mere pseudo-existence. This second idealisation of metal currency, that is, the disparity between its nominal content and its real content, brought about by the process of circulation itself, has been taken advantage of both by governments and individual adventurers who debased the coinage in a variety of ways. The entire history of the monetary system from the early

* Dodd, *The Curiosities of Industry etc.*, London, 1854 [p. 16].

** The Currency Question Reviewed etc. By a Banker, Edinburgh, 1845, p. 69 etc.

"If a slightly worn écu were to be considered to be worth somewhat less than a quite new one, circulation would be continually checked, and every payment would provide an occasion for dispute" (G. Garnier, *Histoire de la monnaie*, tome I, p. 24). [Marx quotes in French.]


* The mere shadow of a mighty name (Lucanus, "De bello civili", *Pharsalia*, I, 135).— Ed.
Middle Ages until well into the eighteenth century is a history of such bilateral and antagonistic counterfeiting, and Custodi's voluminous collection of works of Italian economists is largely concerned with this subject.

But the "ideal" existence of gold within the confines of its function comes into conflict with its real existence. In the course of circulation some gold coins have lost more of their metal content, others less, and one sovereign is now indeed worth more than another. Since they are however equally valid while they function as coin—the sovereign that weighs a quarter of an ounce is valued no more highly than the sovereign which only represents a quarter of an ounce—some unscrupulous owners perform surgical operations on sovereigns of standard weight to achieve the same result artificially which circulation has brought about spontaneously in the case of lighter coins. Sovereigns are clipped and debased and the surplus gold goes into the melting pot. When 4,672 1/2 gold sovereigns placed on the scales weigh on the average only 800 ounces instead of 1,200, they will buy only 800 ounces of gold on the gold market: in other words, the market price of gold has risen above the mint price. All sovereigns, even those retaining the standard weight, would be worth less as coin than in the shape of bars. Sovereigns of standard weight would be reconverted into bars, a form in which a greater quantity of gold has a greater value than a smaller quantity of gold. When the decline of the metal content has affected a sufficient number of sovereigns to cause a permanent rise of the market price of gold over its mint price, the coins will retain the same names of account but these will henceforth stand for a smaller quantity of gold. In other words, the standard of money will be changed, and henceforth gold will be minted in accordance with this new standard. Thus, in consequence of its idealisation as a medium of circulation, gold in its turn will have changed the legally established relation in which it functioned as the standard of price. A similar revolution would be repeated after a certain period of time; gold both as the standard of price and the medium of circulation in this way being subject to continuous changes, so that a change in the one aspect would cause a change in the other and vice versa. This accounts for the phenomenon mentioned earlier, namely that, as the history of all modern nations shows, the same monetary titles continued to stand for a steadily diminishing metal content. The contradiction between gold as coin and gold as the standard of price becomes also the contradiction between gold as coin and gold as the universal equivalent, which circulates not only within the boun-
daries of a given territory but also on the world market. As a measure of value gold has always retained its full weight, because it has served only nominally as gold. When serving as an equivalent in the separate transaction \( C - M \), gold reverts from movement immediately to a state of rest; but when it serves as a coin its natural substance comes into constant conflict with its function. The transformation of gold sovereigns into nominal gold cannot be entirely prevented, but legislation attempts to preclude the establishment of nominal gold as coin by withdrawing it from circulation when the coins in question have lost a certain percentage of their substance. According to English law, for instance, a sovereign which has lost more than 0.747 grain of weight is no longer legal tender. Between 1844 and 1848, 48 million gold sovereigns were weighed by the Bank of England, which possesses scales for weighing gold invented by Mr. Cotton. This machine is not only able to detect a difference between the weights of two sovereigns amounting to one-hundredth of a grain, but like a rational being it flings the light-weight coin onto a board from which it drops into another machine that cuts it into pieces with oriental cruelty.

Under these conditions, however, gold coins would not be able to circulate at all unless they were confined to a definite sphere of circulation where they wear out less quickly. In so far as a gold coin in circulation is worth a quarter of an ounce, whereas it weighs only a fifth of an ounce, it has indeed become a mere token or symbol for one-twentieth of an ounce of gold, and in this way the process of circulation converts all gold coins to some extent into mere tokens or symbols representing their substance. But a thing cannot be its own symbol. Painted grapes are no symbol of real grapes, but are imaginary grapes. Even less is it possible for a light-weight sovereign to be the symbol of a standard-weight sovereign, just as an emaciated horse cannot be the symbol of a fat horse. Since gold thus becomes a symbol of itself but cannot serve as such a symbol it assumes a symbolic existence—quite separate from its own existence—in the shape of silver or copper counters in those spheres of circulation where it wears out most rapidly, namely where purchases and sales of minute amounts go on continuously. A certain proportion of the total number of gold coins, although not always the same coins, perpetually circulate in these spheres. This proportion of gold coins is replaced by silver or copper tokens. Various commodities can thus serve as coin alongside gold, although only one specific commodity can function as the measure of value and therefore...
also as money within a particular country. These subsidiary means of circulation, for instance silver or copper tokens, represent definite fractions of gold coins within the circulation. The amount of silver or copper these tokens themselves contain is, therefore, not determined by the value of silver or copper in relation to that of gold, but is arbitrarily established by law. They may be issued only in amounts not exceeding those in which the small fractions of gold coin they represent would constantly circulate, either as small change for gold coin of higher denominations or to realise correspondingly low prices of commodities. The silver tokens and copper tokens will belong to distinct spheres of retail trade. It is self-evident that their velocity of circulation stands in inverse ratio to the price they realise in each individual purchase and sale, or to the value of the fraction of the gold coin they represent. The relatively insignificant total amount of subsidiary coins in circulation indicates the velocity with which they perpetually circulate, if one bears in mind the huge volume of retail trade daily transacted in a country like England. A recently published parliamentary report\(^a\) shows, for instance, that in 1857 the English Mint coined gold to the amount of £4,859,000 and silver having a nominal value of £373,000 and a metal value of £363,000. In the ten-year period ending December 31, 1857, the total amount of gold coined came to £55,239,000 and that of silver to only £2,434,000. The nominal value of copper coins issued in 1857 was only £6,720, while the value of the copper contained in them was £3,492; of this total £3,136 was issued as pennies, £2,464 as halfpennies and £1,120 as farthings. The total nominal value of the copper coin struck during the last ten years came to £141,477, and their metal value to £73,503. Just as gold coin is prevented from perpetually functioning as coin by the statutory provision that on losing a certain quantity of metal it is demonetised, so conversely by laying down the price level which they can legally realise silver and copper counters are prevented from moving into the sphere of gold coin and from establishing themselves as money. Thus for example in England, copper is legal tender for sums up to 6d. and silver for sums up to 20s. The issue of silver and copper tokens in quantities exceeding the requirements of their spheres of circulation would not lead to a rise in commodity-prices but to the accumulation of these tokens in the hands of retail traders, who would in the end be forced to sell them as metal. In 1798, for instance, English copper coins to the

\(^a\) The Economist, No. 763, April 10, 1858, p. 401.—Ed.
amounts of £20, £30 and £50, spent by private people, had accumulated in the tills of shopkeepers and, since their attempts to put the coins again into circulation failed, they finally had to sell them as metal on the copper market.*

The metal content of the silver and copper tokens, which represent gold coin in distinct spheres of home circulation, is determined by law; but when in circulation they wear away, just as gold coins do, and, because of the velocity and constancy of their circulation, they are reduced even faster to a merely imaginary, or shadow existence. If one were to establish that silver and copper tokens also, on losing a certain amount of metal, should cease to function as coin, it would be necessary to replace them in turn in certain sections of their own sphere of circulation by some other symbolic money, such as iron or lead; and in this way the representation of one type of symbolic money by other types of symbolic money would go on for ever. The needs of currency circulation itself accordingly compel all countries with a developed circulation to ensure that silver and copper tokens function as coin independently of the percentage of metal they lose. It thus becomes evident that they are, by their very nature, symbols of gold coin not because they are made of silver or copper, not because they have value, but they are symbols in so far as they have no value.

Relatively worthless things, such as paper, can function as symbols of gold coins. Subsidiary coins consist of metal, silver, copper, etc., tokens principally because in most countries the less valuable metals circulated as money—e.g. silver in England, copper in the ancient Roman Republic, Sweden, Scotland, etc.—before the process of circulation reduced them to the status of small coin and put a more valuable metal in their place. It is in the nature of things moreover that the monetary symbol which directly arises from metallic currency should be, in the first place, once again a metal. Just as the portion of gold which would constantly have to circulate as small change is replaced by metal tokens, so the portion of gold which as coin remains always in the sphere of home circulation, and must therefore circulate perpetually, can be replaced by tokens without intrinsic value. The level below which the volume of currency never falls is established in each country by experience. What was originally an insignificant divergence of the nominal content from the actual metal content

of metallic currency can therefore reach a stage where the two things are completely divorced. The names of coins become thus detached from the substance of money and exist apart from it in the shape of worthless scraps of paper. In the same way as the exchange value of commodities is crystallised into gold money as a result of exchange, so gold money in circulation is sublimated into its own symbol, first in the shape of worn gold coin, then in the shape of subsidiary metal coin, and finally in the shape of worthless counters, scraps of paper, mere *tokens of value*.

But the gold coin gave rise first to metallic and then to paper substitutes only because it continued to function as a coin despite the loss of metal it incurred. It circulated not because it was worn, but it was worn to a symbol because it continued to circulate. Only in so far as in the process of circulation gold currency becomes a mere token of its own value can mere tokens of value be substituted for it.

In so far as the circuit $C\rightarrow M\rightarrow C$ is the dynamic unity of the two aspects $C\rightarrow M$ and $M\rightarrow C$, which directly change into each other, or in so far as the commodity undergoes the entire metamorphosis, it evolves its exchange value into price and into money, but immediately abandons these forms again to become once more a commodity, or rather a use value. The exchange value of the commodity thus acquires *only a seemingly independent existence*. We have seen, on the other hand, that gold, when it functions only as specie, that is when it is perpetually in circulation, does indeed represent merely the interlinking of the metamorphoses of commodities and their ephemeral existence as *money*. Gold realises the price of one commodity only in order to realise that of another, but it never appears as exchange value in a state of rest or even a commodity in a state of rest. The reality which in this process the exchange value of commodities assumes, and which is expressed by gold in circulation, is merely the reality of an electric spark. Although it is real gold, it functions merely as apparent gold, and in this function therefore a token of itself can be substituted for it.

The token of value, say a piece of paper, which functions as a coin, represents the quantity of gold indicated by the name of the coin, and is thus a *token of gold*. A definite quantity of gold as such does not express a value relation, nor does the token which takes its place. The gold token represents value in so far as a definite quantity of gold, because it is objectified labour time, possesses a definite value. But the amount of value which the token represents depends in each case upon the value of the quantity of
gold represented by it. As far as commodities are concerned, the
token of value represents the reality of their price and constitutes a
signum pretii\(^a\) and a token of their value only because their value is
expressed in their price. In the circuit \(C-M-C\), in so far as it
expresses merely the dynamic unity of the two metamorphoses or
the direct transformation of one metamorphosis into the other—and
this is how it appears in the sphere of circulation, within
which the token of value operates—the exchange value of
commodities assumes in the price merely a nominal existence and
in money merely an imaginary or symbolic existence. Exchange
value thus appears to be something purely conceptual or an
imagined entity but possessing no reality except in the com-
modities, in so far as a definite amount of labour time is
objectified in them. The token of value therefore seems to represent
the value of commodities directly, since it appears to be not a token
of gold but a token of the exchange value which exists solely in
the commodity and is merely expressed in the price. But the
appearance is deceptive. The token of value is directly only a token
of price, that is a token of gold, and only indirectly a token of the
value of the commodity. Gold, unlike Peter Schlemihl, has not sold
its shadow, but uses its shadow as a means of purchase. Thus the
token of value is effective only when in the process of exchange it
signifies the price of one commodity compared with that of
another or when it represents gold with regard to every commodity
owner. First of all custom turns a certain, relatively worthless
object, a piece of leather, a scrap of paper, etc., into a token of the
material of which money consists, but it can maintain this position
only if its function as a symbol is guaranteed by the general
intention of commodity owners, in other words, if it acquires a
legal conventional existence and hence a legal rate of exchange.
Paper money issued by the state and given a legal rate is an
advanced form of the token of value, and the only kind of paper
money which directly arises from metallic currency or from simple
commodity circulation itself. Credit money belongs to a more
advanced stage of the social process of production and conforms
to very different laws. Symbolic paper money indeed does not
differ at all from subsidiary metal coin except in having a wider
sphere of circulation. Even the merely technical development of
the standard of price, or of the mint price, and later the external
transformation of gold bars into gold coin led to state intervention
and consequently to a visible separation of internal circulation

\(^a\) Sign of price.— Ed.
from the general circulation of commodities, this division being completed by the transformation of coin into a token of value. Money as a simple medium of circulation can after all acquire an independent existence only within the sphere of internal circulation.

Our exposition has shown that gold in the shape of coin, that is tokens of value divorced from gold substance itself, originates in the process of circulation itself and does not come about by arrangement or state intervention. Russia affords a striking example of a spontaneously evolved token of value. At a time when hides and furs served as money in that country, the contradiction between the perishable and unwieldy material and its function as a medium of circulation led to the custom of substituting small pieces of stamped leather for it; these pieces thus became money orders payable in hides and furs. Later they were called kopeks and became mere tokens representing fractions of the silver ruble and as such were used here and there until 1700, when Peter the Great ordered their replacement by small copper coins issued by the State.* In antiquity writers, who were able to observe only the phenomena of metallic currency, among them Plato** and Aristotle,*** already understood that gold coin

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* Henry Storch, *Cours d'économie politique etc.* avec des notes par J. B. Say, Paris, 1823, tome IV, p. 79. Storch published his work in French in St. Petersburg, J. B. Say immediately brought out a reprint in Paris, supplemented by so-called notes, which in fact contain nothing but platitudes. Storch's reaction to the annexation of his work by the "prince de la science" was not at all polite (see his *Considerations sur la nature du revenu national*, Paris, 1824).

** Plato, *De Republica*, 1. II. "The coin is a token of exchange" (*Opera omnia* etc., ed. G. Stalbaumius, London, 1850, p. 304). [Marx quotes in Greek.] Plato analyses only two aspects of money, i.e. money as a standard of value and a token of value; apart from the token of value circulating within the country he calls for another token of value serving in the commerce of Greece with other countries (cf. book 5 of his *Laws*).

*** Aristoteles, *Ethica Nicomachea*, l. V, c. 8 [p. 98]. "But money has become by convention a sort of representative of demand; and this is why it has the name 'money' [νόμισμα]—because it exists not by nature but by 'law' [νόμω], and it is in our power to change it and make it useless." [The English translation is from Aristoté, *Ethica Nicomachea*, Oxford, 1925, 1133a.] [Here and below Marx quotes from Aristotle in Greek.] Aristotle's conception of money was considerably more complex and profound than that of Plato. In the following passage he describes very well how as a result of barter between different communities the necessity arises of turning a specific commodity, that is a substance which has itself value, into money. "When the inhabitants of one country became more dependent on those of another, and they imported what they needed, and exported what they had too much of, money necessarily came into use ... and hence men agreed to employ in their dealings with each other something which was intrinsically useful
is a symbol or token of value. Paper money with a legal rate of exchange arises early in countries such as China, which have not evolved a credit system.* Later advocates of paper money also refer expressly to the transformation of the metal coin into a token of value which is brought about by the circulation process itself. Such references occur in the works of Benjamin Franklin** and Bishop Berkeley.***

How many reams of paper cut into fragments can circulate as money? In this form the question is absurd. Worthless tokens become tokens of value only when they represent gold within the process of circulation, and they represent it only to the amount of gold which would circulate as coin, an amount which depends on the value of gold if the exchange value of the commodities and

and easily applicable to the purposes of life, for example, iron, silver and the like." (Aristoteles, De Republica, I, 1, c. 9, l.c. [p. 14]. [The English translation is from Aristotle, Politica, by Benjamin Jowett, Oxford, 1966, 1257a.) Michel Chevalier, who has either not read or not understood Aristotle, quotes this passage to show that according to Aristotle the medium of circulation must be a substance which is itself valuable. Aristotle, however, states plainly that money regarded simply as medium of circulation is merely a conventional or legal entity, as even its name (νόμισμα) indicates, and its use value as specie is in fact only due to its function and not to any intrinsic use value. “Others maintain that coined money is a mere sham, a thing not natural, but conventional only, because, if the users substitute another commodity for it, it is worthless, and because it is not useful as a means to any of the necessities of life.” (Aristoteles, De Republica [p. 15]. [The English translation is from Aristotle, Politica, 1257b.)]

* Sir John Mandeville, Voyages and Travels, London, 1705, p. 105: “This Emperor (of Cattay or China) may dispense ols muche as he wile withouten estymacion. For he despendeth the not, nor makethe no money, but of letter emprendeth, or of papyre. And when that money hadorne so longe that it begynethe to waste, then men beren it to the Emperoures Tresorye, and then they taken newe Money for the old. And that money gothe thorghe out all the contree, and thorge out all his Provynces... They make no money nouter of Gold nor of Sylver”, and Mandeville adds, “therefore he may despende ynew and outrageous-ly.” [Marx quotes in English.]

** Benjamin Franklin, Remarks and Facts Relative to the American Paper Money, 1764, p. 348, l.c.: “At this very time, even the silver money in England is obliged to the legal tender for part of its value; that part which is the difference between its real weight and its denomination. Great part of the shillings and sixpences now current are by wearing become 5, 10, 20, and some of the sixpences even 50%, too light. For this difference between the real and the nominal you have no intrinsic value; you have not so much as paper, you have nothing. It is the legal tender, with the knowledge that it can easily be repassed for the same value, that makes three pennyworth of silver pass for a sixpence.” [Marx quotes in English.]

*** Berkeley, l.c. [p. 3]. “Whether the denominations being retained, although the bullion were gone ... might not nevertheless ... a circulation of commerce (be) maintained?”
the velocity of their metamorphoses are given. The number of pieces of paper with a denomination of £5 which could be used in circulation would be one-fifth of the number of pieces of paper with a denomination of £1, and if all payments were to be transacted in shilling notes, then twenty times more shilling notes than pound notes would have to circulate. If gold coin were represented by notes of different denomination, e.g. £5 notes, £1 notes and 10s. notes, the number of the different types of tokens of value needed would not just be determined by the quantity of gold required in the sphere of circulation as a whole, but by the quantity needed in the sphere of circulation of each particular type of note. If £14 million were the level below which the circulation of a country never fell (this is the presupposition of English Banking legislation, not however with regard to coin but to credit money), then 14 million pieces of paper, each a token of value representing £1, could circulate. If the value of gold decreased or increased because the labour time required for its production had fallen or risen, then the number of pound notes in circulation would increase or decrease in inverse ratio to the change in the value of gold, provided the exchange value of the same mass of commodities remained unchanged. Supposing gold were superseded by silver as the standard of value and the relative value of silver to gold were 1:15, then 210 million pound notes would have to circulate henceforth instead of 14 million, if from now on each piece of paper was to represent the same amount of silver as it had previously represented of gold. The number of pieces of paper is thus determined by the quantity of gold currency which they represent in circulation, and as they are tokens of value only in so far as they take the place of gold currency, their value is simply determined by their quantity. Whereas, therefore, the quantity of gold in circulation depends on the prices of commodities, the value of the paper in circulation, on the other hand, depends solely on its own quantity.

The intervention of the State which issues paper money with a legal rate of exchange—and we speak only of this type of paper money—seems to invalidate the economic law. The State, whose mint price merely provided a definite weight of gold with a name and whose mint merely imprinted its stamp on gold, seems now to transform paper into gold by the magic of its imprint. Because the pieces of paper have a legal rate of exchange, it is impossible to prevent the State from thrusting any arbitrarily chosen number of them into circulation and to imprint them at will with any monetary denomination such as £1, £5, or £20. Once the notes
are in circulation it is impossible to drive them out, for the
frontiers of the country limit their movement, on the one hand,
and, on the other hand, they lose all value, both use value and
exchange value, outside the sphere of circulation. Apart from their
function they are useless scraps of paper. But this power of the
State is mere illusion. It may throw any number of paper notes of
any denomination into circulation but its control ceases with this
mechanical act. As soon as the token of value or paper money
enters the sphere of circulation it is subject to the inherent laws of
this sphere.

Let us assume that £14 million is the amount of gold required
for the circulation of commodities and that the State throws
210 million notes each called £1 into circulation: these 210 million
would then stand for a total of gold worth £14 million. The effect
would be the same as if the notes issued by the State were to
represent a metal whose value was one-fifteenth that of gold or
that each note was intended to represent one-fifteenth of the
previous weight of gold. This would have changed nothing but the
nomenclature of the standard of prices, which is of course purely
conventional, quite irrespective of whether it was brought about
directly by a change in the monetary standard or indirectly by a
increase in the number of paper notes issued in accordance with a
new lower standard. As the name pound sterling would now
indicate one-fifteenth of the previous quantity of gold, all
commodity prices would be fifteen times higher and 210 million
pound notes would now be indeed just as necessary as 14 million
had previously been. The decrease in the quantity of gold which
each individual token of value represented would be proportional
to the increased aggregate value of these tokens. The rise of prices
would be merely a reaction of the process of circulation, which
forcibly placed the tokens of value on a par with the quantity of
gold which they are supposed to replace in the sphere of
circulation.

One finds a number of occasions in the history of the
debasement of currency by English and French governments when
the rise in prices was not proportionate to the debasement of the
silver coins. The reason was simply that the increase in the volume
of currency was not proportional to its debasement; in other
words, if the exchange value of commodities was in future to be
evaluated in terms of the lower standard of value and to be
realised in coins corresponding to this lower standard, then
inadequate number of coins with lower metal content had been
issued. This is the solution of the difficulty which was not resolved
by the controversy between Locke and Lowndes. The rate at which
a token of value—whether it consists of paper or bogus gold and
silver is quite irrelevant—can take the place of definite quantities
of gold and silver calculated according to the mint price depends
on the number of tokens in circulation and by no means on the
material of which they are made. The difficulty in grasping this
relation is due to the fact that the two functions of money—as a
standard of value and a medium of circulation—are governed not
only by conflicting laws, but by laws which appear to be at variance
with the antithetical features of the two functions. [As regards its
function\(^a\)] as a standard of value, when money serves solely as
money of account and gold merely as nominal gold, it is the
physical material used which is the crucial factor. Exchange values
expressed in terms of silver, or as silver prices, look of course
quite different from exchange values expressed in terms of gold,
or as gold prices. On the other hand, when it functions as a
medium of circulation, when money is not just imaginary but must
be present as a real thing side by side with other commodities, its
material is irrelevant and its quantity becomes the crucial factor.
Although whether it is a pound of gold, of silver or of copper is
decisive for the standard measure, mere number makes the coin
an adequate embodiment of any of these standard measures, quite
irrespective of its own material. But it is at variance with common
sense that in the case of purely imaginary money everything
should depend on the physical substance, whereas in the case of
the corporeal coin everything should depend on a numerical
relation that is nominal.

The rise or fall of commodity prices corresponding to an
increase or decrease in the volume of paper notes—the latter
where paper notes are the sole medium of paper notes—is
accordingly merely a forcible assertion by the process of circula-
tion of a law which was mechanically infringed by extraneous
action; i.e. the law that the quantity of gold in circulation is
determined by the prices of commodities and the volume of
tokens of value in circulation is determined by the amount of gold
currency which they replace in circulation. The circulation process
will, on the other hand, absorb or as it were digest any number of
paper notes, since, irrespective of the gold title borne by the token
of value when entering circulation, it is compressed to a token of
the quantity of gold which could circulate instead.

\(^a\) These words are missing in the original. Marx added them in his own
copy.—*Ed.*
In the circulation of tokens of value all the laws governing the circulation of real money seem to be reversed and turned upside down. Gold circulates because it has value, whereas paper has value because it circulates. If the exchange value of commodities is given, the quantity of gold in circulation depends on its value, whereas the value of paper tokens depends on the number of tokens in circulation. The amount of gold in circulation increases or decreases with the rise or fall of commodity prices, whereas commodity prices seem to rise or fall with the changing amount of paper in circulation. The circulation of commodities can absorb only a certain quantity of gold currency, the alternating contraction and expansion of the volume of money in circulation manifesting itself accordingly as an inevitable law, whereas any amount of paper money seems to be absorbed by circulation. The State which issues coins even \( \frac{1}{100} \) of a grain below standard weight debases gold and silver currency and therefore upsets its function as a medium of circulation, whereas the issue of worthless pieces of paper which have nothing in common with metal except the denomination of the coinage is a perfectly correct operation. The gold coin obviously represents the value of commodities only after the value has been assessed in terms of gold or expressed as a price, whereas the token of value seems to represent the value of commodities directly. It is thus evident that a person who restricts his studies of monetary circulation to an analysis of the circulation of paper money with a legal rate of exchange must misunderstand the inherent laws of monetary circulation. These laws indeed appear not only to be turned upside down in the circulation of tokens of value but even annulled; for the movements of paper money, when it is issued in the appropriate amount, are not characteristic of it as token of value, whereas its specific movements are due to infringements of its correct proportion to gold, and do not directly arise from the metamorphosis of commodities.

3. Money

Money as distinguished from coin is the result of the circuit \( C \rightarrow M \rightarrow C \) and constitutes the starting point of the circuit \( M \rightarrow C \rightarrow M \), that is the exchange of money for commodities so as to exchange commodities for money. In the form \( C \rightarrow M \rightarrow C \) it is the commodity that is the beginning and the end of the transaction; in the form \( M \rightarrow C \rightarrow M \) it is money. Money mediates
the exchange of commodities in the first circuit, the commodity mediates the evolution of money into money in the second circuit. Money, which serves solely as a medium in the first circuit, appears as the goal of circulation in the second, whereas the commodity, which was the goal in the first circuit, appears simply as a means in the second. Because money itself is already the result of the circuit $C-M-C$, the result of circulation appears to be also its point of departure in the form $M-C-M$. The exchange of material is the content of $C-M-C$, whereas the real content of the second circuit, $M-C-M$, is the commodity in the form in which it emerged from the first circuit.

In the formula $C-M-C$ the two extremes are commodities of the same value, which are at the same time however qualitatively different use values. Their exchange, $C-C$, is real exchange of material. On the other hand, in the formula $M-C-M$ both extremes are gold and moreover gold of the same value. But it seems absurd to exchange gold for commodities in order to exchange commodities for gold, or if one considers the final result $M-M$, to exchange gold for gold. But if one translates $M-C-M$ into the formula—to buy in order to sell, which means simply to exchange gold for gold with the aid of an intermediate movement, one will immediately recognise the predominant form of bourgeois production. Nevertheless, in real life people do not buy in order to sell, but they buy at a low price in order to sell at a high price. They exchange money for commodities in order then to exchange these for a larger amount of money, so that the extremes $M, M$ are quantitatively different, even if not qualitatively. This quantitative difference presupposes the exchange of non-equivalents, whereas commodities and money as such are merely antithetical forms of the commodity, in other words, different forms of existence of the same value. Money and commodity in the circuit $M-C-M$ therefore imply more advanced relations of production, and within simple circulation the circuit is merely a reflection of movement of a more complex character. Hence money as distinct from the medium of circulation must be derived from $C-M-C$, the immediate form of commodity circulation.

Gold, i.e. the specific commodity which serves as standard of value and medium of circulation, becomes money without any special effort on the part of society. Silver has not become money in England, where it is neither the standard of value nor the predominant medium of circulation, similarly gold ceased to be money in Holland as soon as it was deposed from its position of
standard of value. In the first place, a commodity in which the functions of standard of value and medium of circulation are united accordingly becomes money, or the unity of standard of value and medium of circulation is money. But as such a unity gold in its turn possesses an independent existence which is distinct from these two functions. As the standard of value gold is merely nominal money and nominal gold; purely as a medium of circulation it is symbolic money and symbolic gold, but in its simple metallic corporeality gold is money or money is real gold.

Let us for a moment consider the commodity gold, that is money, in a state of rest and its relations with other commodities. All prices of commodities signify definite amounts of gold; they are thus merely notional gold or notional money, i.e. *symbols of gold*, just as, on the other hand, money considered as a token of value appeared to be merely a symbol of the prices of commodities.* Since all commodities are therefore merely notional money, money is the only real commodity. Gold is *the material aspect of abstract wealth* in contradistinction to commodities which only represent the independent form of exchange value, of universal social labour and of abstract wealth. So far as use value is concerned, each commodity represents only one element of physical wealth, only one separate facet of wealth, through its relation to a particular need. But money satisfies any need since it can be immediately turned into the object of any need. Its own use value is realised in the endless series of use values which constitute its equivalents. All the physical wealth evolved in the world of commodities is contained in a latent state in this solid piece of metal. Thus whereas the prices of commodities represent gold, the universal equivalent or abstract wealth, the use value of gold represents the use value of all commodities. Gold is, therefore, *the material symbol of physical wealth*. It is the *précis de toutes les choses*”⁴¹ (Boisguillebert),⁴¹ the compendium of social wealth. As regards its form, it is the direct incarnation of universal labour, and as regards its content the quintessence of all concrete labour. It is universal wealth in an individual form.** Functioning as a medium of circulation, gold suffered all manner of injuries, it was clipped and even reduced to a purely symbolical scrap of paper.

* *“Not only are precious metals tokens of things ... but alternatively things ... are also tokens of gold and silver.” A. Genovesi, *Lezioni di Economia Civile*, 1765, in Custodi, *Parte Moderna*, t. VIII, p. 281. [Marx quotes in Italian.]*

** Petty: Gold and silver are “UNIVERSAL WEALTH”. *Political Arithmetick*, p. 242.

¹⁴¹ “Summary of all things.” — *Ed.*
Its golden splendour is restored when it serves as money. The servant becomes the master.* The mere underling becomes the god of commodities.**

\[\text{a. Hoarding}\]

Gold as money was in the first place divorced from the medium of circulation because the metamorphosis of the commodity was interrupted and the commodity remained in the form of a golden chrysalis. This happens whenever a sale is not immediately turned into a purchase. The fact that gold as money assumed an independent existence is thus above all a tangible expression of the separation of the process of circulation or of the metamorphosis of commodities into two discrete and separate transactions which exist side by side. The coin itself becomes money as soon as its movement is interrupted. In the hands of the seller who receives it in return for a commodity it is money, and not coin; but when it leaves his hands it becomes a coin once more. Everybody sells the particular commodity which he produces, but he buys all other commodities that he needs as a social being. How often he appears on the market as a seller depends on the labour time required to produce his commodity, whereas his appearance as a buyer is determined by the constant renewal of his vital requirements. In order to be able to buy without selling, he must have sold something without buying. The circuit $C\rightarrow M\rightarrow C$ is indeed the dynamic unity of sale and purchase only in so far as it

* E. Misselden, Free Trade, Or, the Means to Make Trade Florish, London, 1622.

"The natural matter of Commerce is Merchandise, which Merchants from the end of Trade have stiled Commodities. The artificial matter of commerce is money, which has obtained the title of Sinewes of Warre and of State... Money, though it be in nature and time after merchandise, yet for as much as it is now in use has become the Chiefe" (p. 7). He compares the position of commodity and money with that of the descendents of "Old Jacob", who "blessing his Grandchildren, cross his hands, and laid his right hand on the younger, and his left hand on the elder" (l.c.).75 Boisguillebert, Dissertation sur la nature des richesses: "Thus the slave of commerce has become its master.... The misery of the peoples is due to the fact that the slave has been turned into a master or rather into a tyrant" (pp. 395, 399). [Marx quotes in French.]

** Boisguillebert, l.c. "These metals (gold and silver) have been turned into an idol, and disregarding the goal and purpose they were intended to fulfil in commerce, i.e. to serve as pledge in exchange and reciprocal transfer, they were allowed to abandon this service almost entirely in order to be transformed into divinities to whom more goods, valuables and even human beings were sacrificed and continue to be sacrificed, than were ever sacrificed to the false divinities even in blind antiquity..." (p. 395). [Marx quotes in French.]
is simultaneously the continuous process of their separation. So that money as coin may flow continuously, coin must continuously congeal into money. The continual movement of coin implies its perpetual stagnation in larger or smaller amounts in reserve funds of coin which arise everywhere within the framework of circulation and which are at the same time a condition of circulation. The formation, distribution, dissolution and re-formation of these funds constantly changes; existing funds disappear continuously and their disappearance is a continuous fact. This unceasing transformation of coin into money and of money into coin was expressed by Adam Smith when he said that, in addition to the particular commodity he sells, every commodity owner must always keep in stock a certain amount of the general commodity with which he buys. We have seen that $M \rightarrow C$, the second member of the circuit $C \rightarrow M \rightarrow C$, splits up into a series of purchases, which are not effected all at once but successively over a period of time, so that one part of $M$ circulates as coin, while the other part remains at rest as money. In this case, money is in fact only suspended coin and the various component parts of the coinage in circulation appear, constantly changing, now in one form, now in another. The first transformation of the medium of circulation into money constitutes therefore merely a technical aspect of the circulation of money.*

The first spontaneously evolved form of wealth consists of an overplus or excess of products, i.e. of the portion of products which are not directly required as use values, or else of the possession of products whose use value lies outside the range of mere necessity. When considering the transition from commodity to money, we saw that at a primitive stage of production it is this overplus or excess of products which really forms the sphere of commodity exchange. Superfluous products become exchangeable products or commodities. The adequate form of this surplus is

* Boisguillebert suspects that the first immobilisation of the perpetuum mobile, i.e. the negation of its function as the medium of circulation, will immediately render it independent in relation to commodities. Money, he says, must be "in continual movement, which is only the case so long as it is mobile, but as soon as it becomes immobile all is lost" (Boisguillebert, Le détail de la France, p. 213). [Marx quotes in French.] What he overlooks is that this inactivity is the prerequisite of its movement. What he actually wants is that the value form a of commodities should be a quite insignificant aspect of their metabolism, but should never become an end in itself.

a The original has "exchange value" instead of "value form"; changed in Marx's own copy.— Ed.
gold and silver, the first form in which wealth as abstract social wealth is kept. It is not only possible to store commodities in the form of gold and silver, i.e. in the material shape of money, but gold and silver constitute wealth in preserved form. Every use value fulfils its function while it is being consumed, that is destroyed, but the use value of gold as money is to represent exchange value, to be the embodiment of universal labour time as an amorphous raw material. As amorphous metal exchange value possesses an imperishable form. Gold or silver as money thus immobilised constitutes a hoard. In the case of nations with purely metallic currency, such as the ancients, hoarding becomes a universal practice extending from the individual to the State, which guards its State hoard. In Asia and Egypt, during their early period, these hoards were in the custody of kings and priests and served mainly as evidence of their power. In Greece and Rome the creation of State hoards became a principle of public policy, for excess wealth in this form is always safe and can be used at any moment. The rapid transfer of such hoards by conquerors from one country to another and their sudden effusion in part into the sphere of circulation are characteristics of the economy of antiquity.

As objectified labour time gold is a pledge for its own magnitude of value, and, since it is the embodiment of universal labour time, its continuous function as exchange value is vouched for by the process of circulation. The simple fact that the commodity owner is able to retain his commodities in the form of exchange value, or to retain the exchange value as commodities, makes the exchange of commodities, in order to recover them transformed into gold, the specific motive of circulation. The metamorphosis of commodities \(C\) — \(M\) takes place for the sake of their metamorphosis, for the purpose of transforming particular physical wealth into general social wealth. Change of form — instead of exchange of matter — becomes an end in itself. Exchange value, which was merely a form, is turned into the content of the movement. Commodities remain wealth, that is commodities, only while they keep within the sphere of circulation, and they remain in this liquid state only in so far as they ossify into silver and gold. They remain liquid as the crystallisation of the process of circulation. But gold and silver establish themselves as money only in so far as they do not function as means of circulation. They become money as non-means of circulation.\(^a\) The withdrawal of commodities from

\(^a\) Underlined in Marx's own copy.—Ed.
circulation in the form of gold is thus the only means of keeping them continuously in circulation.

The owner of commodities can recover as money from circulation only as much as he put into it in the form of commodities. Looked at from the standpoint of the circulation of commodities, the first condition of hoarding is constant selling, the incessant throwing of commodities into circulation. On the other hand, money as a medium of circulation constantly disappears in the process of circulation itself, since it is all the time being realised in use values and dissolved in ephemeral enjoyments. It must, therefore, be withdrawn from the stream of circulation; in other words, commodities must be retained in the first stage of their metamorphosis in order to prevent money from functioning as means of purchase. The owner of commodities who has now become a hoarder of money must sell as much as possible and buy as little as possible, as even old Cato preached—*patrem familias vendacem, non emacem esse.* Parsimony is the negative pre-condition of hoarding, just as industry is its positive pre-condition. The smaller the proportion that is withdrawn from circulation as an equivalent for the commodities [thrown into it] consisting of particular commodities or use values, the larger the proportion that consists of money or exchange value.* The appropriation of wealth in its general form therefore implies renunciation of the material reality of wealth. Hence the motive power of hoarding is *avarice*, which desires not commodities as use values, but exchange value as a commodity. So as to take possession of superfluous wealth in its general form, particular needs must be treated as luxuries and superfluities. For instance, in 1593 the Cortes sent a petition to Philip II, which among other matters contains the following passage:

"The Cortes of Valladolid requested Your Majesty in 1586 not to permit the further importation into this kingdom of candles, glassware, jewellery, knives and similar articles coming from abroad, which, though they are of no use to human life, have to be exchanged for gold, as though the Spaniards were *Indians.*"*b

The hoarder of money scorns the worldly, temporal and ephemeral enjoyments in order to chase after the eternal treasure

* "The more the stock is increased in wares, the more it decreases in treasure." E. Misselden, l.c., p. 23.

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*a* The head of the family should be eager to sell, not eager to buy. Cato the Elder, *De re rustica*, II, 7.—*Ed.

which can be touched neither by moths nor by rust, and which is wholly celestial and wholly mundane.

In the above-quoted work Misselden writes:

"The general remote cause of our want of gold is the great excess of this Kingdom in consuming the commodities of foreign countries, which prove to us DISCOMMODITIES, rather than COMMODITIES, in hindering us of so much treasure, which otherwise would be brought in, in lieu of those toys. We consume amongst us a great abundance of the wines of Spain, of France, of the Rhine, of the Levant, the raisins of Spain, the corinths of the Levant, the lawns (a sort of fine linen) and cambrics of Hannault, the silks of Italy, the sugars and tobacco of the West Indies, the spices of the East Indies; all which are of no necessity unto us, and yet are bought with ready money."*

Wealth in the shape of gold and silver is imperishable because exchange value is represented by an indestructible metal and especially because gold and silver are prevented from functioning as means of circulation and thus from becoming a merely transient monetary aspect of commodities. The perishable content is thus sacrificed to the non-perishable form.

"Suppose that money by way of tax be taken from one who spends the same in superfluous eating and drinking, and delivered to another who employs the same in improving of land, in fishing, in working of mines, in manufacture or to one that bestows it on clothes; even in this case there is always an advantage to the Commonwealth, because clothes do not altogether perish so soon as meats and drinks. But if the same be spent in furniture of houses, the advantage is yet a little more; if in building of houses, yet more, etc.; but most of all, in bringing gold and silver into the country; because those things alone are not only not perishable, but are esteemed for wealth at all times, and everywhere; whereas all other things are wealth, but pro hic et nunc. a"**

An outward expression of the desire to withdraw money from the stream of circulation and to save it from the social exchange of matter is the burying of it, so that social wealth is turned into an imperishable subterranean hoard with an entirely furtive private relationship to the commodity owner. Doctor Bernier, who spent some time at Aurangzeb's court at Delhi, relates that merchants, especially non-Moslem heathens, in whose hands nearly the entire commerce and all money are concentrated—secretly bury their money deep in the ground,

"being held in thrall to the belief that the gold and silver they hide during their lifetime will serve them in the next world after their death"***

* E. Misselden, l.c., pp. 11-13 passim.
** Petty, Political Arithmetick, p. 196.

a At a particular place and a particular time.— Ed.
Incidentally, in so far as the hoarder of money combines asceticism with assiduous diligence he is intrinsically a Protestant by religion and still more a Puritan.

"It cannot be denied that buying and selling are necessary practices, which cannot be dispensed with and may surely be used in a Christian manner, especially as regards things that serve necessity and honour; for thus the patriarchs also bought and sold cattle, wool, corn, butter, milk and other goods. These are gifts of God, which He produces from the soil and shares among men. But foreign trade, which brings merchandise from Calicut and India and other places—merchandise such as exquisite silks and jewellery and spices, which are only for ostentation and serve no need—and drains money from the country and the people, should not be permitted if we had a government and princes. But I do not want to write of this now, for I think that, eventually, when we have no more money, it will cease of itself, just as finery and gluttony; for all writing and preaching will be in vain until we are compelled by necessity and poverty." *

Even in advanced bourgeois societies hoards of money are buried at times of upheaval in the social exchange of matter. This is an attempt to save social cohesion—for the commodity owner this cohesion is represented by the commodity and the adequate embodiment of the commodity is money—in its compact form

* Doctor Martin Luther, *Bücher vom Kaufhandel und Wucher*, 1524. Luther writes in the same passage: "God has brought it about that we Germans must thrust our gold and silver into foreign countries making all the world rich while we ourselves remain beggars. England would surely have less gold if Germany refused to take her cloth, and the King of Portugal, too, would have less, if we refused to take his spices. If you calculate how much money is extracted, without need or cause, from the German territories during one fair at Frankfurt, you will wonder how it comes about that even a single farthing is still left in Germany. Frankfurt is the silver and gold drain through which everything that arises and grows, that is minted or struck here flows out of the German land; if the hole were plugged, one would not hear the present complaint that there is everywhere sheer debt and no money, that the entire country and all the towns are despoil by usury. But never mind things will nevertheless continue in this way: we Germans have to remain Germans, we do not desist unless we have to" [pp. 4-5.]

In the above-quoted work Misselden wants gold and silver to be retained at all events within the bounds of Christendom: "The other foreign remote causes of the want of money, are the trades maintained out of Christendom to Turkey, Persia and the East Indies, which trades are maintained for the most part with ready money, yet in a different manner from the trades of Christendom within itself. For although the trades within Christendom are driven with ready monies, yet those monies are still contained and continued within the bounds of Christendom. There is indeed a fluxus and refluxus, a flood and ebb of the monies of Christendom traded within itself; for sometimes there is more in one part of Christendom, sometimes there is less in another, as one country wants and another abounds: It comes and goes, and whirls about the circle of Christendom, but is still contained within the compass thereof. But the money that is traded out of Christendom into the parts aforesaid is continually issued out and never returns again" [pp. 19-20].
from the social movement. The social *nervus rerum*\(^a\) is buried alongside the body whose sinews they are.

If the hoard were not constantly in tension with circulation, it would now simply be a heap of useless metal, its monetary soul would have disappeared and nothing but burnt-out ashes of circulation, its *caput mortuum*,\(^b\) would remain. Money, i.e. exchange value which has assumed an independent existence, is by nature the embodiment of abstract wealth; but, on the other hand, any given sum of money is a quantitatively finite magnitude of value. The quantitative delimitation of exchange value conflicts with its qualitative universality, and the hoarder regards the limitation as a restriction, which in fact becomes also a qualitative restriction, i.e. the hoard is turned into a merely limited representation of material wealth. Money as the universal equivalent may be directly expressed, as we have seen, in terms of an equation, in which it forms one side while the other side consists of an endless series of commodities. The degree in which the realisation of exchange value approaches such an infinite series, in other words, how far it corresponds to the concept of exchange value, depends on its magnitude. After all, movement of exchange value as such, as an automaton, can only be expansion of its quantitative limits. But in passing one set of quantitative limits of the hoard new restrictions are set up, which in turn must be abolished. What appears as a restriction is not a particular limit of the hoard, but any limitation of it. The formation of hoards therefore has no intrinsic limits, no bounds in itself, but is an unending process, each particular result of which provides an impulse for a new beginning. Although the hoard can only be increased by being preserved, on the other hand it can only be preserved by being increased.

Money is not just an object of the passion for enrichment, it is *the* object of it. This urge is essentially *auri sacra fames*.\(^c\) The passion for enrichment by contrast with the urge to acquire particular material wealth, i.e. use values, such as clothes, jewellery, herds of cattle, etc., becomes possible only when general wealth as such is represented by a specific thing and can thus be retained as a particular commodity. Money therefore appears both as the object and the source of the desire for riches.* The

* "But from money first springs avarice ... this grows by stages into a kind of

\(^a\) Literally: the nerve of things; figuratively: motive power of all things.—*Ed.*

\(^b\) Worthless residue.—*Ed.*

\(^c\) The accursed greed for gold (Virgil, *Aeneid*, III, 57).—*Ed.*
underlying reason is in fact that exchange value as such becomes the goal, and consequently also an expansion of exchange value. Avarice clings to the hoard and does not allow money to become a medium of circulation, but greed for gold preserves the monetary soul of the hoard and maintains it in constant tension with circulation.

The activity which amasses hoards is, on the one hand, the withdrawal of money from circulation by constantly repeated sales, and, on the other, simple piling up, accumulation. It is indeed only in the sphere of simple circulation, and specifically in the form of hoards, that accumulation of wealth as such takes place, whereas the other so-called forms of accumulation, as we shall see later, are quite improperly, and only by analogy with simple accumulation of money, regarded as accumulation. All other commodities are accumulated either as use values, and in this case the manner of their accumulation is determined by the specific features of their use value. Storing of corn, for example, requires special equipment; collecting sheep makes a person a shepherd; accumulation of slaves and land necessitates relations of domination and servitude, and so on. Unlike the simple act of piling up, the formation of stocks of particular types of wealth requires special methods and develops special traits in the individual. Or wealth in the shape of commodities may be accumulated as exchange value, and in this case accumulation becomes a commercial or specifically economic operation. The one concerned in it becomes a corn merchant, a cattle-dealer, and so forth. Gold and silver constitute money not as the result of any activity of the person who accumulates them, but as crystals of the process of circulation which takes place without his assistance. He need do nothing but put them aside, piling one lot upon another, a completely senseless activity, which if applied to any other commodity would result in its devaluation.*


* Horace, therefore, knows nothing of the philosophy of hoarding treasures, when he says (Satir., I. II, Satir. 3): “If a man were to buy harps, and soon as bought were to pile them together, though feeling no interest in the harp or any Muse; if, though no cobbler, he did the same with shoes, knives and lasts; with ships’ sails, though set against a trader’s life—everyone would call him crazy and mad, and rightly too. How differs from these the man who hoards up silver and gold, though he knows not how to use his store, and fears to touch it as though hallowed?” [Horace, Satires, Epistles, Ars Poetica, London, 1942, p. 163.] [Marx quotes in Latin.]
Our hoarder is a martyr to exchange value, a holy ascetic seated at the top of a metal column. He cares for wealth only in its social form, and accordingly he hides it away from society. He wants commodities in a form in which they can always circulate and he therefore withdraws them from circulation. He adores exchange value and he consequently refrains from exchange. The liquid form of wealth and its petrification, the elixir of life and the philosophers' stone are wildly mixed together like an alchemist's apparitions. His imaginary boundless thirst for enjoyment causes him to renounce all enjoyment. Because he desires to satisfy all social requirements, he scarcely satisfies the most urgent physical wants. While clinging to wealth in its metallic corporeality the hoarder reduces it to a mere chimera. But the accumulation of money for the sake of money is in fact the barbaric form of production for the sake of production, i.e. the development of the productive powers of social labour beyond the limits of customary requirements. The less advanced is the production of commodities, the more important is hoarding—the first form in which exchange value assumes an independent existence as money—and it therefore plays an important role among ancient nations, in Asia up to now, and among contemporary agrarian nations, where exchange value has not yet penetrated all relations of production. Before, however, examining the specific economic function that hoarding fulfils in relation to metallic currency, let us note another form of hoarding.

Gold and silver articles, quite irrespective of their aesthetic properties, can be turned into money, since the material of which they consist is the material of money, just as gold coins and gold bars can be transformed into such articles. Since gold and silver are the material of abstract wealth, their employment as concrete use values is the most striking manifestation of wealth, and although at certain stages of production the commodity owner hides his treasures, he is impelled to show to other commodity

Mr. Senior knows more about the subject:

"Money seems to be the only object for which the desire is universal; and it is so, because money is abstract wealth. Its possessor may satisfy at will his requirements whatever they may be." Principes fondamentaux de l'économie politique, traduit par le Comte Jean Arrivabene, Paris, 1836, p. 221. [Marx quotes in French. The English passage is taken from Senior, Political Economy, 1850, p. 27.] And Storch as well: "As money represents all other forms of wealth, one needs only to accumulate it in order to obtain all other kinds of wealth that exist on earth" (l.c., t. II, p. 135).
owners that he is a *rico hombre,* whenever he can safely do so. He bedecks himself and his house with gold.* In Asia, and India in particular, where the formation of hoards does not play a subordinate part in the total mechanism of production, as it does in bourgeois economy, but where this form of wealth is still considered a final goal, gold and silver articles are in fact merely hoards in an aesthetic form. The law in mediaeval England treated gold and silver articles simply as a kind of treasure-hoard, since the rough labour applied to them added little to their value. They were intended to be thrown again into circulation and the fineness of the metal of which they were made was therefore specified in the same way as that of coin. The fact that increasing wealth leads to an increased use of gold and silver in the form of luxury articles is such a simple matter that ancient thinkers clearly understood it,** whereas modern economists put forward the incorrect proposition that the use of silver and gold articles increases not in proportion to the rise in wealth but in proportion to the fall in the value of precious metals. There is therefore always a flaw in their otherwise accurate explanations regarding the use of Californian and Australian gold, for according to their views the increased employment of gold as raw material is not justified by a corresponding fall in its value. As a result of the fight between the American colonies and Spain* and the interruption of mining by revolutions, the average annual output of precious metals decreased by more than one-half between 1810 and 1830. The amount of coin circulating in Europe decreased by almost one-sixth in 1829 as compared with 1809. Although the output thus decreased and the production costs (provided they changed at all) increased, nevertheless an exceptionally rapid rise in the use of precious metals as articles of luxury took place in England even during the war and on the continent following the Treaty of Paris.*** Their use increased with the growth of wealth in general.*** It may be regarded as a general law that the conversion

* How little the inner man of the individual owner of commodities has changed even when he has become civilised and turned into a capitalist is for instance proved by a London representative of an international banking house who displayed a framed £100,000 note as an appropriate family coat of arms. The point in this case is the derisory and supercilious air with which the note looks down upon circulation.

** See the passage from Xenophon quoted later.


*a Rich man.—*Ed.
of gold and silver coin into luxury goods predominates in times of peace, while their reconversion into bars and also into coin only predominates in turbulent periods.* How considerable a proportion of the gold and silver stock exists in the shape of luxury articles compared with the amount used as money is shown by the fact that in 1829, according to Jacob, the ratio was as 2 to 1 in England, while in Europe as a whole and America, 25 per cent more precious metal was used in luxury goods than in coins.

We have seen that the circulation of money is merely a manifestation of the metamorphosis of commodities, or of the transformation which accompanies the social exchange of matter. The total quantity of money in circulation must therefore perpetually increase or decrease in accordance with the varying aggregate price of the commodities in circulation, that is in accordance, on the one hand, with the volume of their metamorphoses which take place simultaneously and, on the other hand, with the prevailing velocity of their transformation. This is only possible provided that the proportion of money in circulation to the total amount of money in a given country varies continuously. Thanks to the formation of hoards this condition is fulfilled. If prices fall or the velocity of circulation increases, then the money ejected from the sphere of circulation is absorbed by the reservoirs of hoarders; if prices rise or the velocity of circulation decreases, then these hoards open and a part of them streams back into circulation. The solidification of circulating money into hoards and the flowing of the hoards into circulation is a continuously changing and oscillating movement, and the prevalence of the one or the other trend is solely determined by variations in the circulation of commodities. The hoards thus act as channels for the supply or withdrawal of circulating money, so that the amount of money circulating as coin is always just adequate to the immediate requirements of circulation. If the total volume of circulation suddenly expands and the fluid unity of sale and purchase predominates, so that the total amount of prices to be realised grows even faster than does the velocity of circulation of money, then the hoards dwindle visibly; whenever an abnormal stagnation prevails in the movement as a whole, that is when the separation of sale from purchase predominates, then the medium

* "In times of great agitation and insecurity, especially during internal commotions or invasions, gold and silver articles are rapidly converted into money; whilst, during periods of tranquillity and prosperity, money is converted into plate and jewellery" (I.e., Vol. II, p. 357). [Marx quotes in English.]
of circulation solidifies into money to a remarkable extent and the reservoirs of the hoarders are filled far above their average level. In countries which have purely metallic currency or are at an early stage of development of production, hoards are extremely fragmented and scattered throughout the country, whereas in advanced bourgeois countries they are concentrated in the reservoirs of banks. Hoards must not be confused with reserve funds of coin, which form a constituent element of the total amount of money always in circulation, whereas the active relation of hoard and medium of circulation presupposes that the total amount of money decreases or increases. As we have seen, gold and silver articles also act both as channels for the withdrawal of precious metals and latent sources of supply. Under ordinary circumstances only the former function plays an important role in the economy of metallic currency.*

b. Means of Payment

Up to now two forms of money which differ from the medium of circulation have been considered, namely suspended coin and hoard. The first form, the temporary transformation of coins into money, reflects the fact that in a certain sphere of circulation, the second term of $C \rightarrow M \rightarrow C$, that is $M \rightarrow C$, the purchase, must

* In the following passage Xenophon discusses money and hoard, two specific and distinct aspects of money: "Of all operations with which I am acquainted, this is the only one in which no sort of jealousy is felt at a further development of the industry ... the larger the quantity of ore discovered and the greater the amount of silver extracted, the greater the number of persons ready to engage in the operation.... No one when he has got sufficient furniture for his house dreams of making further purchases on this head, but of silver no one ever yet possessed so much that he was forced to cry 'Enough'. On the contrary, if ever anybody does become possessed of an immoderate amount he finds as much pleasure in digging a hole in the ground and hoarding it as an actual employment of it.... When a state is prosperous there is nothing which people so much desire as silver. The men want money to expend on beautiful armour and fine horses, and houses and sumptuous paraphernalia of all sorts. The women betake themselves to expensive apparel and ornaments of gold. Or when states are sick, either through barrenness of corn and other fruits, or through war, the demand for current coin is even more imperative (whilst the ground lies unproductive), to pay for necessaries or military aid." (Xenophon, De Vectigalibus, c. IV [transl. by H. G. Dakyns, London, 1892, Vol. II, pp. 335-36].) [Marx quotes in Greek.] In Ch. 9, Book I of his De Republica, Aristotle sets forth the two circuits of circulation $C \rightarrow M \rightarrow C$ and $M \rightarrow C \rightarrow M$, which he calls "economics" and "Chrematistics", and their differences. The two forms under the names δέχει and πέρδος are contrasted with each other by the Greek tragedians, especially Euripides.
break up into a series of successive purchases. Hoarding, however, is either simply due to the separation of the transaction $C - M$ which does not proceed to $M - C$, or it is merely an independent development of the first metamorphosis of commodities, money, or the alienated form of existence of all commodities as distinct from means of circulation, which represents the always saleable form of the commodity. Coin held in reserve and hoards constitute money only as non-means of circulation, and are non-means of circulation merely because they do not circulate. The distinctive form of money which we now consider circulates or enters circulation, but does not function as means of circulation. Money as means of circulation was always means of purchase, but now it does not serve in that capacity.

When as a result of hoarding money becomes the embodiment of abstract social wealth and the material representative of physical wealth, this aspect of money acquires specific functions within the process of circulation. When money circulates simply as a means of circulation and hence as a means of purchase, this presupposes that commodity and money confront each other simultaneously; in other words, that the same value is available twice, as a commodity in the hands of the seller at one pole, and as money in the hands of the buyer at the other pole. The simultaneous existence of the two equivalents at opposite poles and their simultaneous change of place, or their mutual alienation, presupposes in its turn that seller and buyer enter into relation with each other only as owners of actually existing equivalents. But the metamorphosis of commodities, in the course of which the various distinct forms of money are evolved, transforms the commodity owners as well or alters the social role they play in relation to one another. In the course of the metamorphosis of commodities the keeper of commodities changes his skin as often as the commodity undergoes a change or as money appears in a new form. Commodity owners thus faced each other originally simply as commodity owners; then one of them became a seller, the other a buyer; then each became alternately buyer and seller; then they became hoarders and finally rich men. Commodity owners emerging from the process of circulation are accordingly different from those entering the process. The different forms which money assumes in the process of circulation are in fact only crystallisations of the transformation of commodities, a transformation which is in its turn only the objective expression of the changing social relations in which commodity owners conduct their exchange. New relations of intercourse arise in the process of circulation, and commodity
owners, who represent these changed relations, acquire new economic characteristics. In the same way as within the sphere of internal circulation money becomes nominal, and a mere piece of paper representing gold is able to function as money, so a buyer or seller who comes forward as a mere representative of money or commodities, namely one who represents future money or future commodities, is enabled by the same process to operate as a real buyer or seller.

All the distinct forms evolved by gold as money are merely manifestations of aspects latent in the metamorphosis of commodities, but these aspects did not assume a separate form in the simple circulation of money, in money as it appears as coin and the circuit \( C - M - C \) as a dynamic unity, or else they emerged merely as potentialities, as did for example the interruption of the metamorphosis of commodities. We have seen that in the course of the transaction \( C - M \) the commodity as a real use value and nominal exchange value is brought into relation with money as a real exchange value and only nominal use value. By alienating the commodity as use value the seller realises its exchange value and the use value of money. In contrast, by alienating money as exchange value, the buyer realises its use value and the price of the commodity. Commodity and money, accordingly, change places. The active process of this bilateral polar antithesis is in its turn separated while it is being carried through. The seller actually alienates the commodity but realises its price in the first place only nominally. He has sold the commodity at its price, but the price will only be realised at a predetermined later date. The buyer buys as the representative of future money, whereas the seller sells as the owner of a commodity available here and now. On the one hand, the seller actually hands over the commodity as use value without actually realising its price; on the other hand, the buyer actually realises his money in the use value of the commodity without actually handing over the money as exchange value. Just as formerly money was represented by a token of value, so now it is symbolically represented by the buyer himself. Just as formerly the value-token as a universal symbol entailed a State guarantee and a legal rate, so now the buyer as a personal symbol gives rise to private, legally enforcible, contracts among commodity owners.

Conversely, in the transaction \( M - C \), money as a real means of purchase may be alienated, thus realising the price of the commodity before the use value of the money is realised, or before the commodity is handed over. This happens, for instance,
in the well-known form of advance-payment; also in the form of payment used by the English government to buy opium from Indian ryots, and is largely used by foreign merchants living in Russia to buy goods produced in that country. In these cases, however, money functions only in the familiar form of means of purchase and therefore requires no new definition,* or any further discussion. With regard to the changed form which the two transactions \( M-C \) and \( C-M \) assume here, we shall only note that the purely conceptual distinction of purchase and sale as it appears directly in circulation becomes now a real distinction, since there is only money in one case and only commodity in the other; in each of them, however, only the extreme is actually available from which the initiative comes. Both forms, moreover, have in common the fact that in each of them one equivalent exists only by common decision of buyer and seller, a decision which is mutually binding and is given a distinct legal form.

Seller and buyer become creditor and debtor. Whereas the commodity owner as the guardian of a hoard was a rather comical figure, he now becomes terrifying, because he regards, not himself, but his neighbour as the embodiment of a definite sum of money, and turns his neighbour and not himself into a martyr to exchange value. The former believer becomes a creditor,\(^a\) and turns from religion to jurisprudence.

"I STAY HERE ON MY BOND!"\(^b\)

In the changed form of \( C-M \), in which the commodity is actually on hand and the money is merely represented, money functions first as the measure of value. The exchange value of the commodity is assessed in money as its measure, but the exchange value assessed by contract, that is the price, exists not merely in the mind of the seller, but is also the measure of the liabilities of the buyer. Secondly, money functions here as means of purchase, although it is merely its future existence which casts its shadow before it, for it causes the commodity to move from the hands of the seller into those of the buyer. On the settlement day of the

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* Of course capital, too, is advanced in the form of money and it is possible that the money advanced is capital advanced, but this aspect does not lie within the scope of simple circulation.

\(^a\) In German a pun on the words "der Gläubige", the believer, and "der Gläubiger", the creditor.—Ed.

\(^b\) Shakespeare, The Merchant of Venice, Act IV, Scene 1.—Ed.
contract, money enters circulation, for it moves from the hands of the former buyer into those of the former seller. But it does not come into the sphere of circulation as means of circulation or means of purchase. It fulfilled these functions before it existed, and it appears on the scene after ceasing to perform these functions. It enters circulation as the only adequate equivalent of the commodity, as the absolute embodiment of exchange value, as the last word of the exchange process, in short as money, and moreover as money functioning as the *universal means of payment*. Money functioning as means of payment appears to be the absolute commodity, but it remains within the sphere of circulation, not outside it as with the hoard. The difference between means of purchase and means of payment becomes very conspicuous, and unpleasantly so, at times of commercial crises.*

The conversion of products into money in the sphere of circulation appears originally simply as an individual necessity for the commodity owner when his own product does not constitute use value for himself, but has still to become a use value through alienation. In order to make payment on the contractual settlement day, however, he must already have sold commodities. The evolution of the circulation process thus turns selling into a social necessity for him, quite irrespective of his individual needs. As a former buyer of commodities he is forced to become a seller of other commodities so as to obtain money, not as a means of purchase, but as a means of payment, as the absolute form of exchange value. The conversion of commodities into money as a final act, or the first metamorphosis of commodities as the ultimate goal, which in hoarding appeared to be the whim of the commodity owner, has now become an economic function. The motive and the content of selling for the sake of payment constitutes the content of the circulation process, a content arising from its very form.

In this type of sale, the commodity moves from one position to another, although its first metamorphosis, its conversion into money, is deferred. On the buyer's side, however, the second metamorphosis is carried through, i.e. money is reconverted into commodities, before the first metamorphosis has taken place, i.e. before the conversion of the commodities into money. In this case, therefore, the first metamorphosis appears to take place later than

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* Luther emphasises the distinction which exists between means of purchase and means of payment. [Note in author's copy.]
the second. Hence money, the form of the commodity in its first metamorphosis, acquires a new distinctive aspect. Money, that is the independent development of exchange value, is no longer an intermediary phase of commodity circulation, but its final result.

No proof in detail is needed to show that such *purchases on credit*, in which the two poles of the transaction are separated in time, evolve spontaneously on the basis of simple circulation of commodities. At first it happens that in the course of circulation certain commodity owners confront one another repeatedly as buyers and sellers. Such repeated occurrences do not remain merely accidental, but commodities may, for example, be ordered for a future date at which they are to be delivered and paid for. The sale in this case takes place only nominally, i.e. juridically, without the actual presence of commodities and money. The two forms of money, means of circulation and means of payment, are here still identical, since on the one hand commodities and money change places simultaneously, and on the other, money does not purchase commodities but realises the price of commodities previously sold. Moreover, owing to the specific nature of a number of use values they are really alienated not by being in fact handed over but only by being leased for a definite period. For example, when one sells the use of a house for a month, its use value is delivered only at the expiration of the month, although the house changes hands at the beginning of the month. Because in this case the actual transfer of the use value and its real alienation are separated in time, the realisation of its price also takes place later than the date on which it changes hands. Finally, owing to differences in the period and length of time required for the production of different commodities, one producer comes to the market as a seller before the other can act as a buyer, and if the same commodity owners repeatedly buy and sell one another's products, the two aspects of the transaction are separated according to the conditions of production of their commodities. This gives rise to relations of creditor and debtor among commodity owners. These relations can be fully developed even before the credit system comes into being, although they are the natural basis of the latter. It is evident however that the evolution of the credit system, and therefore of the bourgeois mode of production in general, causes money to function increasingly as a means of payment to the detriment of its function both as a means of purchase and even more as an element of hoarding. For instance in England, coin is almost entirely confined to the sphere of retail trade and to petty transactions between producers and
consumers, whereas money as means of payment predominates in the sphere of large commercial transactions.*

Money as the universal means of payment becomes the universal commodity of contracts, though at first only within the sphere of commodity circulation.** But as this function of money develops, all other forms of payment are gradually converted into payments in money. The extent to which money functions as the exclusive means of payment indicates how deep-seated and widespread the domination of production by exchange value is.***

The volume of money in circulation as means of payment is first of all determined by the amount of payments due, that is by the aggregate prices of the commodities which have been sold, not of the commodities that are to be sold as is the case with simple money circulation. But the amount thus determined is subject to modification by two factors: first by the velocity with which a coin repeats the same operation, or the number of payments which constitute a dynamic chain of payments. A pays B, then B pays C

* Despite Mr. Macleod’s doctrinaire priggishness about definitions, he misinterprets the most elementary economic relations to such an extent that he asserts that money in general arises from its most advanced form, that is means of payment. He says inter alia that since people do not always require each other's services at the same time and to the same value, “there would remain a certain difference or amount of service due from the first to the second—debt”. [Here and below Marx quotes from Macleod in English. The owner of this debt may need the services of a third person who does not immediately require his services, and “transfers to the third the debt due to him from the first”. The “evidence of debts changes so hands—currency. ...when a person received an obligation expressed by metallic currency, he is able to command the services not only of the original debtor, but of the whole of the industrious community.” [H. D.] Macleod, The Theory and Practice of Banking etc., Vol. I, London, 1855, Ch. I [pp. 23, 24, 29].

** Bailey, l.c., p. 3. “Money is the general commodity of contracts, or that in which the majority of bargains about property, to be completed at a future time, are made.” [Marx quotes in English.]

*** Senior (l.c., pp. 116, 117) says: “Since the value of all things varies in a given period of time, one takes as means of payment the thing whose value varies least, which over the longest period maintains a given average capacity to purchase things. So money becomes the expression or representative of values.” On the contrary, gold, silver, etc., become universal means of payment, because they have become money, that is the independent embodiment of exchange value. It is precisely when the stability of the value of money, mentioned by Mr. Senior, is taken into account, i.e. in periods when force of circumstances establishes money as the universal means of payment, that people become aware of variations in the value of money. Such a period was the Elizabethan age in England, when, because of the manifest depreciation of the precious metals, an Act was shepherded through Parliament by Lord Burleigh and Sir Thomas Smith to compel the universities of Oxford and Cambridge to provide for the payment of one-third of the rent of their lands in wheat and malt.

and so on. The velocity with which the same coin can act repeatedly as means of payment depends, on the one hand, on the interconnection of the commodity owners’ relations as creditors and debtors, in which the same commodity owner who is a creditor in relation to one person is a debtor in relation to another, and so forth; and on the other hand, on the period of time separating the various dates on which payments are due. The series of payments, or of first metamorphoses carried out subsequently, is qualitatively different from the series of metamorphoses represented by the movement of money as means of circulation. The second series does not only appear in temporal succession, but it comes into being in this way. A commodity is turned into money, then into a commodity again, thus making it possible for another commodity to be turned into money, and so on: in other words, a seller becomes a buyer and another commodity owner thereby becomes a seller. This sequence arises fortuitously in the course of commodity exchange itself. But the fact that the money which A pays to B is then used by B to pay C, and then by C to pay D, etc., and that moreover payments rapidly succeed one another—this external relation is but a manifestation of a previously existing social relation. The same coin passes through various hands not because it acts as means of payment; but it is passed on as means of payment because these hands have already been joined. A far more extensive integration of the individual into the process of circulation is accordingly signified by the velocity of money as means of payment, than by the velocity of money as coin or means of purchase.

The aggregate of prices of simultaneous, and therefore spatially coexisting, purchases and sales is the limit beyond which the velocity of currency cannot be substituted for its volume. But this barrier does not exist when money functions as means of payment. If payments falling due simultaneously are concentrated at one place, which occurs at first spontaneously at the large foci of commodity circulation, then payments offset one another like negative and positive quantities: A who has to pay B may receive a payment from C at the same time, and so on. The amount of money required as means of payment thus depends not on the aggregate amount of payments which are due to be made simultaneously, but on the degree of their concentration and on the size of the balance left over after the negative and positive amounts have been offset against one another. Special devices for this type of balancing arise even if no credit system has been evolved, as was the case in ancient Rome. But consideration of
them is no more relevant here than is consideration of the usual settlement dates, which in every country become established among people of certain social strata. Here we shall merely note that scholarly investigations of the specific influence exerted by these dates on the periodic variations in the quantity of money in circulation have been undertaken only in recent times.

When payments cancel one another as positive and negative quantities, no money need actually appear on the scene. Here money functions merely as measure of value with respect to both the price of the commodity and the size of mutual obligations. Apart from its nominal existence, exchange value does not therefore acquire an independent existence in this case, even in the shape of a token of value, in other words money becomes purely ideal money of account. Money functioning as means of payment thus contains a contradiction: on the one hand, when payments balance, it acts merely as a nominal measure; on the other hand, when actual payments have to be made, money enters circulation not as a transient means of circulation, but as the static aspect of the universal equivalent, as the absolute commodity, in short, as money. Where chains of payments and an artificial system for adjusting them have been developed, any upheaval that forcibly interrupts the flow of payments and upsets the mechanism for balancing them against one another suddenly turns money from the nebulous chimerical form it assumed as measure of value into hard cash or means of payment. Under conditions of advanced bourgeois production, when the commodity owner has long since become a capitalist, knows his Adam Smith and smiles superciliously at the superstition that only gold and silver constitute money or that money is after all the absolute commodity as distinct from other commodities—money then suddenly appears not as the medium of circulation but once more as the only adequate form of exchange value, as a unique form of wealth just as it is regarded by the hoarder. The fact that money is the sole incarnation of wealth manifests itself in the actual devaluation and worthlessness of all physical wealth, and not in purely imaginary devaluation as for instance in the monetary system. This particular phase of world market crises is known as monetary crisis. The summum bonum, the sole form of wealth for which people clamour at such times, is money, hard cash, and compared with it all other commodities—just because they are use values—appear to be useless, mere baubles and toys, or as our Doctor Martin Luther says, mere finery and gluttony. This sudden transformation of the credit system into a monetary system adds theoretical dismay
to the actually existing panic, and the agents of the circulation process are overawed by the impenetrable mystery surrounding their own relations.*

Payments in their turn necessitate reserve funds, accumulations of money as means of payment. The formation of reserve funds, unlike hoarding, no longer seems an activity extraneous to circulation, or, as in the case of coin reserves, a purely technical stagnation of coin; on the contrary money has to be gradually accumulated so as to be available at definite dates in the future when payments become due. Although with the development of bourgeois production, therefore, the abstract form of hoarding regarded as enrichment decreases, the form of hoarding necessitated by the exchange process itself increases; a part of the wealth which generally accumulates in the sphere of commodity circulation being drawn into reserve funds of means of payment. The more advanced is bourgeois production the more these funds are restricted to the indispensable minimum. Locke's work on the lowering of the rate of interest** contains interesting information about the size of these funds in his time. It shows how substantial a proportion of the money in circulation in England was absorbed by the reserves of means of payment precisely during the period when banking began to develop.

The law regarding the quantity of money in circulation as it emerged from the examination of simple circulation of money is significantly modified by the circulation of means of payment. If the velocity of circulation of money, both as means of circulation and as means of payment, is given, then the aggregate amount of money in circulation during a particular period is determined by the total amount of commodity prices to be realised [plus] the total amount of payments falling due during this period minus the payments that balance one another. This does not affect at all the general principle that the amount of money in circulation depends

* Boisguillebert, who wishes to prevent bourgeois relations of production from being pitted against the bourgeoisie themselves, prefers to consider those forms of money in which money appears as a purely nominal or transitory phenomenon. Previously he regarded means of circulation from this point of view and now means of payment. He fails to notice, however, the sudden transformation of the nominal form of money into external reality, and the fact that even the purely conceptual measure of value latently contains hard cash. Boisguillebert says, wholesale trade—in which, after "the appraisal of the commodities" [Marx quotes in French], exchange is accomplished without the intervention of money—shows that money is simply an aspect of the commodities themselves. Le détail de la France, p. 210.

** Locke, Some Considerations on the Lowering of Interest, pp. 17, 18.
upon commodity prices, for the aggregate amount of payments is itself determined by the prices laid down in the contracts. It is however quite obvious that the aggregate prices of the commodities in circulation during a definite period, say a day, are by no means commensurate with the volume of money in circulation on the same day, even if the velocity of circulation and the economic methods of payment are assumed to remain unchanged, since a certain quantity of commodities is in circulation whose prices will only be realised in money at a later date, and a certain amount of money in circulation corresponds to commodities which have left the sphere of circulation a long time ago. This amount of money depends in its turn on the value of the payments that fall due on this day, although the relevant contracts were concluded at widely varying dates.

We have seen that changes in the value of gold and silver do not affect their functions as measure of value and money of account. But with regard to hoarded money these changes are of decisive importance, since with the rise or fall in the value of gold and silver the value of the hoard of gold or silver will rise or fall. Such changes are of even greater importance for money as means of payment. The payment is effected at a date subsequent to the sale of the commodities; that is to say, money performs two different functions at two different periods, acting first as a measure of value, and then as the means of payment appropriate to this measure. If meanwhile a change has occurred in the value of the precious metals, or in the labour time needed for their production, the same quantity of gold or silver will have a greater or smaller value when it functions as means of payment than at the time it served as measure of value, when the contract was signed. The function which a specific commodity, such as gold or silver, performs as money, or as exchange value that has assumed an independent form, comes here into conflict with the nature of the specific commodity, whose value depends on variations in its production costs. It is well known that the fall in the value of precious metals in Europe gave rise to a great social revolution, just as the ancient Roman Republic at an early stage of its history experienced a reverse revolution caused by a rise in the value of copper, the metal in which the debts of the plebeians were contracted. Even without further examination of the influence which fluctuations in the value of precious metals exert on the system of bourgeois economy, it is clear that a fall in the value of precious metals favours debtors at the expense of creditors, while a rise in their value favours creditors at the expense of debtors.
Gold becomes money, as distinct from coin, first by being withdrawn from circulation and hoarded, then by entering circulation as a non-means of circulation, finally however by breaking through the barriers of domestic circulation in order to function as universal equivalent in the world of commodities. It thus becomes *world money*.

In the same way as originally the commonly used weights of precious metals served as measures of value, so on the world market the monetary denominations are reconverted into corresponding denominations of weight. Just as amorphous crude metal (*aes rude*) was the original form of means of circulation, and originally the coined form was simply the official indication of metallic weight, so precious metal serving as world coin discards its specific shape and imprint and reverts to neutral bullion form; that is when national coins, such as Russian imperials, Mexican thalers and English sovereigns, circulate abroad their titles become unimportant and what counts is only their substance. Finally, as international money the precious metals once again fulfil their original function of means of exchange: a function which, like commodity exchange itself, originated at points of contact between different primitive communities and not in the interior of the communities. Money functioning as world money reverts to its original natural form. When it leaves domestic circulation, money sheds the particular forms occasioned by the development of exchange within particular areas, or the local forms assumed by money as measure of price—specie, small change, and token of value.

We have seen that only one commodity serves as a measure of value in the internal circulation of any country. But since in one country gold performs this function, in another silver, a double standard of value is recognised on the world market, and all functions of money are duplicated. The translation of the values of commodities from gold prices into silver prices and vice versa always depends on the relative value of the two metals; this relative value varying continuously and its determination appearing accordingly as a continuous process. Commodity owners in every sphere of domestic circulation are compelled to use gold and silver alternately for foreign commerce thus exchanging the metal current as money within the country for the metal which they happen to require as money in a foreign country. Every nation thus employs both gold and silver as world money.
Gold and silver in the sphere of international commodity circulation appear not as means of circulation but as universal means of exchange. The universal means of exchange acts however merely as means of purchase and means of payment, two forms which we have already described, but their relations are reversed on the world market. When in the sphere of internal circulation money was used as coin, i.e. as the intermediary link in the dynamic unity $C-M-C$ or as the merely transitory form of exchange value during the perpetual motion of commodities—it functioned exclusively as means of purchase. The reverse is the case on the world market. Here gold and silver act as means of purchase if the interchange is only unilateral and therefore purchase and sale are separated. For example, the border trade at Kyakhta is in fact and according to treaty stipulations barter, in which silver is only used as a measure of value. The war of 1857-58 induced the Chinese to sell without buying. Thereupon silver suddenly appeared as means of purchase. In deference to the letter of the treaty, the Russians turned French five-franc coins into crude silver articles which were used as means of exchange. Silver has always served as means of purchase for Europe and America, on the one side, and Asia, where it congeals into hoards, on the other. Precious metals, moreover, serve as international means of purchase when the usual equilibrium in the interchange of products between two nations is suddenly disturbed, e.g. when a bad harvest compels one of them to buy on an extraordinary scale. Precious metals, finally, are used as international means of purchase by the gold and silver producing countries, where they are direct products and also commodities, and not a converted form of commodities. With the development of commodity exchange between different national spheres of circulation, the function which world money fulfils as means of payment for settling international balances develops also.

International circulation, like domestic circulation, requires a constantly changing amount of gold and silver. Part of the accumulated hoards is consequently used by every nation as a reserve fund of world money, a fund which is sometimes diminished, sometimes replenished according to fluctuations in commodity exchange.* In addition to particular movements of

* "The accumulated money is added to the sum which, to be really in circulation and satisfy the possibilities of trade, departs and leaves the sphere of circulation itself" (G. R. Carli, Note on Verri's Meditazioni sulla Economia Politica, Vol. XV, p. 162, Custodi, I.c.). [Marx quotes in Italian.]
world money which flows backwards and forwards between national spheres of circulation, there is a general movement of world money; the points of departure being the sources of production, from which gold and silver flow in various directions to all the markets of the world. Thus gold and silver as commodities enter the sphere of world circulation and in proportion to the labour time contained in them they are exchanged for commodity equivalents before reaching the area of domestic circulation. They accordingly already have a definite value when they turn up in these areas. Their relative value on the world market is therefore uniformly affected by every fall or rise in their production costs and is quite independent of the degree to which gold or silver is absorbed by the various national spheres of circulation. One branch of the stream of metal which is caught up in a particular area of the world of commodities immediately enters the domestic circulation of money as replacement of worn-out coins; another is diverted into various reservoirs where coin, means of payment and world money accumulate; a third is used to make luxury articles and the rest, finally, is turned simply into hoards. Where the bourgeois mode of production has reached an advanced stage the formation of hoards is reduced to the minimum needed by the different branches of the circulation process for the free action of their mechanism. Under these conditions hoards as such consist only of wealth lying idle, unless they represent a temporary surplus in the balance of payments, the result of an interruption in the interchange of products and therefore commodities congealed in their first metamorphosis.

Just as in theory gold and silver as money are universal commodities, so world money is the appropriate form of existence of the universal commodity. In the same proportion as all commodities are exchanged for gold and silver these become the transmuted form of all commodities and hence universally exchangeable commodities. They are realised as embodiments of universal labour time in the degree that the interchange of the products of concrete labour becomes world-wide. They become universal equivalents in proportion to the development of the series of particular equivalents which constitute their spheres of exchange. Because the exchange value of commodities is universally developed in international circulation, it appears transformed into gold and silver as world money. Since as a result of their versatile industry and all-embracing commerce the nations of

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*The original has "international"; changed by Marx in his own copy.—* Ed.
commodity owners have turned gold into adequate money, they regard industry and commerce merely as means enabling them to withdraw money in the form of gold and silver from the world market. Gold and silver as world money are therefore both the products of the universal circulation of commodities and the means to expand its scope. Just as the alchemists, who wanted to make gold, were not aware of the rise of chemistry, so commodity owners, chasing after a magical form of the commodity, are not aware of the sources of world industry and world trade that are coming into being. Gold and silver help to create the world market by anticipating its existence in their concept of money. Their magical effect is by no means confined to the infancy of bourgeois society, but is the inevitable consequence of the inverted way in which their own social labour appears to the representatives of the world of commodities; a proof of this being the remarkable influence which the discovery of gold in various new areas exerted on international trade in the middle of the nineteenth century.

As money develops into world money, so the commodity owner becomes a cosmopolitan. The cosmopolitan relations of men to one another originally comprise only their relations as commodity owners. Commodities as such are indifferent to all religious, political, national and linguistic barriers. Their universal language is price and their common bond is money. But together with the development of world money as against national coins, there develops the commodity owner's cosmopolitanism, a cult of practical reason, in opposition to the traditional religious, national and other prejudices which impede the metabolic process of mankind. The commodity-owner realises that nationality "is but the Guinea's stamp", since the same amount of gold that arrives in England in the shape of American eagles is turned into sovereigns, three days later circulates as napoleons in Paris and may be encountered as ducats in Venice a few weeks later. The sublime idea in which for him the whole world merges is that of a market, the world market.*

* Montanari, *Della Moneta* (1683), p. 40: "Intercourse between nations has spread across the whole globe to such an extent that one could say all the world has virtually become a single city in which a permanent fair of all commodities is taking place, so that everyone, without leaving his home, can, by means of money, obtain and enjoy everything produced by the earth, the animals and human industry. A marvellous invention!" [Marx quotes in Italian.]
4. THE PRECIOUS METALS

The process of bourgeois production initially takes possession of metallic currency as an existing and ready-made instrument, which, although it has been gradually transformed, always retains nevertheless its basic structure. The question why gold and silver, and not other commodities, serve as the material of money lies outside the confines of the bourgeois system. We shall therefore do no more than summarise the most important aspects.

Because universal labour time itself can only display quantitative differences, the object to be recognised as its specific embodiment must be able to express purely quantitative differences, thus presupposing identical, homogeneous quality. This is the first condition for the functioning of a commodity as a measure of value. If, for instance, one evaluates all commodities in terms of oxen, hides, corn, etc., one has in fact to measure them in ideal average oxen, average hides, etc., since there are qualitative differences between one ox and another, one lot of corn and another, one hide and another. Gold and silver, on the other hand, as simple substances are always uniform and consequently equal quantities of them have equal values.* Another condition that has to be fulfilled by the commodity which is to serve as universal equivalent and that follows directly from its function of representing purely quantitative differences, is its divisibility into any desired number of parts and the possibility of combining these again, so that money of account can be represented in palpable form too. Gold and silver possess these qualities to an exceptional degree.

As means of circulation gold and silver have an advantage over other commodities in that their high specific gravity—representing considerable weight in a relatively small space—is matched by their economic specific gravity, in containing much labour time, i.e. considerable exchange value, in a relatively small volume. This facilitates transport, transfer from one hand to another, from one country to another, enabling gold and silver suddenly to appear and just as suddenly to disappear—in short these qualities impart physical mobility, the *sine qua non* of the commodity that is to serve as the *perpetuum mobile* of the process of circulation.

* “A peculiar feature of metals is that in them alone all relations are reduced to a single one, namely their quantity, for they have not been endowed by nature with any difference of quality either in their internal composition or in their external form and structure” (Galiani, l.c., pp. 126-27). [Marx quotes in Italian.]
The high specific value of precious metals, their durability, relative indestructibility, the fact that they do not oxidise when exposed to the air and that gold in particular is insoluble in acids other than aqua regia—all these physical properties make precious metals the natural material for hoarding. Peter Martyr, who was apparently a great lover of chocolate, remarks, therefore, of the sacks of cocoa which in Mexico served as a sort of money:

"O blessed money which furnishes mankind with a sweet and nutritious beverage and protects its innocent possessors from the infernal disease of avarice, since it cannot be long hoarded, nor hidden underground!" (De orbe novo. 79)

Metals in general owe their great importance in the direct process of production to their use as instruments of production. Gold and silver, quite apart from their scarcity, cannot be utilised in this way because, compared with iron and even with copper (in the hardened state in which the ancients used it), they are very soft and, therefore, to a large extent lack the quality on which the use value of metals in general depends. Just as the precious metals are useless in the direct process of production, so they appear to be unnecessary as means of subsistence, i.e. as articles of consumption. Any quantity of them can thus be placed at will within the social process of circulation without impairing production and consumption as such. Their individual use value does not conflict with their economic function. Gold and silver, on the other hand, are not only negatively superfluous, i.e. dispensable objects, but their aesthetic qualities make them the natural material for pomp, ornament, glamour, the requirements of festive occasions, in short, the positive expression of supra-abundance and wealth. They appear, so to speak, as solidified light raised from a subterranean world, since all the rays of light in their original composition are reflected by silver, while red alone, the colour of the highest potency, is reflected by gold. Sense of colour, moreover, is the most popular form of aesthetic perception in general. The etymological connection between the names of precious metals and references to colour in various Indo-European languages has been demonstrated by Jakob Grimm (see his Geschichte der deutschen Sprache).

Finally the fact that it is possible to transform gold and silver from coin into bullion, from bullion into articles of luxury and vice versa, the advantage they have over other commodities of not being confined to the particular useful form they have once been given makes them the natural material for money, which must constantly change from one form into another.
Nature no more produces money than it does bankers or a rate of exchange. But since in bourgeois production, wealth as a fetish must be crystallised in a particular substance gold and silver are its appropriate embodiment. Gold and silver are not by nature money, but money consists by its nature of gold and silver. Gold or silver as crystallisation of money is, on the one hand, not only the product of the circulation process but actually its sole stable product; gold and silver are, on the other hand, finished primary products, and they directly represent both these aspects, which are not distinguished by specific forms. The universal products of the social process, or the social process itself considered as a product, is a particular natural product, a metal, which is contained in the earth’s crust and can be dug up.*

We have seen that gold and silver cannot comply with the demand that as money they should have an invariable value. Their value is nevertheless more stable than that of other commodities on the average, as even Aristotle noted. Apart from the general effect of an appreciation or depreciation of the precious metals, variations in the relative value of gold and silver are of particular importance, since both are used side by side as monetary material on the world market. The purely economic reasons of such changes in value—conquests and other political upheavals, which exerted a substantial influence on the value of metals in antiquity, have merely a local and temporary effect—must be attributed to changes in the labour time required for the production of these metals. This labour time itself will depend on the relative scarcity of natural deposits and the difficulties involved in procuring them in a purely metallic state. Gold is in fact the first metal that man discovered. On the one hand, it occurs in Nature in pure crystalline form, as a separate substance not chemically combined with other substances, or in a virgin state, as the alchemists said; on the other hand, Nature herself performs the technical work by washing gold on a large scale in rivers. Only the crudest labour is required on the part of man for extracting gold either from rivers or from alluvial deposits; whereas production of silver requires

* In the year 760 the poor people turned out in numbers to wash gold from the river sands south of Prague, and three men were able in the day to extract a mark of gold; and so great was the consequent rush to the "digging" and the number of hands attracted from agriculture so great, that in the next year the country was visited by famine (see M. G. Körner, *Abhandlung von dem Alterthume des böhmischen Bergwerks*, Schneeberg, 1758 [p. 37 et seq.]).

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* Aristotle, *Ethica Nicomachea*, Book V, Ch. 8, § 14.—Ed.
mining and in general a relatively high level of technical development. The value of silver is therefore originally higher than that of gold, although it is absolutely less scarce. Strabo’s statement that an Arabian tribe gave ten pounds of gold for one pound of iron, and two pounds of gold for one pound of silver, is by no means incredible. But the value of silver tends to fall in relation to that of gold, as the productive powers of social labour develop and consequently the product of simple labour becomes more expensive compared with that of complex labour, and with the earth’s crust being increasingly opened up the original surface-sources of gold are liable to be exhausted. Finally, at a given stage of development of technology and of the means of communication, the discovery of new territories containing gold or silver plays an important role. The ratio of gold to silver in ancient Asia was 6 to 1 or 8 to 1; the latter ratio was prevalent in China and Japan even in the early nineteenth century; 10 to 1, the ratio obtaining in Xenophon’s time, can be regarded as the average ratio of the middle period of antiquity. The working of the Spanish silver mines by Carthage and later by Rome exerted a rather similar influence on the ancient world to that of the discovery of the American mines on modern Europe. During the era of the Roman emperors, 15 or 16 to 1 can be taken as the rough average, although the value of silver in Rome often sank even lower. During the following period reaching from the Middle Ages to modern times, a similar movement which begins with a relative depreciation of gold and ends with a fall in the value of silver takes place. The average ratio in the Middle Ages, as in Xenophon’s time, was 10 to 1, and as a result of the discovery of mines in America the ratio once again becomes 16 or 15 to 1. The discovery of gold in Australia, California and Colombia will probably lead to another fall in the value of gold.*

* The relative value of gold and silver up to now has not been affected by the Australian and other discoveries. Michel Chevalier’s contention that the opposite is the case is worth no more than the socialism of this ex-St.-Simonist. Quotations on the London market show, indeed, that between 1850 and 1858 the average price of silver in terms of gold was nearly 3 per cent higher than in the period between 1830 and 1850; but this rise was simply due to the demand of Asian countries for silver. Silver prices between 1852 and 1858 change in different years and months solely in accordance with this demand and by no means in accordance with the supply of gold from the newly discovered sources. The following is a summary of silver prices in terms of gold quoted on the London market:
C. THEORIES OF THE MEDIUM
OF CIRCULATION AND OF MONEY

Just as in the sixteenth and seventeenth centuries, when modern bourgeois society was in its infancy, nations and princes were driven by a general greed for gold to embark on crusades to distant lands* in quest of the golden grail,82 so the first interpreters of the modern world, the originators of the monetary system—the mercantile system is merely a variant of it—declared that gold and silver i.e. money, alone constitutes wealth. They quite correctly stated that the vocation of bourgeois society was the making of money, and hence, from the standpoint of simple commodity circulation, the formation of permanent hoards which neither moths nor rust could destroy. It is no refutation of the monetary system to point out that a ton of iron whose price is £3 has the same value as £3 in gold. The point at issue is not the magnitude of the exchange value, but its adequate form. As to the special attention paid by the monetary and mercantile systems to international trade and to individual branches of national labour that lead directly to international trade, which are regarded by them as the only real source of wealth or of money, one has to remember that in those times national production was for the most part still carried on within the framework of feudal forms and served as the immediate source of subsistence for the producers themselves. Most products did not become commodities; they were accordingly neither converted into money nor entered at all into the general process of the social exchange of matter; hence they did not appear as objectification of universal abstract labour and did not indeed constitute bourgeois wealth. Money as the end and object of circulation represents exchange.

Price of an Ounce of Silver

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<tr>
<th>Year</th>
<th>March</th>
<th>July</th>
<th>November</th>
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<tr>
<td>1853</td>
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<td>61 7/8 &quot;</td>
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<td>1854</td>
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<td>61 1/2 &quot;</td>
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* "Gold is a wonderful thing. Its owner is master of everything he desires. Gold can even enable souls to enter paradise" (Columbus in a letter from Jamaica written in 1503). [Note in Marx's own copy.]
value or abstract wealth, not any physical element of wealth, as the determining purpose and driving motive of production. It was consistent with the rudimentary stage of bourgeois production that those misunderstood prophets should have clung to the solid, palpable and glittering form of exchange value, to exchange value in the form of the universal commodity as distinct from all particular commodities. The sphere of commodity circulation was the strictly bourgeois economic sphere at that time. They therefore analysed the whole complex process of bourgeois production from the standpoint of that basic sphere and confused money with capital. The unceasing fight of modern economists against the monetary and mercantile systems is mainly provoked by the fact that the secret of bourgeois production, i.e. that it is dominated by exchange value, is divulged in a naively brutal way by these systems. Although drawing the wrong conclusions from this, Ricardo observes somewhere that, even during a famine, corn is imported because the corn-merchant thereby makes money, and not because the nation is starving. Political economy errs in its critique of the monetary and mercantile systems when it assails them as mere illusions, as utterly wrong theories, and fails to notice that they contain in a primitive form its own basic presuppositions. These systems, moreover, remain not only historically valid but retain their full validity within certain spheres of the modern economy. At every stage of the bourgeois process of production when wealth assumes the elementary form of commodities, exchange value assumes the elementary form of money, and in all phases of the production process wealth for an instant reverts again to the universal elementary form of commodities. The specific functions of gold and silver as money, in contradistinction to their functions as means of circulation and in contrast with all other commodities, are not abolished even in the most advanced bourgeois economy, but merely restricted; the monetary and mercantile systems accordingly remain valid. The catholic fact that gold and silver as the direct embodiment of social labour, and therefore as the expression of abstract wealth, confront other profane commodities, has of course violated the protestant _point d'honneur_ of bourgeois economists, and from fear of the prejudices of the monetary system, they lost for a long time any sense of discrimination towards the phenomena of money circulation, as the following account will show.

It was quite natural that, by contrast with the monetary and

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*a Code of honour.—* Ed.
mercantile systems, which knew money only as a crystalline product of circulation, classical political economy in the first instance should have understood the fluid form of money, that is the form of exchange value which arises and vanishes within the metamorphosis of commodities. Because commodity circulation is looked at exclusively in the form $C-M-C$, and this in its turn solely as the dynamic unity of sale and purchase, the specific aspect of money as means of circulation is upheld against its specific aspect as money. If the function of means of circulation in serving as coin is isolated, then, as we have seen, it becomes a value token. But since classical political economy was at first confronted with metallic currency as the predominant form of currency, it regarded metallic money as coin, and coin as a mere token of value. In accordance with the law relating to the circulation of value tokens, the proposition is then advanced that the prices of commodities depend on the volume of money in circulation, and not that the volume of money in circulation depends on the prices of commodities. This view is more or less clearly outlined by Italian economists of the seventeenth century; it is sometimes accepted, sometimes repudiated by Locke, and firmly set forth in *The Spectator* (in the issue of 19 October 1711) as well as in the works of *Montesquieu* and *Hume.* Since *Hume* is by far the most important exponent of this theory in the eighteenth century, we shall begin our survey to him.

Under certain conditions, an increase or decrease in the quantity of either specie in circulation, or tokens of value in circulation, seems to have a similar effect upon commodity prices. If there is a fall or rise in the value of gold and silver, in which the exchange value of commodities is measured as price, then prices rise or fall because a change has taken place in their standard of value; and an increased or diminished amount of gold and silver is in circulation as coin because the prices have risen or fallen. The observable phenomenon, however, is that with an increasing or diminishing volume of means of circulation, prices change while the exchange value of commodities remains constant. If, on the other hand, the amount of value tokens in circulation falls below the requisite level, or rises above it, then it is forcibly reduced to that level by a fall or rise of commodity prices. The effect in both cases appears to be brought about by the same cause, and *Hume* holds fast to this appearance.

Any scholarly investigation of the relation between the volume

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*See this volume, pp. 164 and 243.*—*Ed.*
of means of circulation and movements in commodity prices must assume that the value of the monetary material is given. Hume, however, considers exclusively periods when revolutionary changes in the value of the precious metals take place, that is revolutions in the standard of value. The rise in commodity prices that occurred simultaneously with the increase in the amount of specie consequent upon the discovery of the American mines forms the historical background of his theory, and its practical motive was the polemic that he waged against the monetary and mercantile systems. It is, of course, quite possible to increase the supply of precious metals while their costs of production remain unchanged. On the other hand, a decrease in their value, that is in the labour time required to produce them, will in the first place be attested only by an increase in their supply. Hume's disciples accordingly stated subsequently that the diminished value of the precious metals was reflected in the growing volume of means of circulation, and the growing volume of the means of circulation was reflected in increased commodity prices. But there is in reality an increase only in the prices of exported commodities which are exchanged for gold and silver as commodities and not as means of circulation. The price of those commodities, which are measured in gold and silver of reduced value, thus rises in relation to all other commodities whose exchange value continues to be measured in gold and silver in accordance with the scale of their former production costs. Such a dual evaluation of exchange values of commodities in a given country can of course occur only temporarily; gold and silver prices must be adjusted to correspond with the exchange values themselves, so that finally the exchange values of all commodities are assessed in accordance with the new value of monetary material. This is not the place for either a description of this process or an examination of the ways in which the exchange value of commodities prevails within the fluctuations of market prices. Recent critical investigations of the movement of commodity prices during the sixteenth century have conclusively demonstrated that in the early stages of the evolution of the bourgeois mode of production, such adjustment proceeds only very gradually, extending over long periods, and does not by any means keep in step with the increase of ready money in circulation.* Quite inappropriate are references—in vogue among Hume's disciples—to rising prices in ancient Rome brought about

* Incidentally, Hume admits that the adjustment takes place gradually, although this does not accord with his principle. See David Hume, Essays and Treatises on Several Subjects, Vol. I, London, 1777, p. 300.
by the conquest of Macedonia, Egypt and Asia Minor. The sudden and forcible transfer of hoarded money from one country to another is a specific feature of the ancient world; but the temporary lowering of the production costs of precious metals achieved in a particular country by the simple method of plunder does not affect the inherent laws of money circulation, any more than, for instance, the distribution of Egyptian and Sicilian corn free of charge in Rome affects the general law which regulates corn prices. For a detailed analysis of the circulation of money, Hume, like all other eighteenth-century writers, lacked the necessary material, i.e. on the one hand a reliable history of commodity prices, and on the other hand, official and continuous statistics regarding the expansion and contraction of the medium of circulation, the influx or withdrawal of precious metals, etc., in other words material which on the whole only becomes accessible when banking is fully developed. The following propositions summarise Hume's theory of circulation. 1. Commodity prices in a given country are determined by the amount of money (real or token money) existing therein. 2. The money circulating in a given country represents all commodities which are in that country. As the amount of money grows, each unit represents a correspondingly larger or smaller proportion of the things represented. 3. If the volume of commodities increases, then their prices fall or the value of money rises. If the amount of money increases, then, on the contrary, commodity prices rise and the value of money falls.*

“The dearness of everything,” says Hume, “from plenty of money, is a disadvantage to any established commerce, as it enables the poorer states to undersell the richer in all foreign markets.” ** “It can have no effect, either good or bad, taking a nation within itself, whether much or little coin is available for payment or representation of commodities; any more than it would make an alteration on a merchant's books, if, instead of the Arabian method of notation, which requires few characters, he should make use of the Roman, which requires a great many. Nay, the greater quantity of money, like the Roman characters, is rather inconvenient, and requires greater trouble both to keep and transport it.” ***

If this example were to prove anything, Hume would have to show that in a given system of notation the quantity of characters employed does not depend on the numerical value, but that on the contrary the numerical value is determined by the quantity of characters employed. It is quite true that there is no advantage in evaluating or "counting" commodity values in gold or silver of

** David Hume, I.c., p. 300.
*** David Hume, I.c., p. [302-]303.
diminished value; and as the aggregate value of the commodities in circulation increased, therefore, nations invariably decided that it was more convenient to count in silver than in copper, and in gold than in silver. In the proportion that nations grew richer, they turned the less valuable metals into subsidiary coin and the more valuable metals into money. Hume, moreover, forgets that in order to calculate values in terms of gold and silver, neither gold nor silver need be “present”. Money of account and means of circulation are for him identical phenomena and he regards both as coin. Because a change in the value of the standard of value, i.e. of the precious metals which function as money of account, causes a rise or fall in commodity prices, and hence, provided the velocity of circulation remains unchanged, an increase or decrease in the volume of money in circulation, Hume infers that increases or decreases of commodity prices are determined by the quantity of money in circulation. Hume could have deduced from the closing down of European mines that not only the quantity of gold and silver grew during the sixteenth and seventeenth centuries, but that simultaneously their production costs diminished. Along with the volume of imported American gold and silver commodity prices rose in Europe in the sixteenth and seventeenth centuries; commodity prices are consequently in every country determined by the volume of gold and silver which the country contains. This was the first “necessary consequence” drawn by Hume.* Prices in the sixteenth and seventeenth centuries did not rise in step with the increased amount of precious metals; more than half a century elapsed before any change at all was noticeable in the prices of commodities, and even after this a considerable time elapsed before the prices of commodities in general were revolutionised, that is before the exchange values of commodities were generally estimated according to the diminished value of gold and silver. Hume—who quite contrary to the principles of his own philosophy uncritically turns unilaterally interpreted facts into general propositions—concludes that, in consequence, the price of commodities or the value of money is determined not by the absolute amount of money present in a country, but rather by the amount of gold and silver actually in circulation; in the long run, however, all the gold and silver present in the country must be

* David Hume, l.c., p. 303.

a In the original, the English word is given in brackets after its German equivalent.—Ed.
It is evident, that the prices do not so much depend on the absolute quantity of commodities, and that of money, which are in a nation, as on that of the commodities, which can or may come to market, and of the money which circulates. If the coin be locked up in chests, it is the same thing with regard to prices, as if it were annihilated; if the commodities be hoarded in magazines and granaries, a like effect follows. As the money and commodities, in these cases, never meet, they cannot affect each other. The whole (of prices) at last reaches a just proportion with the new quantity of specie which is in the kingdom" (i.e., pp. 307, 308, 303). [Marx quotes in English.]

** See Law and Franklin on the surplus value which gold and silver are said to acquire from the function they perform as money. Forbonnais too. [Note in Marx's own copy.]
would be exchanged for two ounces of gold or, if twenty million ounces of gold existed, one quarter would be exchanged for twenty ounces of gold; the price of the commodity and the value of money would thus rise or fall in inverse ratio to the available quantity of money.* But the world of commodities consists of an infinite variety of use values, whose relative value is by no means determined by their relative quantities. How then does Hume envisage this exchange of commodities for gold? He confines himself to the vague abstract conception that every commodity being a portion of the total volume of commodities is exchanged for a commensurate portion of the existing volume of gold. The dynamic movement of commodities—a movement, which originates in the contradiction of exchange value and use value contained in the commodities, which is reflected in the circulation of money and epitomised in the various distinct aspects of the latter—is thus obliterated and replaced by an imaginary mechanical equalisation of the amount of precious metals present in a particular country and the volume of commodities simultaneously available.

_Sir James Steuart_ begins his investigation of specie and money with a detailed criticism of Hume and Montesquieu.** He is indeed the first to ask whether the amount of money in circulation is determined by the prices of commodities, or the prices of commodities determined by the amount of money in circulation. Although his exposition is tarnished by his fantastic notion of the measure of value, by his inconsistent treatment of exchange value in general and by arguments reminiscent of the mercantile system, he discovers the essential aspects of money and the general laws of circulation of money, because he does not mechanically place commodities on one side and money on the other, but really deduces its various functions from different moments in commodity exchange.

*"The uses of money in internal circulation may be comprehended under two general heads: payment of what one owes and buying what one has occasion for: the one and the other may be called by the general term of READY-MONEY DEMANDS*. Now the state of trade, manufactures, modes of living, and the customary expense of the inhabitants, when taken all together, regulate and

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* This invention can actually be found in Montesquieu's works. [Note in Marx's own copy.]

** Steuart, _I.c._, Vol. I, p. 394 _et seq._

* In the original, the English words are given in brackets after their German equivalents.—_Ed._
determine what we may call the mass of ready-money demands, that is, of alienation. To operate this multiplicity of payments, a certain proportion of money is necessary. This proportion again may increase or diminish according to circumstances; although the quantity of alienation should continue the same... Anyway the circulation of a country can only absorb a determinate quantity of money."**

"The market price of a commodity is determined by the complicated operations of demand and competition", a which are quite independent of the quantity of gold and silver in the country. What then will become of the gold and silver not needed as coin? It will be hoarded up in treasures or converted into luxury articles. If the amount of gold and silver falls below the level required for circulation, they are replaced by symbolic money or other expedients. If a favourable rate of exchange brings a superfluity of money into the country, and at the same time cuts off the demands [of trade] for sending it abroad, it frequently falls into coffers; where it becomes as useless as if it were in the mine."***

The second law discovered by Steuart is that currency based on credit returns to its point of departure. Finally he analyses the consequences produced by the divergence in the rate of interest obtaining in different countries on the export and import of precious metals. The last two aspects are mentioned here only for the sake of a complete picture, since they are remote from our subject, namely simple circulation.*** Symbolical money or credit

** l.c., pp. 379-80 [and 397-407] passim.
*** "The additional coin will be locked up, or converted into plate... As for the paper money, so soon as it has served the first purpose of supplying the demand of him who borrowed it, it will return upon the debtor in it and become realised... Let the specie of a country, therefore, be augmented or diminished in ever so great a proportion, commodities will still rise and fall according to the principles of demand and competition, and these will constantly depend upon the inclinations of those who have property or any kind of equivalent whatsoever to give, but never upon the quantity of coin they are possessed of... Let it" (i.e. the quantity of specie in a country) "be ever so low, while there is real property of any denomination in the country, and a competition to consume in those who possess it, prices will be high, by the means of barter, symbolical money, mutual prestations, and a thousand other inventions... If this country has a communication with other nations, there must be a proportion between the prices of many kinds of merchandise there and elsewhere, and a sudden augmentation or diminution of the specie, supposing it could of itself operate the effects of raising or sinking prices, would be restrained in its operation by foreign competition" (l.c., Vol. I, pp. 400-01). "The circulation of every country must be in proportion to the industry of the inhabitants producing the commodities which come to market... If the coin of a country, therefore, falls below the proportion of the produce of industry offered to sale, inventions, like symbolical money, will be fallen upon, to provide for an equivalent for it. But if the specie be found above the proportion of industry, it will have no effect in raising

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a In the original, the English words are given in brackets after their German equivalents.— Ed.
money—Steuart does not yet distinguish these two forms of money—can function as means of purchase and means of payment in place of the precious metals in domestic circulation, but not on the world market. Paper notes are consequently money of the society, whereas gold and silver are money of the world.\textsuperscript{a}\textsuperscript{*}

It is a characteristic of nations with an "historical" development, in the sense given to this term by the Historical School of Law,\textsuperscript{83} that they always forget their own history. Thus although during this half century the issue of the relation between commodity prices and the quantity of currency has agitated Parliament continuously and has caused thousands of pamphlets, large and small, to be published in England, Steuart remained even more of "a dead dog" than Spinoza appeared to be to Moses Mendelssohn in Lessing's time. Even the most recent historiographer of "currency", Macalaren, makes Adam Smith the inventor of Steuart's theory, and Ricardo the inventor of Hume's theory.\textsuperscript{**} Whereas Ricardo improves upon Hume's theory, Adam Smith records the results of Steuart's research as dead facts. The Scottish proverb that if one has gained a little it is often easy to gain much, but the difficulty is to gain a little, has been applied by Adam Smith to intellectual wealth as well, and with meticulous care he accordingly keeps the sources secret to which he is indebted for the little, prices, nor will it enter into circulation: \textit{it will be hoarded up in treasures}... Whatever be the quantity of money in a nation, in correspondence with the rest of the world, there never can remain, \textit{in circulation}, but the quantity nearly proportional to the consumption of the rich and to the labour and industry of the poor inhabitants\textsuperscript{13} and this proportion is not determined "by the quantity of money actually in the country" (I.e., pp. 407-08 \textit{passim}). "All nations will endeavour to throw their ready money, not necessary for their own circulation, into that country where the interest of money is high with respect to their own" (I.e., Vol. II, p. 5). "The richest nation in Europe may be the poorest in circulating specie" (I.e., Vol. II, p. 6). [Marx quotes in English. Note in Marx's own copy:] See polemic against Steuart in Arthur Young's work \textit{[Political Arithmetic].}

\textsuperscript{*} Steuart, I.e., Vol. II, p. 370. Louis Blanc transforms the "\textit{money of the society}\textsuperscript{13}", which simply means internal, national money, into socialist money, which means nothing at all, and quite consistently turns John Law into a socialist. (See the first volume of his \textit{History of the French Revolution}.)

\begin{itemize}
  \item ** Maclaren, I.e., p. 43 \textit{et seq.} A German writer (Gustav Julius), who died prematurely, was induced by patriotism to oppose the old Büsch as an authority to the Ricardian school. The honourable Büsch has translated Steuart's brilliant English into the Low-German dialect of Hamburg and distorted the original whenever it was possible. [J. G. Büsch, \textit{Abhandlung von dem Geldumlauf, in anhalten der Rücksicht auf die Staatswirtschaft und Handlung}]
\end{itemize}

\textsuperscript{a} In the original, the English words are given in brackets after their German equivalents.—\textit{Ed.}
which he turns indeed into much. More than once he prefers to
take the sharp edge off a problem when the use of precise
definitions might have forced him to settle accounts with his
predecessors. This is, for instance, the case with the theory of
money. Adam Smith tacitly accepts Steuart's theory by relating
that a part of gold and silver available in a country is used as coin,
a part is accumulated as reserve funds for merchants in countries
which have no banks and as bank reserves in countries with a
credit system, a part serves as a stock for the adjustment of
international payments, and a part is converted into luxury
articles. He quietly eliminates the question about the amount of
coin in circulation by quite improperly regarding money as a
simple commodity.* This not entirely artless slip of Adam Smith
was with much pomposity fashioned into a dogma** by his
vulgariser, the insipid J. B. Say, whom the French have designated
prince de la science, just as Johann Christoph Gottsched calls his
Schönaich a Homer and Pietro Aretino calls himself terror
principum and lux mundi.a The tension caused by the struggle
against the illusions of the mercantile system prevented Adam
Smith, moreover, from objectively considering the phenomena of
metallic currency, whereas his views on credit money are original
and profound. Just as the palaeontological theories of the
eighteenth century inevitably contain an undercurrent which arises
from a critical or an apologetic consideration of the biblical
tradition of the Deluge, so behind the façade of all monetary
theories of the eighteenth century a hidden struggle is waged
against the monetary system, the spectre which stood guard over
the cradle of bourgeois political economy and still cast its heavy
shadow over legislation.

Investigations of monetary matters in the nineteenth century
were stimulated directly by phenomena attending the circulation
of bank notes, rather than by those of metallic currency. The
latter was merely referred to for the purpose of discovering the

* This is inaccurate. In some passages Smith formulates the law correctly.
[Note in Marx's own copy.]
** The distinction between "currency" and "money", i.e. between means of
circulation and money, does not therefore occur in the Wealth of Nations. Misled by
the apparent ingenuouness of Adam Smith, who had studied Hume and Steuart
closely, honest MacLaren observes: "The theory of the dependence of prices on the
extent of the currency had not, as yet, attracted attention; and Doctor Smith, like
Mr. Locke" (Locke's views vary) "considers metalcic money nothing but a
commodity" (MacLaren, l.c., p. 44). [Marx quotes in English.]

a Terror of the princes and the light of the world.—Ed.
laws governing the circulation of bank notes. The suspension of cash payments by the Bank of England in 1797, the rise in price of many commodities which followed, the fall in the mint price of gold below its market price, and the depreciation of bank notes especially after 1809 were the immediate practical occasion for a party contest within Parliament and a theoretical encounter outside it, both waged with equal passion. The historical background of the debate was furnished by the evolution of paper money in the eighteenth century, the fiasco of Law's bank, the growing volume of value tokens which was accompanied by a depreciation of provincial bank notes of the British colonies in North America from the beginning to the middle of the eighteenth century; after which came the legally imposed paper money, the Continental bills issued by the American Government during the War of Independence, and finally the French assignats, an experiment conducted on an even larger scale. Most English writers of that period confuse the circulation of bank notes, which is determined by entirely different laws, with the circulation of value tokens or of government bonds which are legal tender and, although they pretend to explain the phenomena of this forced currency by the laws of metallic currency, in reality they derive the laws of metallic currency from the phenomena of the former. We omit the numerous writers whose works appeared between 1800 and 1809 and turn at once to Ricardo, because he not only summarises his predecessors and expresses their ideas with greater precision, but also because monetary theory in the form he has given it has dominated British banking law up to the present time. Like his predecessors, Ricardo confuses the circulation of bank notes or of credit money with the circulation of simple tokens of value. The fact which dominates his thought is the depreciation of paper money and the rise in commodity prices that occurred simultaneously. The printing presses in Threadneedle Street which issue paper notes played the same role for Ricardo as the American mines played for Hume; and in one passage Ricardo explicitly equates these two causes. His first writings, which deal only with monetary matters, originated at a time when a most violent controversy raged between the Bank of England, which was backed by the Ministers and the war party, and its adversaries around whom were grouped the parliamentary opposition, the Whigs and the peace party. These writings appeared as the direct forerunners of the famous Report of the Bullion Committee of

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a In German, "central Government"; at that time, the Continental Congress.—Ed.
1810, which adopted Ricardo's ideas.* The odd fact that Ricardo and his supporters, who maintained that money was merely a token of value, were called BULLIONISTS* was due not only to the name of the Committee but also to the content of Ricardo's theory. Ricardo restated and further elaborated the same ideas in his work on political economy, but he has nowhere examined money as such in the way in which he has analysed exchange value, profit, rent, etc.

To begin with, Ricardo determines the value of gold and silver, like the value of all other commodities, by the quantity of labour time objectified in them.** The value of other commodities is measured in terms of gold and silver as commodities of a determinate value.*** The quantity of means of circulation employed in a country is thus determined by the value of the standard of money on the one hand, and by the aggregate of the exchange values of commodities on the other. This quantity is modified by the economy with which payments are effected.**** Since, therefore, the quantity in which money of a given value can be circulated is determined, and within the framework of circulation its value manifests itself only in its quantity, money within the sphere of circulation can be replaced by simple value tokens, provided that these are issued in the amount determined by the value of money. Moreover

"a currency is in its most perfect state when it consists wholly of paper money, but of paper money of an equal value with the gold which it professes to represent".*****


** David Ricardo, On the Principles of Political Economy etc., p. 77. "The value of the precious metals, like that of all other commodities, ultimately depends on the total quantity of labour necessary to obtain them, and to bring them to market."

*** L.c., pp. 77, 180, 181.

**** Ricardo, I.e., p. 421. "The quantity of money that can be employed in a country depends on its value: if gold alone were in circulation, a quantity would be required, one fifteenth only of what would be necessary, if silver alone were made use of." See also Ricardo, Proposals for an Economical and Secure Currency, London, 1816, p. 8, where he writes: "The quantity of notes in circulation depends on the sum required for the circulation in the country, and this is regulated by the value of the standard of money, by the amount of payments and by the economy practised in effecting them."


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* In the original, the explanation of this English term is given in brackets.—Ed.
So far, therefore, Ricardo has assumed that the value of money is given, and has determined the amount of means of circulation by the prices of commodities: for him money as a token of value is a token which stands for a determinate quantity of gold and is not a valueless symbol representing commodities, as it was for Hume.

When Ricardo suddenly interrupts the smooth progress of his exposition and adopts the opposite view, he does so in order to deal with the international circulation of precious metals and thus complicates the problem by introducing extraneous aspects. Following his own train of thought, let us first of all leave aside all artificial and incidental aspects and accordingly locate the gold and silver mines within the countries in which the precious metals circulate as money. The only proposition which follows from Ricardo's analysis up to now is that if the value of gold is given, the amount of money in circulation is determined by the prices of commodities. The volume of gold circulating in a country therefore is simply determined by the exchange value of the commodities in circulation at the given time. Now supposing that the aggregate amount of these exchange values decreases, because either a smaller amount of commodities is produced at the old exchange values, or the same amount of commodities is produced but the commodities represent less exchange value as a result of an increase in the productive power of labour. Or let us assume by contrast that the aggregate exchange value has increased, because a larger volume of commodities has been produced while production costs remain constant, or because either the same or a smaller volume of commodities has a larger value as a result of a decline in the productive power of labour. What happens to the existing quantity of metal in circulation in these two cases? If gold is money only because it circulates as a medium of circulation, if it is forced to stay in the sphere of circulation, like paper money with forced currency issued by the State (and Ricardo implies this), then the quantity of money in circulation will, in the first case, be excessive in relation to the exchange value of the metal, and it will stand below its normal level in the second case. Although endowed with a specific value, gold thus becomes a token which, in the first case, represents a metal with a lower exchange value than its own, and in the second case represents a metal which has a higher value. Gold as a token of value will fall below its real value in the first case, and rise above it in the second case (once more a deduction made from paper money with forced currency). The effect would be the same as if, in the first case, all commodities were evaluated in metal of lower value than gold, and in the
second case as if they were evaluated in metal of a higher value. Commodity prices would therefore rise in the first case, and fall in the second. The movement of commodity prices, their rise or fall, in either case would be due to the [relative] expansion or contraction in the amount of gold in circulation occasioning a rise above or a fall below the level corresponding to its own value, i.e. the normal quantity determined by the relation between its own value and the value of the commodities which are to be circulated.

The same process would take place if the aggregate price of the commodities in circulation remained constant, but the amount of gold in circulation either fell below or rose above the proper level; the former might occur if gold coin worn out in circulation were not replaced by sufficient new output from the mines, the latter if the new supply from the mines surpassed the requirements of circulation. In both cases it is assumed that the production costs of gold, or its value, remain unchanged.

To recapitulate: If the exchange values of the commodities are given, the money in circulation is at its proper level when its quantity is determined by its own metallic value. It exceeds this level, gold falls below its own metallic value and the prices of commodities rise, whenever the aggregate exchange value of commodities decreases or the supply of gold from the mines increases. The quantity of money sinks below its appropriate level, gold rises above its own metallic value and commodity prices fall, whenever the aggregate exchange value of commodities increases or the supply of gold from the mines is insufficient to replace worn-out gold. In these two cases the gold in circulation is a token of value representing either a larger or a smaller value than it actually possesses. It can become an appreciated or depreciated token of itself. When commodities are generally evaluated in conformity with the new value of money, and commodity prices in general have risen or fallen accordingly, the amount of gold in circulation will once more be commensurate with the needs of circulation (a result which Ricardo emphasises with special satisfaction), but it will be at variance with the production costs of precious metals, and hence with the relation of precious metals as commodities to other commodities. According to Ricardo's general theory of exchange value, the rise of gold above its exchange value, in other words above the value which is determined by the labour time it contains, would lead to an enlarged output of gold.

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a This word is missing in the original and is inserted by Marx in his own copy.— Ed.
until the increased supply reduced it again to its proper value. Conversely, a fall of gold below its value would lead to a decline in the output of gold until its value rose again to its proper level. These opposite movements would resolve the contradiction between the metallic value of gold and its value as a medium of circulation; the amount of gold in circulation would reach its proper level and commodity prices would once more be in accordance with the standard of value. These fluctuations in the value of gold in circulation would in equal measure affect gold bullion, since according to the assumption all gold that is not used as luxury articles is in circulation. Seeing that even gold in the form of coin or bullion can become a value token representing a larger or smaller metallic value than its own, it is obvious that any convertible bank notes that are in circulation must share the same fate. Although bank notes are convertible and their real value accordingly corresponds to their nominal value, the aggregate currency consisting of metal and of convertible notes may appreciate or depreciate if, for reasons described earlier, the total quantity either rises above or falls below the level which is determined by the exchange value of the commodities in circulation and the metallic value of gold. According to this point of view, inconvertible paper money has only one advantage over convertible paper money, i.e. it can be depreciated in two ways. It may fall below the value of the metal which it professes to represent, because too much of it has been issued, or it may fall because the metal it represents has fallen below its own value. This depreciation, not of notes in relation to gold, but of gold and notes taken together, i.e. of the aggregate means of circulation of a country, is one of Ricardo's main discoveries, which Lord Overstone and Co. pressed into their service and turned into a fundamental principle of Sir Robert Peel's bank legislation of 1844 and 1845.67

What should have been demonstrated was that the price of commodities or the value of gold depends on the amount of gold in circulation. The proof consists in postulating what has to be proved, i.e. that any quantity of the precious metal serving as money, regardless of its relation to its intrinsic value, must become a medium of circulation, or coin, and thus a token of value for the commodities in circulation regardless of the total amount of their value. In other words, this proof rests on disregarding all

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67 In the original, the English phrase is given in brackets after its German equivalent.— Ed.
functions performed by money except its function as a medium of circulation. When driven into a corner, as for instance in his controversy with Bosanquet, Ricardo—entirely dominated by the phenomenon of value tokens depreciating because of their quantity—resorts to dogmatic assertion.*

If Ricardo had presented his theory in abstract form, as we have done, without introducing concrete circumstances and incidental aspects which represent digressions from the main problem, its hollowness would have been quite obvious. But he gives the whole analysis an international veneer. It is easy to show, however, that the apparent magnitude of scale can in no way alter the insignificance of the basic ideas.

The first proposition, therefore, was: the quantity of specie in circulation is normal if it is determined by the aggregate value of commodities in circulation estimated in terms of the metallic value of specie. Adjusted for the international scene this reads: when circulation is in a normal state, the amount of money in each country is commensurate with its wealth and industry. The value of money in circulation corresponds to its real value, i.e. its production costs; in other words, money has the same value in all countries.** Money therefore would never be transferred (exported or imported) from one country to another.*** A state of equilibrium would thus prevail between the CURRENCIES (the total volume of money in circulation) of different countries. The appropriate level of national CURRENCY is now expressed in the form of international CURRENCY-equilibrium, and this means in fact simply that nationality does not affect the general economic law at all. We have now reached again the same crucial point as before. In what way is the appropriate level upset, which now reads as follows: in what way is the international equilibrium of CURRENCIES upset, or why does money cease to have the same value in all countries, or finally why does it cease to have its specific value in each country? Just as previously the appropriate level was upset

* David Ricardo, Reply to Mr. Bosanquet's Practical Observations etc., p. 49. "That commodities would rise or fall in price, in proportion to the increase or diminution of money, I assume as a fact which is incontrovertible." [Marx quotes in English.]

** Ricardo, The High Price of Bullion etc. "Money would have the same value in all countries" (p. 4). [Marx quotes in English.] Ricardo has this proposition in his Political Economy, but not so as to be of any importance in this context.

*** L.c., pp. 3-4.

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a The original has "disregarding all other determinations of form which money has except its form of"; changed in Marx's own copy.—Ed.

b This word is missing in the original and is inserted in Marx's own copy.—Ed.
because the volume of money in circulation increased or decreased while the aggregate value of commodities remained unchanged, or because the quantity of money in circulation remained constant while the exchange value of commodities increased or decreased; so now the international level, which is determined by the value of the metal, is upset because the amount of gold is augmented in one country as a result of the discovery of new gold mines in that country,* or because the aggregate exchange value of the commodities in circulation in a particular country increases or decreases. Just as previously the output of precious metals was diminished or enlarged in accordance with the need for reducing or expanding the currency, and in accordance with it lowering or raising commodity prices, so now the same effect is achieved by export and import from one country to another. In a country where prices have risen and, owing to expanded circulation, the value of gold has fallen below its metallic value, gold would be depreciated in relation to other countries, and the prices of commodities would consequently be higher than in other countries. Gold would, therefore, be exported and commodities imported. The opposite movement would take place in the reverse situation. Just as previously the output of gold continued until the proper ratio of values between metal and commodities was re-established, so now the import or export of gold, accompanied by a rise or fall in commodity prices, would continue until equilibrium of the international currencies had been re-established. Just as in the first example the output of gold expanded or diminished only because gold stood above or below its value, so now the international movement of gold is brought about by the same cause. Just as in the former example the quantity of metal in circulation and thereby prices were affected by every change in gold output, so now they are affected similarly by international import and export of gold. When the relative value of gold and commodities, or the normal quantity of means of circulation, is re-established, no further production of gold takes place in the former case, and no more export or import of gold in the latter, except to replace worn-out coin and for the use of the luxury industry. It thus follows,

"that the temptation to export gold as an equivalent for goods, or an unfavourable balance of trade, can never arise except owing to an excess of means of circulation".**

* l.c., p. 4.
** "An unfavourable balance of trade never arises but from a redundant currency" (Ricardo, l.c., pp. 11, 12). [Marx quotes in English.]
The import or export of metal is invariably brought about by the metal being underrated or overrated owing to an expansion of the currency above its proper level or its contraction below that level.* It follows further: since the output of gold is expanded or diminished in our first case, and gold is imported or exported in our second case, only because its quantity has risen above its proper level or fallen below it, because it is rated above its metallic value or below it, and consequently commodity prices are too high or too low, every one of these movements acts as its own corrective,** for, by augmenting or curtailing the amount of money in circulation, prices are reduced again to their correct level, which is determined by the value of gold and the value of commodities in the first case, and by the international level of currencies in the second. To put it in other words, money circulates in different countries only because it circulates as coin in each country. Money is simply specie, and the amount of gold present in a country must enter the sphere of circulation; as a token representing itself it can thus rise above or fall below its value. By the circuitous route of these international intricacies we have managed to return to the simple thesis which forms the point of departure.

A few examples will show how arbitrarily actual phenomena are arranged by Ricardo to suit his abstract theory. He asserts, for instance, that in periods of crop failure, which occurred frequently in England between 1800 and 1820, gold is exported, not because corn is needed and gold constitutes money, i.e. it is always an efficacious means of purchase and means of payment on the world market, but because the value of gold has fallen in relation to other commodities and hence the currency of the country suffering from crop failure is depreciated in relation to the other national currencies. That is to say, because the bad harvest reduces the volume of commodities in circulation, the existing quantity of money in circulation exceeds its normal level and all commodity prices consequently rise.*** As opposed to this paradoxical

* "The exportation of the coin is caused by its cheapness, and is not the effect, but the cause of an unfavourable balance" (l.c., p. 14). [Marx quotes in English.]
** L.c., p. 17.
*** Ricardo, l.c., pp. 74, 75. "England, in consequence of a bad harvest, would come under the case of a country having been deprived of a part of its commodities, and, therefore, requiring a diminished amount of circulating medium. The currency which was before equal to the payments would now become superabundant and relatively cheap in proportion of her diminished production. The exportation of this sum, therefore, would restore the value of the currency to the value of the currencies of other countries." [Here and below Marx quotes from
explanation, statistics show that in the case of crop failures in England from 1793 up to the present, the existing amount of means of circulation was not excessive but on the contrary it was insufficient, and therefore more money than previously circulated and was bound to circulate.*

At the time of Napoleon's Continental System and the English Blockade Decrees, Ricardo likewise asserted that the British exported gold instead of commodities to the Continent, because their money was depreciated in relation to that of Continental countries, the prices of their commodities were therefore higher and the export of gold rather than commodities was thus a more profitable commercial transaction. According to him commodities were dear and money cheap on the English market, whereas on the Continent commodities were cheap and money dear.

An English writer states however:

"The fact I mean was the ruinously low prices of our manufactures and of our colonial productions under the operation of the Continental System during the last six years of the war. The prices of sugar and coffee, for instance, on the Continent, computed in gold, were four or five times higher than their prices in England, computed in bank notes. It was the time in which the French chemists discovered sugar in beet-root, and a substitute for coffee in chicory; and when the English grazier tried experiments upon fattening oxen with treacle and molasses—the time when England took possession of Heligoland, in order to form there a depot of goods to facilitate the smuggling of them into the North of Europe; and when the lighter descriptions of British manufactures found their way into Germany through Turkey... Almost all the merchandise of the world accumulated in our warehouses, where they became impounded, except when some small quantity was released by a French Licence, for which the merchants at Hamburgh or Amsterdam had, perhaps, given Napoleon such a sum as forty or fifty thousand pounds. They must have been strange merchants to have paid so large a sum for liberty to carry a cargo of goods from a dear market to a cheap one. What was the ostensible alternative the merchant had? Either to buy coffee at 6d. a pound in bank notes, Ricardo in English.] His confusion of money and commodities and of money and specie appears in a quite ridiculous form in the following passage: "If we can suppose that after an unfavourable harvest, when England has occasion for an unusual importation of corn, another nation is possessed of a superabundance of that article, but has no wants for any commodity whatever, it would unquestionably follow that such a nation would not export its corn in exchange for commodities: but neither would it export corn for money, as that is a commodity which no nation ever wants absolutely, but relatively" (I.c., p. 75). In his epic poem Pushkin relates that the father of his hero fails to grasp that commodities are money [Eugene Onegin, I, 7]. But that the Russians long ago grasped that money is a commodity is demonstrated not only by the English corn imports from 1838 to 1842, but also by the whole history of their trade.

* Cf. Thomas Tooke, History of Prices, and James Wilson, Capital, Currency and Banking. (The latter is a reprint of a series of articles published in the London Economist in 1844, 1845 and 1847.)
and send it to a place where it would instantly sell at 3s. or 4s. a pound in gold, or to buy gold with bank notes at £5 an ounce, and send it to a place where it would be received at £3 17s. 10½d. an ounce. It is too absurd, or course, to say that the gold was remitted instead of the coffee, as a preferable mercantile operation... There was not a country in the world in which so large a quantity of desirable goods could be obtained as in England. Bonaparte was constantly examining the English Price Current. So long as he saw that gold was dear, and coffee was cheap in England, he was satisfied that his Continental System worked well.”

In 1810—just at the time when Ricardo first advanced his currency theory, and the Bullion Committee embodied it in its parliamentary report—the prices of all British commodities slumped ruinously in comparison with their level in 1808 and 1809, whereas the relative value of gold a rose. Agricultural products were an exception because their import from abroad was impeded and the amount available within the country was greatly reduced by bad harvests.** So completely did Ricardo misunderstand the function that precious metals perform as international means of payment that in his evidence before the Committee of the House of Lords (1819) he could declare

“That drains for exportation would cease altogether so soon as cash payments should be resumed, and the currency be restored to its metallic level”.

His death occurred in time before the onset of the crisis of 1825 demonstrated the falsehood of his forecast. The time within which Ricardo’s literary activity falls was in general hardly favourable to the study of the function which precious metals perform as world money. Before the imposition of the Continental System Britain had almost continuously a favourable trade balance, and while the System was in force her transactions with the European continent were too insignificant to affect the English rate of exchange. The transfer of money had a predominantly political character, and Ricardo seems to have completely misunderstood the role which subsidies played in British gold export.***

Among the contemporaries of Ricardo, James Mill was the most important of the adherents of his principles of political economy. He attempted to expound Ricardo’s currency theory on the basis of simple metallic currency, omitting the irrelevant international complications, which conceal the inadequacy of Ricardo’s concep-

** Thomas Tooke, History of Prices etc., London, 1848, p. 110.
*** Cf. W. Blake, Observations etc., quoted earlier.

a The original has “money”; changed in Marx’s own copy.—Ed.
tion, and all controversial references to the operation of the Bank of England. His main propositions are as follows.*

"By value of money, is here to be understood the proportion in which it exchanges for other commodities, or the quantity of it which exchanges for a certain quantity of other things. It is the total quantity of the money in any country, which determines that portion. If we suppose that all the goods of the country are on one side, all the money on the other, and that they are exchanged at once against one another, it is evident that the value of money would depend wholly upon the quantity of it. It will appear that the case is precisely the same in the actual state of the facts. The whole of the goods of a country are not exchanged at once against the whole of the money; the goods are exchanged in portions, often in very small portions, and at different times, during the course of the whole year. The same piece of money which is paid in one exchange to-day, may be paid in another exchange to-morrow. Some of the pieces will be employed in a great many exchanges, some in very few, and some, which happen to be hoarded, in none at all. There will, amid all these varieties, be a certain average number of exchanges, the same which, if all the pieces had performed an equal number, would have been performed by each; that average we may suppose to be any number we please; say, for example, ten. If each of the pieces of the money in the country perform ten purchases, that is exactly the same thing as if all the pieces were multiplied by ten, and performed only one purchase each. The value of all the goods in the country is equal to ten times the value of all the money, etc. If the quantity of money, instead of performing ten exchanges in the year, were ten times as great, and performed only one exchange in the year, it is evident that whatever addition were made to the whole quantity, would produce a proportional diminution of value, in each of the minor quantities taken separately. As the quantity of goods, against which the money is all exchanged at once, is supposed to be the same, the value of all the money is no more, after the quantity is augmented, than before it was augmented. If it is supposed to be augmented one-tenth, the value of every part, that of an ounce for example, must be diminished one-tenth. In whatever degree, therefore, the quantity of money is increased or diminished, other things remaining the same, in that same proportion, the value of the whole, and of every part, is reciprocally diminished or increased. This, it is evident, is a proposition universally true. Whenever the value of money has either risen or fallen (the quantity of goods against which it is exchanged and the rapidity of circulation remaining the same), the change must be owing to a corresponding diminution or increase of the quantity; and can be owing to nothing else. If the quantity of goods diminish, while the quantity of money remains the same, it is the same thing as if the quantity of money had been increased"; and vice versa. "Similar changes are produced by any alteration in the rapidity of circulation. An increase in the number of these purchases has the same effect as an increase in the quantity of money; a diminution the reverse... If there is any portion of the annual produce which is not exchanged at all, as what is consumed by the producer; or which is not exchanged for money; that is not taken into the account, because what is not exchanged for money is in the same state with respect to the money, as if it did not exist... Whenever the coining of money is free, its quantity is regulated by the value of the metal... Gold and silver are in reality

commodities. It is cost of production which determines the value of these, as of other ordinary productions."*

Mill's whole wisdom is reduced to a series of assumptions which are both arbitrary and trite. He wishes to prove that "it is the total quantity of the money in any country" which determines the price of commodities or the value of money. If one assumes that the quantity and the exchange value of the commodities in circulation remain constant, likewise the velocity of circulation and the value of precious metals, which is determined by the production costs, and if simultaneously one assumes that nevertheless the quantity of specie in circulation increases or decreases in relation to the volume of money existing in a country, then it is indeed "evident" that one has assumed what one has pretended to prove. Mill, moreover, commits the same error as Hume, namely placing not commodities with a determinate exchange value, but use values into circulation; his proposition is therefore wrong, even if one accepts all his "assumptions". The velocity of circulation may remain unchanged, similarly the value of precious metals and the quantity of commodities in circulation, yet they may nevertheless require sometimes a larger sometimes a smaller amount of money for their circulation as a result of changes in their exchange value. Mill notices that a part of the money existing in a country circulates while another part stagnates. By means of a very odd rule of averages he assumes that all the money present in a country is actually in circulation, although in reality it does not seem to be so. If one assumes that in a given country 10 million silver thaler circulate twice in the course of a year, then, if each thaler were used in only one purchase, 20 million could be in circulation. And if the total quantity of all forms of silver in the country amounted to 100 million, it may be supposed that the 100 million could be in circulation if each coin performed one purchase in five years. One could as well assume that all the money existing in the world circulated in Hampstead,a but that each portion of it performed one circuit in 3,000,000 years instead of, say, three circuits in one year. The one assumption is just as relevant as the other to the determination of the relation between the aggregate of commodity prices and the amount of currency. Mill is aware of the crucial importance of establishing a direct connection between the commodities and the whole stock of money—not just the amount

* L.c., pp. 128-36 passim.

a One of the 29 districts in London.—Ed.
of money in circulation—in a particular country at a given time. He admits that the whole of the goods of a country are “not exchanged at once” against the whole of the money, but says that separate portions of the goods are exchanged for various portions of money at different times throughout the year. In order to remove this incongruity he assumes that it does not exist. Incidentally, the whole concept of a direct confrontation between commodities and money and their direct exchange is derived from the movement of simple purchases and sales or from the function performed by money as means of purchase. The simultaneous appearance of commodities and money ceases even when money acts as means of payment.

The commercial crises of the nineteenth century, and in particular the great crises of 1825 and 1836, did not lead to any further development of Ricardo’s currency theory, but rather to new practical applications of it. It was no longer a matter of single economic phenomena—such as the depreciation of precious metals in the sixteenth and seventeenth centuries confronting Hume, or the depreciation of paper currency during the eighteenth century and the beginning of the nineteenth confronting Ricardo—but of big storms on the world market, in which the antagonism of all elements in the bourgeois process of production explodes; the origin of these storms and the means of defence against them were sought within the sphere of currency, the most superficial and abstract sphere of this process. The theoretical assumption which actually serves the school of economic weather experts as their point of departure is the dogma that Ricardo had discovered the laws governing purely metallic currency. It was thus left to them to subsume the circulation of credit money or bank notes under these laws.

The most common and conspicuous phenomenon accompanying commercial crises is a sudden fall in the general level of commodity prices occurring after a prolonged general rise of prices. A general fall of commodity prices may be expressed as a rise in the value of money relative to all other commodities, and, on the other hand, a general rise of prices may be defined as a fall in the relative value of money. Either of these statements describes the phenomenon but does not explain it. Whether the task set is to explain the periodic rise in the general level of prices alternating with a general fall, or the same task is said to be to explain the alternating fall and rise in the relative value of money compared with that of commodities—the different terminology has just as little effect on the task itself as a translation of the terms from
German into English would have. Ricardo's monetary theory proved to be singularly apposite since it gave to a tautology the semblance of a causal relation. What is the cause of the general fall in commodity prices which occurs periodically? It is the periodically occurring rise in the relative value of money. What on the other hand is the cause of the recurrent general rise in commodity prices? It is the recurrent fall in the relative value of money. It would be just as correct to say that the recurrent rise and fall of prices is brought about by their recurrent rise and fall. The proposition advanced presupposes that the intrinsic value of money, i.e. its value as determined by the production costs of the precious metals, remains unchanged. If the tautology is meant to be more than a tautology, then it is based on a misapprehension of the most elementary notions. We know that if the exchange value of $A$ expressed in terms of $B$ falls, it may be due either to a fall in the value of $A$ or to a rise in the value of $B$; similarly if, on the contrary, the exchange value of $A$ expressed in terms of $B$ rises. Once the transformation of the tautology into a causal relationship is taken for granted, everything else follows easily. The rise in commodity prices is due to a fall in the value of money, the fall in the value of money, however, as we know from Ricardo, is due to excessive currency, that is to say, to the fact that the amount of money in circulation rises above the level determined by its own intrinsic value and the intrinsic value of commodities. Similarly in the opposite case, the general fall of commodity prices is due to the value of money rising above its intrinsic value as a result of an insufficient amount of currency. Prices therefore rise and fall periodically, because periodically there is too much or too little money in circulation. If it is proved, for instance, that the rise of prices coincided with a decreased amount of money in circulation, and the fall of prices with an increased amount, then it is nevertheless possible to assert that, in consequence of some reduction or increase—which can in no way be ascertained statistically—of commodities in circulation, the amount of money in circulation has relatively, though not absolutely, increased or decreased. We have seen that, according to Ricardo, even when a purely metallic currency is employed, these variations in the level of prices must take place, but, because they occur alternately, they neutralise one another. For example, an insufficient amount of currency brings about a fall in commodity prices, the fall of commodity prices stimulates an export of commodities to other countries, but this export leads to an influx of money into the country, the influx of money causes again a rise in commodity
prices. When there is an excessive amount of currency the reverse occurs: commodities are imported and money exported. Since notwithstanding these general price movements, which arise from the very nature of Ricardo's metallic currency, their severe and vehement form, the form of crisis, belongs to periods with developed credit systems, it is clear that the issue of bank notes is not exactly governed by the laws of metallic currency. The remedy applicable to metallic currency is the import and export of precious metals, which are immediately thrown into circulation as coin, their inflow or outflow thus causing commodity prices to fall or to rise. The banks must now artificially exert the same influence on commodity prices by imitating the laws of metallic currency. If gold is flowing in from abroad, it is a proof that there is an insufficient amount of currency, that the value of money is too high and commodity prices too low, and bank notes must therefore be thrown into circulation in accordance with the newly imported gold. On the other hand, bank notes must be taken out of circulation in accordance with an outflow of gold from the country. In other words the issue of bank notes must be regulated according to the import and export of the precious metals or according to the rate of exchange. Ricardo's wrong assumption that gold is simply specie and that consequently the whole of the imported gold is used to augment the money in circulation thus causing prices to rise, and that the whole of the gold exported represents a decrease in the amount of specie and thus causes prices to fall—this theoretical assumption is now turned into a practical experiment by making the amount of specie in circulation correspond always to the quantity of gold in the country. Lord Overstone (Jones Loyd, the banker), Colonel Torrens, Norman, Clay, Arbuthnot and numerous other writers known in England as the "currency principle" school have not only preached this doctrine, but have made it the basis of the present English and Scottish banking legislation by means of Sir Robert Peel's Bank Acts of 1844 and 1845. The analysis of the ignominious fiasco they suffered both in theory and practice, after experiments on the largest national scale, can only be made in the section dealing with the theory of credit.* It is obvious however that Ricardo's theory,

* Investigation into the operation of the Bank Acts of 1844 and 1845 was conducted by a Committee of the House of Commons a few months before the onset of the general commercial crisis of 1857. In his evidence to the Committee, Lord Overstone, the theoretical father of these Acts, gave vent to the following piece of boasting: "By strict and prompt adherence to the principles of the Act of
which regards currency, the fluid form of money, in isolation, ends by attributing to increases and decreases in the amount of precious metals an absolute influence on bourgeois economy such as was never imagined even in the superstitious concepts of the monetary system. Ricardo, who declared that paper money is the most perfect form of money, was thus to become the prophet of the bullionists.

After Hume's theory, or the abstract opposition to the monetary system, had been developed to its extreme conclusions, Steuart's concrete interpretation of money was finally restored to its legitimate position by Thomas Tooke.* Tooke derives his principles not from some theory or other but from a scrupulous analysis of the history of commodity prices from 1793 to 1856. In the first edition of his *History of Prices*, which was published in 1823, Tooke is still completely engrossed in the Ricardian theory and vainly tries to reconcile the facts with this theory. His pamphlet *On the Currency*, which was published after the crisis of 1825, could even be regarded as the first consistent exposition of the views which Overstone was to set forth later. But continued investigation of the history of prices compelled Tooke to recognise that the direct correlation between prices and the quantity of currency presupposed by this theory is purely imaginary, that increases or decreases in the amount of currency when the value of precious metals remains constant are always the consequence, never the cause, of price variations, that altogether the circulation of money is merely a secondary movement and that, in addition to serving as medium of circulation, money performs various other functions in the real process of production. His detailed research does not

1844, everything has passed off with regularity and ease; the monetary system is safe and unshaken, the prosperity of the country is undisputed, the public confidence in the wisdom of the Act of 1844 is daily gaining strength; and if the Committee wish for further practical illustration of the soundness of the principles on which it rests, or of the beneficial results which it has assured, the true and sufficient answer to the Committee is, look around you; look at the present state of trade of the country, look at the contentment of the people; look at the wealth and prosperity which pervades every class of the community; and then, having done so, the Committee may be fairly called upon to decide whether they will interfere with the continuance of an Act under which these results have been developed." [Marx quotes in English.] Thus did Overstone blow his own trumpet on 14 July 1857, and on 12 November of the same year the miraculous Act of 1844 had to be suspended by the Cabinet on its own responsibility. [*The Evidence before the Select Committee of the House of Commons of 1857, on Bank Acts*, London, 1858, pp. 263-64.]

* That Tooke was quite unaware of Steuart's work is apparent from his *History of Prices from 1839 to 1847*, London, 1848, where he summarises the history of theories of money.
belong to the sphere of simple metallic currency and at this stage it is accordingly not yet possible to examine it or the works of Wilson and Fullarton, who belong to the same school of thought.* None of these writers take a one-sided view of money but deal with its various aspects, though only from a mechanical angle without paying any attention to the organic relation of these aspects either with one another or with the system of economic categories as a whole. Hence, they fall into the error of confusing money as distinct from currency with capital or even with commodities; although on the other hand, they are occasionally constrained to assert that there is a distinction between these two categories and money.** When, for example, gold is sent abroad, then indeed capital is sent abroad, but this is also the case when iron, cotton, corn, in short when any commodity, is exported. Both are capital and the difference between them does not consist therefore in the fact that one is capital, but that one is money and the other commodity. The role of gold as international means of exchange is thus due not to the distinctive form it has as capital, but to the specific function it performs as money. Similarly when gold or bank notes which take its place act as means of payment in domestic trade they are at the same time capital. But it would be impossible to use capital in the shape of commodities instead, as crises very strikingly demonstrate, for instance. It is again the difference between commodities and gold used as money and not its function as capital which turns gold into a means of payment.

* Tooke's principal work—apart from the History of Prices, which was published in six volumes by his collaborator Newmarch—is An Inquiry into the Currency Principle; the Connection of the Currency with Prices etc., 2nd ed., London, 1844. Wilson's book has already been quoted. There remains to be mentioned John Fullarton, On the Regulation of Currencies, 2nd ed., London, 1845.

** "We ought to distinguish between gold considered as merchandise, i.e. as capital, and gold considered as currency" (Tooke, An Inquiry into the Currency Principle etc., p. 10). [This quotation is in German, the two below are in English.] "Gold and silver may be counted upon to realise on their arrival nearly the exact sum required to be provided... Gold and silver possess an infinite advantage over all other description of merchandise ... from the circumstance of being universally in use as money... It is not in tea, coffee, sugar or indigo that debts, whether foreign or domestic, are usually contracted to be paid, but in coin; and the remittance, therefore, either in the identical coin designated, or in bullion which can be promptly turned into that coin through the Mint or market of the country to which it is sent, must always afford to the remitter the most certain, immediate, and accurate means of effecting this object, without risk of disappointment from the failure of demand or fluctuation of price" (Fullarton, l.c., pp. 132, 133). "Any other article" (apart from gold and silver) "might in quantity or kind be beyond the usual demand of the country to which it is sent" (Tooke, An Inquiry etc. [p. 10]).
Even when capital is directly exported as capital, e.g. in order to lend a definite amount on interest abroad, it depends on market conditions whether this is exported in the shape of commodities or of gold; and if it is exported as gold this is done because of the specific function which the precious metals perform as money in contradistinction to commodities. Generally speaking, these writers do not first of all examine money in its abstract form in which it develops within the framework of simple commodity circulation and grows out of the relations of commodities in circulation. As a consequence they continually vacillate between the abstract forms which money assumes, as opposed to commodities, and those forms of money which conceal concrete factors, such as capital, revenue, and so forth. *

* The conversion of money into capital will be examined in Chapter Three, which deals with capital and concludes this first section. 98
FROM THE PREPARATORY MATERIALS
INDEX TO THE 7 NOTEBOOKS

(TO THE FIRST PART)²⁹

[First Draft]

[M-23]

I) VALUE


II) MONEY


The 3 determinations of money VII, 35, 36 (Bailey).

(1) Money as measure

The denomination of paper money in terms of gold and silver, whether it is legally convertible or not, implies that it must be exchangeable for the quantity of gold or silver which it represents. As soon as it is no longer thus exchangeable, it is depreciated, with or without legal convertibility (Notebook I, pp. 8, 9). Gold and silver as money of account do not express any value, but merely fractional parts of their own substance. Their title is not that of a value: they constitute their own denominator (l.c., p. 9). (Hence nominally undepreciable.) Falls and rises in the value of gold and silver (Notebook I, 10) (VII, 29). On the denomination of values directly in labour time (I, 11, 12; 18, 19).

Translation of the commodity into money in the head. Money as money of account, as means of exchange (I, 13). Money of account
Money as means of exchange or simple circulation (I, 14, 15, 16) (17). Steuart (VII, 26).


Privilege of money to circulate at all times (VII, 49).

Circulation leading back to itself, in distinction from simple money circulation. Example (The Economist VII, 25). General remarks on this (VII, 29).


A mere rise in prices is not sufficient to create a demand for additional money (VII, 59. Fullarton).

Contradiction between money as means of circulation and equivalent (VII, 61). The English definition of when money is no longer full-weight (l.c.). Quantity of money in circulation determined (VII, 61).

The proportions in which the different metals serve as money in England (VII, 52) (The Economist).

M—C is easier to perform than C—M (52, VII, Corbet).


(Gold and silver as utensils. Jacob VII, 59.) Ibid. Fullarton (VII, 59, 60).

Money for payments and (Corbet VII, 52).

Dissolving effect of money (Free Tradeb VII, 59).

[M-25] (4) The precious metals as the material of money. Montanari. Fantasies about the "invention" of money (VII, 27).

Bailey (VII, 36). Copper, silver, gold (Buchanan VII, 37).

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a Livres of account.—Ed.

b [E. Misselden,] Free Trade. Or, the Meanes to Make Trade Flourish, p. 21.—Ed.
Depreciation of different kinds of money. Morrison VII, 55.

(5) The law of appropriation, as it appears in simple circulation

[M-26] (6) Transition from money to capital

III) CAPITAL IN GENERAL

Transformation of money into capital

(1) The production process of capital
(a) The exchange of capital with labour capacity

[M-27] (b) Absolute surplus value
(Ricardo VI, 12.) (Surplus labour. Steuart VII, 25 and 26.)

(c) Relative surplus value

(d) Primitive accumulation
(Presuppositions for the relation of capital and wage labour)

[M-28] (e) Inversion of the law of appropriation (Ricardo VI, 1, 2)
(VI, 37, 38).

(2) The circulation process of capital

[Second Draft]

[M-29] (1) Money as measure
When paper money is denominated in a metallic (in general, in any) standard, its convertibility is, whether legally or not, an economic law. The controversial questions concerning convertibility therefore become purely technical—how to ensure this convertibility, legal or not, etc. (Notebook I, p. 8). Hence the theory of the ideal standard, i.e. NO STANDARD AT ALL, held by the consistent adherents to convertibility (p. 9, ibid.) (p. 10).
Nominal undepreciability of money, not because it alone expresses an authentic value, but because it expresses no value at all; rather,
its price, what is called the mint price, is nothing more than the name for certain quantities of its own substance (I, 9).


Money is the exchange value of the commodities which exists independently alongside them and into which they must be converted (I, 13). Into a qualitatively different element. In this way, they become commensurable (I, 14) (I, 35).

The exchange value of commodities in money is determined by the labour time contained in them (I, 25) (I, 35). (How it actually takes place. Ibid.)

Price (I, 35) (36). As measure, money always serves as money of account, and as price the commodity is always transformed into money only notionally (I, 36) (Garnier l.c.). This notional transformation has nothing to do with the supply of money (l.c.) (38, I, Hubbard). The relation of prices to the value of money (I, 37).

Money as measure differs from money as means of circulation (Garnier, Storch I, 36) (I, 37). (Gouge. Measure in the American colonies VII, 27.) Scotland (VII, 38) (VII, 55. Wilson90). (Money among the ancient Germans. Wirth.)91

For money as measure its material presence is irrelevant, but it is conceived of as a substance (its material presence is essential in the imagination, not as a determination outside the commodity) (I, 41, 42) (43) (VII, 29 bottom) (30, 31 ibid.) (32, 33) (34) (35). Assignats (35). (Ideal measure.)


[M-30] As measure, money does not need to be invariable in value (Bailey VII, 35, 36).

Fixing the money of account (Müller VII, 36) (VII, 38).

Depreciation of the standard (VII, 55 Morrison).

Causes of the rise in the price of bullion above the mint price (Fullarton VII, 55) (VII, 61) (Macleod 1698), etc., (Notebook [p.] 2) sqq.92
(1) Notional transformation of commodities into money. So money is measure. The exchange value of commodities is expressed as price. So money becomes money of account. Labour time is the measure between money and commodity. How this takes place in reality.

(2) A definite quantity of this particular substance, which is as such therefore decisive, but only as imagined. Actual presence is of no consequence for this process; similarly, the quantity of money available. Money as measure can exist independently of money as actual means of exchange.

(3) As money of account, money acquires a universal social existence in the mint price; instead of the actual weight, the reckoning is done with its name. This is the mint price. Apparent non-depreciability of money. Depreciation. Appreciation.

(4) The laws very simple:
(a) If the value of money falls or rises, the money prices of commodities conversely rise or fall.
(b) The division must be fixed, i.e. definite quantities must always bear the same name. But if money is used as measure, variations in its value are of no consequence. Its mint price does not express any value, but only a quantity. This is theFixed standard.
(c) One metal must be the measure. No double standard.

(5) Historical survey on the Ideal Standard. Labour money, etc.

[M-31] (2) Money as means of exchange

Notebook I, 14, 15, 16 (first, notional transformation into money; then actual). (Transition from money as measure to money as means of exchange.)

Transcendental power of money I, 15. Fortuitousness of the convertibility of commodities into money. (I, 15 bottom and 16). Separation of purchase and sale (I, 16) (16, 17). Exchange value is a quality completely inherent in the commodities, simultaneously outside them.

Separation of purchase and sale (I, 39). (A multitude of apparent transactions is possible I, 40.) (Social estate of merchants I.c.) (Germ of crises I, 39. I, 40.) Absolute division of labour possible (I.c.) (cf. 17, 18) (I, 40). [To obtain the thing required,] money has only 1 exchange to make, commodities 2 (VII, 49). Corbet (VII, 52).

Money circulation and commodity circulation are inverse movements (I, 34) (I, 37). Distinction. Money remains in circulation (I, 40) (41)
(47) (\textit{marchandise} \textsuperscript{a} becomes \textit{denrée}, \textsuperscript{b} money as means of circulation does not).

\textit{The split-up nature of money circulation} (I, 34). (Distinction from bank circulation ibid.) (VII, 25). The quantity of turnovers. In circulation proper, money ceases to be a commodity (ibid. [I, 34]). \textit{Turnover of money}. Is means of circulation, has a circulation in its own right (l.c.). Commodities and money circulate each other. External moments determining money circulation (l.c.).

\textit{Circulation as total movement} (I, 38). (Here for the first time a social process appears as a social nexus in opposition to the individuals.) Formal character of simple circulation (II, 16, 17) (VII, 29).

\textit{The quantity of commodities and prices}. The commodities as prices are preposited to circulation. As prices, they are imagined as money not merely by the individual, but by all exchangers. We set out from the proposition that only equivalents are exchanged. But the determination of price always precedes the actual circulation process (I, 34). (Quantity of the circulating medium.)

\textit{Presupposition of circulation: Firstly, fixation of prices}. The commodities are assumed as determined in price. Secondly. Totality of exchanges (I, 34 bottom). As price, the commodity appears as a \textit{particular existence} of exchange value, alongside money as its universal adequate [existence] (I, 37). Properly speaking, money only circulates the titles of ownership (I, 37).


\textsuperscript{a} Commodity as an object of trade.— \textit{Ed.}

\textsuperscript{b} Commodity as an object of consumption.— \textit{Ed.}
Money a means to circulate the immovable (Bray, Free Trade, etc. VII, 59).

Circulation as a never-ending process (its form determination) (I, 39). (Germ of crises) (l. c.).

Form of circulation. C—M—C.

M—C—M (I, 40).

In C—M—C, money merely the means for exchanging the commodity (I, 44). As such, indifferent to the material of which it is composed (I, 44). Money becomes a representative of itself (l. c.). (Represents in the totality of circulation a greater quantity of silver and gold than it actually contains.) Distinction between money as realisation of prices and means of circulation (l. c.) (represents the prices of commodities in relation to one another). Because of this contradiction: effects of the counterfeiting of money, of merely symbolic money (I, 45, 46). Is money a commodity or not? (l. c.) productive or not? (l. c.) (Ferrier, A. Smith) (47). (Solly I, 47. Bartier or not?) (Means of production I, 47.)

Money as realising prices. Price exists outside the commodity; the commodity is perhaps not posited as price, etc. (I, 39) (44) (45). Money as means of circulation figures only as something to be alienated. Not for consumption (II, 4).

The wear of coin in circulation VII, 64. VII, 61.

Coin (II, 3). (Marking the material of money; money posited in the form of means of circulation is coin.) (Its use value now coincides with its form determination) (Storch VII, 50).

Changes in the circulating medium (gold, silver, copper; subsidiary coins) VII, 36, 37 (Buchanan 37). Excess of copper (ibid.) (The Economist VII, 52).

Determination of the value of the means of circulation simply by its quantity (VII, 37) (38) (Opdyke VII, 49) VII, 61.

[M-33] Money as money

Money as general commodity (I, 17).

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a [E. Misselden,] Free Trade. Or, the Meanes to Make Trade Florish.—Ed.
Money as objectified social nexus (I, 21). Social pledge (Aristotle calls it surety) (I, 22).


Use of gold as an article of luxury (I, 26, see Jacob, Notebook V, 1495). During the Middle Ages, conversion of plate into money and conversely.


Money an imperishable value through a negative relation to circulation (VI, 28).

"MONEY—...AN ADEQUATE EQUIVALENT FOR ANY THING ALIENABLE" Steuart I. c., Vol. I, [1770], p. 32.


Material of the GENERAL COMMODITY OF CONTRACTS (Bailey VII, 35). As such, variations in its value are important VII, 36.


Petition of the Cortes VII, 44.


Money as international means of payment (Fullarton, etc. VII, 59, 60, 61).

Money as means of payment VII, 52. VII, 50 (II, 7).

M—C—M (I, 40) (41) (I, 47).

Money as the unity of measure and means of circulation, comes out of circulation. Material representative of wealth (I, 41) (42).

As product of circulation (I, 48).

Money as universal exchange value become independent I, 48. II, 1.

Money as object of the quest for enrichment (II, 1, 2).

Individualised exchange value II, 2-3.

Money and community (II, 3).

Money in contrast to coin strips off the local character (II, 3). World coin (l. c.) (II, 4).

Money. Negation of its determination as means of circulation and measure (II, 4, and their unity l. c.).

Apocalypse (II, 7).

Difficulty of grasping money in its 3rd determination (II, 8).

"With the exception of Mexican dollars, in which the produce of the South American silver mines is mainly distributed, the IMPERIALS OF RUSSIA, in which the produce of the Asiatic provinces is adding to the GENERAL SUPPLY of the precious metals, and the English sovereigns, on which no SEIGNORAGE is charged, the
instances are rare in which, unless depreciated by paper money, coins are sent abroad to supply foreign payments” (Tooke [A History of Prices, and of the State of the Circulation, from 1839 to 1847 inclusive, London, 1848, p. 226]).

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[CHAPTER TWO, MONEY]

[2] MONEY AS MEANS OF PAYMENT]

[...] [B'-1] obtains. Every peculiarity of the relation between the two [parties to the exchange] has been obliterated (exchange value as such, the general product of the social circulation, is here alone involved), and similarly all the political, patriarchal and other relationships stemming from the particularity of the relation. Both relate to each other as abstract social persons, merely representing exchange value as such before each other. Money has now become the sole nexus rerum between them, money sans phrase. The peasant no longer confronts the landowner as a peasant with his rural product and his rural labour, but as the money owner, for through the sale the immediate use value has been alienated and has assumed an indifferent form through the medium of the social process. On the other hand, the landowner no longer regards him as an uncouth individual producing means of subsistence in peculiar living conditions, but as one whose product—exchange value become independent, the universal equivalent, money—is no different from anyone else's product. Thus, the idyllic aura that covered up the transaction in its previous form is dispelled.

The absolute monarchy, itself already a product of the development of bourgeois wealth to a level incompatible with the old feudal relationships, is—in accordance with the uniform general power which it must be able to exercise at every point of the periphery—in need of a material instrument of that power: the universal equivalent, wealth in its constant battle-ready form in which it is completely independent of particular local, natural, individual relations. It needs wealth in the form of money. A system of services and deliveries in kind tends to impart, in accordance with their specific character, a particular character to their use as well. Money is alone capable of being immediately
converted into any particular use value. So the absolute monarchy is actively engaged in converting money into the universal means of payment. That can be done only through forced circulation, which makes products circulate at below their value. For the absolute monarchy, the conversion of all taxes into money taxes is a vital matter. So, whereas the conversion of [feudal] services into money services at an earlier stage appears as the shedding of relationships of personal dependence, as a victory of the bourgeois society, which buys its way out of the shackling fetters with cash—a process which, on the other hand, appears from the romantic viewpoint as a substitution of hard and insensitive money relationships for mankind’s motley ties—in the epoch of the rising absolute monarchy, whose art of finance consists in the forcible conversion of commodities into money, money is itself attacked by bourgeois economists as imaginary wealth to which natural wealth is being forcibly sacrificed. So, whereas Petty, for instance, actually celebrates in money, as the material for hoarding, merely the general energetic drive for enrichment of the young bourgeois society in England, Boisguillebert, in the reign of Louis XIV, denounces money as the universal curse which causes the development of the real sources of the production of wealth to run dry, and whose dethronement alone can restore to the world of commodities, the true wealth and its general enjoyment, its good old rights. He could not as yet comprehend that the same black art of finance which threw men and commodities into the alchemistic retort in order to make gold, simultaneously caused all the relationships and illusions hemming the bourgeois mode of production to be vaporised, to leave simple money relationships, common exchange-value relationships, as a residue.

“In feudal time cash payment had not grown to be the sole nexus of man to man. Not as buyer and seller alone, but in many senses still as soldier and captain, as loyal subject and guiding king, etc. was the low related to the high. With the supreme triumph of cash, a changed time has entered” (Th. Carlyle, On Chartism, London, 1840, p. 58).

Money is “impersonal” property. I can carry it around with me in my pocket as the universal social power and the universal social nexus, the social substance. Money puts social power as a thing into the hands of the private person, who as such uses this power.

\(^a\) W. Petty, Several Essays in Political Arithmetick, pp. 178-79 and 196.—Ed.

The social nexus, the social exchange of matter, itself appears in money as something entirely external, not having any individual relation at all to its possessor, so that the power he wields appears to be something quite incidental and external to him.

[B'-2] Without any further anticipation, this much is clear: With the development of the credit system there is an extraordinary spread of buying on time. To the extent that the credit system is developed, and hence production based on exchange value, the role of money as means of payment will increase, as compared with its role as means of circulation, as agent of purchase and sale. In countries with a developed modern mode of production, and therefore a developed credit system, money as specie effectively figures almost exclusively in retail trade and in petty trade between producers and consumers, while in the sphere of large-scale trading transactions it appears almost exclusively in the form of the universal means of payment. In so far as the payments are in balance, money appears as a transient form, a merely notional, imaginary measure of the exchange magnitudes of value. Its bodily involvement is confined to the settlement of relatively insignificant balances.*

* "To prove how little," says Mr. Slater (of the firm of Morrison, Dillon et Co, whose transactions are amongst the largest of the metropolis) "of real money enters into the operations of trade", he gives an "analysis of a continuous course of commercial transactions, extending over several millions yearly, and which may be considered as a fair example of the general trade of the country. The proportions of receipts and payments are reduced to the scale of £1,000,000 only, during the year 1856, and are as under, viz.:

<table>
<thead>
<tr>
<th>Receipts</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>In bankers’ drafts and mercantile bills</td>
<td>533,596</td>
</tr>
<tr>
<td>of exchange, payable after date</td>
<td></td>
</tr>
<tr>
<td>In cheques of bankers etc. payable on demand</td>
<td>357,715</td>
</tr>
<tr>
<td>In country banknotes</td>
<td>9,627</td>
</tr>
<tr>
<td>Bank of England notes</td>
<td>68,554</td>
</tr>
<tr>
<td>Gold</td>
<td>28,089</td>
</tr>
<tr>
<td>Silver and copper</td>
<td>1,486</td>
</tr>
<tr>
<td>Post-office orders</td>
<td>933</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£1,000,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bills of exchange payable after date</td>
<td>302,674</td>
</tr>
<tr>
<td>Cheques on London bankers</td>
<td>663,672</td>
</tr>
<tr>
<td>Bank of England notes</td>
<td>22,743</td>
</tr>
<tr>
<td>Gold</td>
<td>9,427</td>
</tr>
<tr>
<td>Silver and copper</td>
<td>1,484</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£1,000,000</strong></td>
</tr>
</tbody>
</table>

p. LXXI (Report from the Select Committee on the Bank Acts etc. 1 July 1858.) [Marx quotes in English.]
The development of money as the universal means of payment goes hand in hand with the development of a higher, mediated form of circulation—that returns upon itself and that has already been taken under social control—in which the exceptional importance that money has on the basis of the simple metallic circulation, as it does, for instance, in hoarding in the strict sense of the term, is transcended. But then, if sudden credit upheavals should interrupt the mutual settlement of payments and upset the payments mechanism, it is money that is suddenly in demand as the real universal means of payment, with the requirement that the whole volume of wealth should have a two-fold existence: once as commodity and again as money, so that these two modes of existence are identical to each other. At such moments of crisis, money appears as exclusive wealth, which is manifested as such not in some merely imaginary depreciation, as it does in, say, the monetary system, but in the active depreciation of all real wealth. With respect to the world of commodities, value then continues to exist only in its adequate exclusive form—as money.

The further elaboration of this point is here irrelevant. What is relevant, however, is that moments of monetary crises proper bring out a contradiction that is immanent to the development of money as the universal means of payment. It is not as a measure that money is demanded in such crises, since as such its corporeal presence is a matter of indifference; nor is it as coin, for it does not figure as such in payments; but it is demanded as exchange value become independent, as a materially present universal equivalent, as the embodiment of abstract wealth; in the form, that is, in which it is the object of hoarding in the strict sense of the term, as money. Its development as the universal means of payment shrouds the contradiction that exchange value has assumed forms independent of its mode of existence as money; and on the other hand, its mode of existence as money is posited precisely as the definitive and solely adequate one.

In consequence of the balancing out of payments and their cancellation of each other as positive and negative amounts, money, as means of payment, can appear as a merely notional form of commodity, as in the case with its being the measure [of value], and in its functioning in the formation of prices. The collision occurs from the fact that—contrary to the arrangement, contrary to the general assumption of modern trade, and whenever the mechanism of these mutual cancellations and the credit system on which it partly rests are disrupted—it must instantly be present and to hand in its real form.
The law that the mass of money in circulation is determined by the aggregate price of the commodities in circulation is now supplemented as follows: by the aggregate price of the payments falling due in the given period and the economy practised in effecting them.

[B'-3] We have seen that the change in the value of gold and silver does not affect their function as measure of value, as money of account. By contrast, this value change becomes crucially important for money in its function as means of payment. What is to be paid is a determined quantity of gold or silver in which a determined value, i.e. a determined labour time, was objectified by the time the contract was concluded. But, like all other commodities, gold and silver change the magnitude of their value with the change in the labour time required for their production, falling or rising in value as it falls or rises. Therefore, in the event that the realisation of the sale on the part of the buyer occurs later in time than the alienation of the sold commodity, the same quantity of gold or silver may contain a different, a greater or lesser, value than at the conclusion of the contract. Gold and silver retain their specific quality of money, that of always being the realised and realisable universal equivalent, of always being exchangeable for all the commodities to the extent of their own value, regardless of any change in the magnitude of their own value. However, the latter is, potentialiter, subject to the same fluctuations as is the value of any other commodity. Consequently, whether payment is effected in a real equivalent, i.e. in the initially anticipated value magnitude, depends on whether or not the labour time required for the production of the given quantity of gold or silver has remained the same. The nature of money, as incarnated in a specific commodity, here comes into collision with its function of exchange value become independent. The great revolutions in all economic relationships which, in the 16th and 17th centuries, for instance, were caused by the fall in the value of the precious metals, or a similar but smaller-scale revolution in the ancient Roman Republic in the period between [the first silver denarius in 485 ab urbe condita] and the start of the Second Punic War caused by the rise in the value of copper, in which the plebeians' debts were contracted, are well known. A demonstration

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a In the manuscript, “Gesamtpreis” (aggregate price) is written over the word “Gesamtsumme” (sum-total).—Ed.
b A hiatus in the manuscript. The text in square brackets is based on analogous passages in the 1857-58 manuscript (see present edition, Vol. 28, p. 119, and this volume, p. 212).—Ed.
of the influence of a rise or fall in the value of the precious metals, the material of money, on economic relationships implies an analysis of these relationships themselves, and so is not yet feasible at this point.

What is self-evident is that the fall in the value of the precious metals, i.e. of money, always goes to benefit the payer at the expense of the payee, and a rise in their value, the other way round.

The complete reification [Versachlichung], externalisation of the social exchange of matter on the basis of exchange values is strikingly manifested in the dependence of all social relationships on the production costs of metallic objects of natural origin which have no significance at all as instruments of production, as factors in the creation of wealth.

3) MONEY AS INTERNATIONAL MEANS OF PAYMENT AND PURCHASE, AS WORLD COIN

Money is the universal commodity, if only because it is the universal form which every particular commodity notionally or actually assumes.

As treasure and universal means of payment, money becomes the universal means of exchange on the world market, the universal commodity not only in concept, but also in mode of existence. The particular national form which it acquires in its function as coin is stripped from it in its existence as money. As such it is cosmopolitan.* Since a social exchange of matter can occur through the involvement of gold and silver—which are use values for the needs of enrichment, abstract wealth independent of any particular requirements—even if only one nation [B'-4] is immediately in need of the use values of another, gold and silver tend to become exceptionally effective agents in the creation of the world market, and in the extension of the social exchange of matter across any local, religious, political and racial distinctions. Even among the ancients, the hoarding by the State is significant as a reserve fund mainly for international means of payment, as a battle-ready equivalent in the event of crop-failures, and as a source of subsidies in time of war (Xenophon³). The great role of

* The ancients were quick to note this cosmopolitan character of money: “What is his homeland, what is his tribe? He is a rich man.” ⁹⁷
³ Xenophon, De vectigalibus, IV, 9.— Ed.
American silver as a link between America, from which it went to Europe as a commodity, thence to be exported as a means of exchange to Asia, especially India, there mostly to precipitate in the form of treasure, was the fact whose observation marked the start of the scientific struggle over the monetary system, since it led to the East India Company’s fight against the prohibition in England of the export of money (see Misselden*).

In so far as gold and silver merely serve as means of exchange in this international commerce, they in fact perform the function of coin, but a coin stripped of its stamp, and one which, whether it exists in the form of coin or bar, is estimated only according to its metallic weight, and not only represents value, but is simultaneously such. That gold and silver in this determination of world coin do not, however, necessarily perform a circular movement, as they do in their capacity as coin proper, but may one-sidedly continue to act in such a way that one of the parties to the exchange always remains the buyer and the other always the seller, is also one of those observations which immediately suggested themselves in the infancy of the bourgeois society. Hence, the exceptionally important role the discovery of new gold- and silver-producing lands has to play in the history of the development of the world market, both in breadth and in depth, since the use value they produce, instantly the universal commodity, on the other hand, also immediately imparts to them together with the possibility, in virtue of the abstract nature of their product, the necessity of commerce based on exchange value.

Just as with the development of productive relations in general, money develops as means of payment within a given national circle of the bourgeois society, so it also develops in its determination as international means of payment. But as in that narrower, so in this wider circle, its importance stands out strikingly only when the mechanism of the mutual settlement of payments is disturbed. The development of money in this determination has increased to such an extent since 1825—an increase which has, naturally, kept in step with the expansion and intensity of international commerce—that even the most outstanding economists of the preceding epoch, Ricardo, for example, still had no inkling at all of the volume in which ready money could be required as international means of payment for a nation such, for instance, as

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England. Whereas specific requirement in the specific use value in which the exchange value is incarnated is the prerequisite for exchange value in the guise of any other commodity, there is no such limitation for gold and silver as abstract wealth. Like the noble man of whom the poet dreams,\(^a\) gold (or silver) pays with what it is, and not with what it does. The possibility of functioning as means of purchase and means of payment is, naturally, always latent in it. Like the inert, assured being of the universal equivalent in which it is treasure, in no country is it limited by the need of it as means of circulation, by the volume in which it is required as means of circulation, or by any other need of its immediate use whatsoever. Its use value, abstract and purely social in itself, which it derives from its function of means of circulation, itself once again appears as some special aspect of its use as the universal equivalent, the material of abstract wealth in general. From its specific use value as metal, and hence as raw material for manufacturing, stems the totality of the various functions it can alternately fulfil within the social exchange of matter or in the performance of which it itself assumes the various forms of coin, bar, etc., thereby presenting itself as so many use values all of which reduce themselves to the various forms in which gold and silver as the abstract and therefore adequate being of exchange value as such confronts its being in some particular commodity.

Here we have to consider money only in its abstract determinations of form. The laws regulating the distribution of precious metals on the world market imply economic relationships in their most concrete form, something that still lies ahead of us. The same applies to all the circulation of money which it performs as capital, and not as universal commodity or universal equivalent.

On the world market, money is always realised value. What makes it a magnitude of value lies in its immediate materiality, in the weight of the precious metal. When it appears as coin, its use value coincides with its use merely as means of circulation, and so can be replaced by a mere symbol. As world coin, it is effectively demonetised. The externality and the establishment of the independence of the social nexus in money with respect to individuals in their individual relations clearly stand out in gold and silver [B-5] as world coin (still national as coin). (Here money appears in effect as their [the individuals'] community existing as a physical object outside them.) Indeed, what the early forerunners of

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\(^a\) An apparent reference to Goethe's "Das Göttliche", which opens with the line: "Let man be noble." — Ed.
political economy in Italy* celebrated was precisely this excellent invention which made a general exchange of matter in society possible without any individual contacts. As coin, money has a national, local character. If, as gold and silver, it is to serve as international means of exchange, it has to be melted down, and if it exists in the form of coin, this form is irrelevant, and the coin is reduced to its pure weight. In the most developed international system of exchange, gold and silver reappear in exactly the same form in which they already figured in primitive barter. As means of exchange, gold and silver, like the exchange itself, do not initially appear within the confines of some social community but at the point where it ends, on its border, at the few points of its contact with other communities. It appears to be posited, therefore, as the commodity as such, as the universal commodity which everywhere preserves its character of wealth. From the standpoint of this determination of form, its importance is similar in all places. So it is the material representative of universal wealth. In the mercantile system, for that reason, gold and silver are regarded as measure of the power of different communities.

“So soon as the precious metals become objects of commerce, an universal equivalent for everything, they become also the measure of power between nations.” Hence the mercantile system (Steuart [An Inquiry into the Principles of Political Economy, Vol. I, Dublin, 1770, p. 327]).

The determination of money—that of serving as international means of exchange and means of payment—is in effect not some kind of new determination in addition to its determination of being money in general, a universal equivalent and so both treasure and means of payment. The determination of universal equivalent contains the determination of money as universal commodity, in which capacity, it is true, money is realised only as world coin. In general, it is as international means of payment and means of exchange that gold and silver (as has been mentioned) first appear as money, and it is precisely from this appearance of theirs that the concept of them as a universal commodity is abstracted. The national, political limitation formally set on money generally as a measure (through the establishment of a measuring unit and its division into parts) which in coin may extend even to its content whenever the value tokens issued by the State are substituted for the real metal, all of this historically put in a later appearance than that form in which money appears as universal

* A reference, among others, to Geminiano Montanari, Antonio Genovesi and Ferdinando Galiani. See this volume, p. 165.—Ed.
commodity, as world coin. But why? Because here it generally appears in its concrete form of money.

To be measure and to be means of circulation are functions of money in the performance of which it assumes special forms of being only through these functions later becoming independent. Take, first, coin: initially it is nothing but a determinate weight-part of gold; the stamp is added as guarantee, as denominator of weight, so that it does not change anything yet; the stamp, the façon, i.e. the indicator of value, becomes an independent sign, a symbol of value and, through the mechanism of circulation itself, becomes substance instead of form; at this point, the State has to intervene because such a token must be guaranteed by society’s power become independent, by the State. But in actual fact, money operates in circulation precisely as money, as gold and silver; being coin is merely its function. In this function it is particularised and can be sublimated into a pure token of value which, as such, requires legally established and legally enforced recognition.

Second, take measure. Initially, the measuring units of money and their subdivisions are in fact mere weight-parts of money as metal; as money, it has the same measuring unit that it has as weight. The only difference is that as soon as the nominal value of these minted pieces of metal corresponding to the weight subdivisions begins to separate from the real value, the measure-serving subdivisions of gold and silver as gold and silver are separated from their measure-serving subdivisions as money; with the result that determinate weight-parts of the metal, to the extent that they function as measures of value, obtain their own names in this function.

So, in world trade, gold and silver are estimated only according to their weight, without regard to their stamp; in other words, there is an abstraction from them as coins. In international trade, they appear entirely in the form or formlessness in which they initially appeared, and wherever they serve as means of exchange, they also simultaneously serve as equivalent value, as realised price, as real equivalent, as they had initially served in internal circulation. Wherever they serve as coin, as mere means of exchange, therefore, they simultaneously also serve as full-fledged representative of value. Meanwhile, their other functions remain the same in which they serve as money in general, as the form of treasure (be it as materially assured stock of means of subsistence for the future or as wealth in general) or as universal means of payment independent of the immediate wants of the exchangers
and meeting only their general want or even the absence of any. As inert adequate equivalent which can be withheld from circulation, because it is not the object of any definite want, money is [B '6] stock, assurance of means of subsistence for the future in general: it is the form in which wealth is possessed by the want-free, i.e. in which the surplus, the part of wealth not immediately required as use value, is held, etc., It is assurance of future wants to the same extent as the form of wealth going beyond the bounds of want.

Hence, the form of money as international means of exchange and payment is, in fact, not some particular form of it, but only one of its uses as money; the functions in which it most strikingly functions in its simple and simultaneously concrete form as money, as a unity of measure and means of circulation, and simultaneously as neither. This is its most primitive form. It appears as a particular form only alongside the particularisation which money can assume in the so-called internal circulation as measure and coin.

In this character, gold and silver have an important role to play in creating the world market. Thus, the circulation of American silver from West to East; the metallic bond between America and Europe, on the one hand, and between America and Asia, Europe and Asia, on the other, since the beginning of the modern epoch... As world coin, money is essentially indifferent to its form of means of circulation, while its material is all-important. It does not appear for exchanging the surplus, but for balancing out the surplus in the overall process of international exchange. Here, the form directly coincides with its function of being commodity, as commodity that has currency in all places, as universal commodity.

It is a matter of indifference whether money here circulates in minted or unminted form. Mexican dollars and Imperials of Russia are merely a form of the product of South American and Russian mines. The English sovereign serves in the same way, since it pays no seignorage (Tooke [A History of Prices, and of the State of the Circulation, from 1839 to 1847 inclusive, London, 1848, p. 226]).

What is the relation between gold and silver and their direct producers in the countries where they are an immediate product, the objectification of a particular type of labour? In their hands, gold and silver are produced directly as commodity, i.e. as a use value which has no use value for its producer, but becomes such for him only through its alienation, through its being thrown into circulation. In his hands, it can only be treasure, because it is not the product of circulation, it has not been extracted from it, but
has yet to enter it. It has first to be exchanged directly, in accordance with the labour time it contains, for other commodities alongside of which it exists, however, as a particular commodity. But, on the other hand, since it simultaneously has significance as a product of general labour, as its personification, which it is not as immediate product, it puts its producer in the privileged position of instantly appearing as buyer, instead of seller. In order to use the mined gold as money, he has to alienate it as a direct product, without being in need of the mediation required by the producer of any other commodity. He is a seller even in the form of buyer.

The delusion that money as universal wealth satisfying all wants can be pulled up by the ears directly from earth or river-bed is illustrated, for instance, in a naïve form in the following anecdote:


Money transmitted as gold [or silver], in the form of [gold or] silver, can always be reconverted into means of circulation.

"MONEY HAS THE QUALITY OF BEING ALWAYS EXCHANGEABLE FOR WHAT IT MEASURES" (Bosanquet [Metallic, Paper, and Credit Currency, London, 1842, p. 100]).


In the 16th century, in the infancy of the bourgeois society, gold and silver attracted the keen interest of States and the emergent political economy mainly as international money. The specific role which gold and silver play in international commerce was once again made perfectly clear and once again recognised by economists after the great gold outflows and crises of 1825, 1839, 1847 and 1857. Here gold is the absolute and exclusive international means of payment, value-for-itself, the universal equivalent. Value must be transmitted in specie, it cannot be transmitted in any other form of merchandise.

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a Tooke has "Gold".— Ed.
"GOLD AND SILVER ... MAY BE COUNTED UPON TO REALISE ON THEIR ARRIVAL [TO THE CREDITOR] NEARLY THE EXACT SUM REQUIRED TO BE PROVIDED..." "GOLD AND SILVER POSSESS AN INFINITE ADVANTAGE OVER ALL OTHER DESCRIPTIONS OF MERCHANDISE FOR SUCH OCCASIONS, FROM THE CIRCUMSTANCE OF THEIR BEING UNIVERSALLY IN USE AS MONEY" [J. Fullarton, On the Regulation of Currencies, 2nd ed., London, 1845, pp. 132-33].

(Hence Fullarton is aware that value is transmitted in gold and silver as money, and not as commodities, that [B '7] it is their specific function as money, and therefore he is wrong in saying that they are transmitted as capital, and so already introducing irrelevant relations. Capital can also be transmitted in the form of rice, twist, etc.)

"IT IS NOT IN TEA, COFFEE, SUGAR, OR INDIGO THAT DEBTS, WHETHER FOREIGN OR DOMESTIC, ARE USUALLY CONTRACTED TO BE PAID, BUT IN COIN; AND A REMITTANCE, THEREFORE, EITHER IN THE IDENTICAL COIN DESIGNATED, OR IN BULLION WHICH CAN BE PROMPTLY TURNED INTO THAT COIN THROUGH THE MINT OR MARKET OF THE COUNTRY TO WHICH IT IS SENT, MUST ALWAYS AFFORD TO THE REMITTER THE MOST CERTAIN, IMMEDIATE, AND ACCURATE MEANS OF EFFECTING HIS OBJECT, WITHOUT RISK OF DISAPPOINTMENT FROM THE FAILURE OF DEMAND OR FLUCTUATION OF PRICE" (Fullarton, i.e., pp. 132-33).

"ANY OTHER ARTICLE" (which is of interest as a particular use value that is not money) "MIGHT IN QUANTITY OR KIND BE BEYOND THE USUAL DEMAND IN THE COUNTRY TO WHICH IT IS SENT" (Th. Tooke, An Inquiry into the Currency Principle etc., 2nd ed., London, 1844 [p. 10]).

The economists’ reluctance to recognise money in this determination is a survival of the old polemic against the monetary system.

Money as universal international means of purchase and payment is not a new determination at all. Indeed, it is merely the same money in a universality of appearance which corresponds to the universality of its concept; it is, in fact, its most adequate mode of existence in which it manifests itself as universal commodity.

Depending on the various functions fulfilled by money, one and the same piece of money can change its place. Today, it can be coin, and tomorrow, money, i.e. inert equivalent, without changing its outward form of being. As the concrete existence of money, gold and silver thereby differ essentially from the token of value by which they can be substituted in the internal circulation: gold and silver coins can be melted down into bars, and thus preserve their indifferent form with respect to their local character as coin, or serve only as metallic weight, if they are transformed into money in the form of coin. They can, therefore, become raw material for articles of luxury, or be hoarded, or wander abroad as international means of payment, where they can again be
converted into the form of the national coin, into any national coin. They retain their value in any of these forms.

That does not happen to a token of value. It is a token only where it is regarded as such, and it is regarded as such only where it is backed by the State power. That is why it is tied down to circulation and cannot revert to the indifferent form in which it is always value itself, with the possibility of assuming any national stamp or, indifferent to the latter, of serving in its immediate form of being as means of exchange and material for hoarding, or even of being converted into a commodity. It is not tied to any of these forms but assumes any one, depending on the want or the trend in circulation. To the extent that, as a particular commodity, it is not fashioned into articles of luxury, it exists above all in relation to circulation, and not only to internal, but also to world circulation, while always existing in an independent form and resisting absorption by it. Coin, isolated as such, i.e. as mere value token, exists only through and in circulation. Even when hoarded, it [value token] can be accumulated only as coin, because its power ceases at the country's borders. Apart from the forms of hoarding which arise from the process of circulation itself, and are, strictly speaking, merely the latter's points of rest, namely, apart from the formation of a stock of coin designated for circulation or a reserve for payments made in the same national coin, there can here be no question at all of any hoarding, i.e. of hoarding in the true sense of the word, because coin as a token of value lacks the essential element of hoarding, which is being not merely a symbolic value, but, apart from its social function, the immediate being of value itself, wealth, irrespective of any definite social nexus. That is why the laws which stipulate the token of value as such do not stipulate metallic money, because it is not tied to the function of coin.

It is clear, furthermore, that hoarding, i.e. the withdrawal of money from circulation and its collection at definite points, is multiform: a temporary piling up stemming from the simple fact of the separation of purchase and sale, i.e. from the immediate mechanism of the simple circulation itself; its piling up stemming from the function of money as means of payment; and finally, hoarding proper seeking to hold on to money and preserve it as abstract wealth or, at any rate, as an excess of the available wealth over the immediate want of it and as a guarantee for the future or as something that can hamper the unwitting blockage of circulation. The latter forms, under which [B'-8] the achievement of independence, the adequate being of exchange value is already
seen only in its immediate reified form of gold, tend increasingly to disappear in the bourgeois society. By contrast, the other forms of hoarding which spring from the mechanism of circulation itself and which are the conditions for money's fulfilling its functions are developed to a greater extent, although they assume a different form which is to be considered in the section on the banking system.

However, the simple metallic circulation shows that as a result of the various determinations in which money functions, or as a result of the process of circulation, the social exchange of matter, the available gold and silver precipitate in various forms as inert hoard, but in such a way that, while a part of the money existing as such hoard keeps changing its elements, with a constant change on the surface of the society in the portions of money which perform this or that function, passing from the hoard to circulation (national or international), being absorbed from circulation by reservoirs of hoard or fashioned into articles of luxury, the functioning of money as means of circulation is, nevertheless, never limited in consequence of these precipitations. The export or import of money alternately depletes or replenishes these various reservoirs, something that also results from the rise or fall in the aggregate price in the internal circulation, without the mass of money required for circulation itself rising above its mass or falling below it, because of the excess of gold and silver. That which is not required as means of circulation is withdrawn as hoard, just as hoard is absorbed by circulation as soon as it is required. That is why, among peoples with a purely metallic circulation, hoarding will be found in various forms, from individual to State, with the latter keeping watch over its State treasury. In the bourgeois society, this process is reduced to meeting the demands of the overall process of production and assumes other forms. It appears as a special business which was engendered by the division of labour in the overall process of production, and which is carried on, at the more naive stages of development, partly as the business of all private persons, and partly as the business of the State. Still, the basis remains the same; there is a constant functioning of money in various developed functions and even in the purely illusory one.

This consideration of the purely metallic circulation is all the more important, since all the speculations of the economists over the higher, more mediated forms of circulation depend on the view of the simple metallic circulation. It goes without saying 1) that when we speak of an increase or decrease of gold and
silver, it is always presupposed that the value of the gold and silver remains the same, i.e. the labour time required for their production has not changed. The fall or rise in the magnitude of their value as a result of a fall or rise in the labour time required for their production is not some kind of peculiarity that distinguishes them from other commodities, however much that may harm their function as means of payment. 2) The motives which—apart from the fall and rise of prices and apart from the need to purchase commodities from sellers not requiring any commodities in return (as in time of famine or war)—open up the hoards or fill them up again, i.e. the operation of the interest rate, cannot be considered here where money is still being regarded as money, and not as a form of capital.

So, the mass of gold and silver present in a country must be and always will be, on the basis of the simple metallic circulation, and general trade resting on ready money, greater than the mass of gold and silver circulating as coin, although the relationship between the portion of money functioning as money and that functioning as coin will change in quantity, and the same money can alternately fulfil either function precisely as there is a change in the quantity and a substitution of each other in quality by the portions of money serving for national and international circulation. However, the mass of gold and silver is a constant reservoir for both streams of circulation, an outlet and inlet for them, serving as an inlet precisely because it serves as an outlet.

As exchange value, every commodity, however indivisible its use value, such as the use value of a house may be, can be divided into any number of parts. In its price, it exists as such a divisible exchange value, i.e. as value assessed in money. So it can be alienated in any way, piece by piece, for money. However immovable and indivisible, the commodity can, therefore, be thrown into circulation piece by piece, through the title to property [B'-9] in its several parts. Thus, money has an eroding effect on immovable, indivisible property.

"Money is a means by which property can be split up into innumerable fragments and devoured piecemeal through exchange" (Bray [Labour's Wrongs and Labour's Remedy, Leeds, 1839, pp. 140-41]).

Without money there would be a mass of inexchangeable, inalienable objects, because money alone gives these objects an existence that is independent of the nature of their use value and its relations.
"When immovable and immutable things came to be in commerce amongst men, as well as things which were movable and made for change, money came into use as the rule and measure (SQUARE) whereby these things received estimation and value" ([E. Misselden,] Free Trade, London, 1622 [p. 21]).


Indeed, all the determinations in which money appears—standard of value, means of circulation, and money as such—merely express the different relationships in which individuals take part in overall production or relate to their own production as social production. But these relations of individuals to each other appear as social relations of things.

"In 1593 the Cortes sent the following petition to Philip II: 'The Cortes of Valladolid requested Your Majesty in 1586 not to permit the further importation into this kingdom of candles, glassware, jewellery, knives and similar articles coming from abroad, which, though they are of no use to human life, have to be exchanged for gold, as though the Spaniards were Indians'" (Sempéré [Considérations sur les causes de la grandeur et de la décadence de la monarchie espagnole, Vol. I, pp. 275-76]).

"All hide and secretly bury their money deep in the ground, especially gentiles" (non-Moslems) "who are almost the sole masters of trade and money, being held in thrall to the belief that the gold and silver they hide during their lifetime will serve them after their death" (François Bernier, Voyages contenant la description des états du Grand Mogol etc., Vol. I, Paris, 1830, p. 314). (At the Court of Aurangzeb.)

"These have one mind, and shall give their power and strength unto the beast... And that no man might buy or sell, save he that had the mark, or the name of the beast, or the number of his name" (Apocalypse b Vulgate).

"The great and ultimate effect of trade is not wealth at large, but preferably abundance of silver and gold... which are not perishable, nor so mutable as other commodities, but are wealth at all times and in all places."

(Their imperishable character consists, therefore, not only in the imperishableness of their material, but in that they always remain wealth, i.e. always abide in a definite form of exchange value.)

"Abundance of wine, corn, fowls, flesh, etc., are riches but hic et nunc" (depending upon their particular use value), "so as the raising of such commodities, and the following of such trade, which does store the country with gold and silver, is profitable before others" (Petty, Political Arithmetick, London, 1699, pp. 178-79).

"Gold and silver alone are not perishable" (never cease to be exchange value) "but are esteemed for wealth at all times, and everywhere" //the utility of particular use values is temporally and spatially determined. like the very wants which they

a Marx quotes from Sempéré and, further, from Bernier in French.—Ed.
b Revelation 17:13 and 13:17.—Ed.
c At a particular place and a particular time.—Ed.
satisfy/\ “whereas all other things are wealth, but \textit{pro hic et nunc}” (l.c., p. 196).

“The wealth of every nation consists chiefly in the share which it has in the foreign trade with \textit{the whole commercial world, rather than in the domestic trade} of ordinary meat, drink, and clothes, which bring in little gold and silver, \textit{universal wealth}...” ([ibid.], p. 242).

Just as gold and silver are in themselves universal wealth, so the possession of them appears as the product of world circulation, and not of circulation confined to immediate natural-ethnic\textsuperscript{a} connections.

It may appear odd that Petty, who says that labour is the father, as lands are the mother of wealth,\textsuperscript{b} who teaches the division of labour and who, generally, in a boldly brilliant manner everywhere concentrates on the process of production instead of the individual product, nevertheless here appears to be entirely captive to the language and notions of the monetary system. [B’-10] One should not forget, however, that, in accordance with his premiss, as with the bourgeois premiss in general, gold and silver are only the adequate form of equivalent which always has to be appropriated only through the alienation of commodities and, so, through \textit{labor}. Production for the sake of production, i.e. development of the productive forces of wealth without regard to the limits of immediate want or consumption is expressed by Petty as follows: to produce and to exchange not for the sake of transient acts of consumption in which all commodities are dissolved, but for the sake of gold and silver. It is the English nation’s energetic, heedless and universal drive for enrichment in the 17th century that Petty here expresses and simultaneously incites.

\textit{Firstly, the perversion of money}: it turns from means into end, and degrades the other commodities:

“\textit{The natural matter of commerce is merchandise... The artificial matter of commerce is money. Money, though it be in nature and time after merchandise, yet forasmuch as it is now in use}” (in its present application) “has become the chief.”

Thus, Misselden, a London merchant, in his work \textit{Free Trade. Or, the Meanes to Make Trade Florish}, London, 1622, p. 7. He compares the switch of ranks between money and commodity with the lot of the two [grand]sons of the old Jacob, who laid his right hand on the younger, and his left hand on the elder (l.c.).\textsuperscript{75}

\textsuperscript{a} The manuscript has “ethische” (ethic).— \textit{Ed.}

\textsuperscript{b} [W. Petty,] \textit{A Treatise of Taxes and Contributions}, London, 1667, p. 47.— \textit{Ed.}
The contradiction between money as hoard and as commodities, whose exchange value ceases to exist upon the fulfilment of their object as use values, and the theory of renunciation:

"The general remote cause of our want of money is the great excess of this Kingdom, in consuming the commodities of foreign countries, which prove to us DISCOMMODITIES, rather than COMMODITIES, in hindering us of so much TREASURE, which otherwise would be brought in, in lieu of these TOYS. We consume amongst us a great abundance of the wines of Spain, of France, of the Rhine, of the Levant; the raisins of Spain, the corinths of the Levant, the lawns" (a sort of fine linen) "and cambrics" (another sort of fine linen) "of Hannault a and the Netherlands, the silks of Italy, the sugars and tobacco of the West Indies, the spices of the East Indies; all which are of no necessity unto us, and yet are bought with ready money... Even the old Cato said: Patrem familias vendacem, non emacem esse oportetb" (I.c., pp. 11-13).

"The more the stock is increased in wares, the more it decreases in TREASURE" ([ibid.] p. 23).

Concerning the non-refluent circulation on the world market, especially in trade with Asia:

"The other foreign remote causes of the want of money, are the trades maintained out of Christendom to Turkey, Persia and the East Indies, which trades are maintained for the most part with ready monies, yet in a different manner from the trades of Christendom within itself. For although the trades within Christendom are driven with ready monies, yet those monies are still contained and continued within the bounds of Christendom. There is indeed a fluxus and refluxus, a flood and ebb of the monies of Christendom traded within itself: for sometimes there is more in one part of Christendom, sometimes there is less in another, as one country wants and another abounds: It comes and goes, and whirls about the circle of Christendom, but is still contained within the compass thereof. But the money that is traded out of Christendom into the parts aforesaid is continually issued out and never returns again" (I.c., pp. 19, 20).

Dr. Martin Luther, the dean of German political economists, complains in a way similar to Misselden’s:

"It cannot be denied that buying and selling are necessary practices, which cannot be dispensed with and may surely be used in a Christian manner, especially as regards things that serve necessity and honour; for thus the patriarchs also sold and bought cattle, wool, corn, butter, milk and other goods. These are gifts of God, which He produces from the soil and shares among men. But foreign trade, which brings merchandise from Calicut [B'-11] and India and other places—merchandise such as exquisite silks and jewellery and spices, which are only for ostentation and serve no need—and drains money from the country and the people, should not be permitted if we had a government with a prince. But I do not want to write of this now, for I think that, eventually, when we have no more

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a A province of the former Spanish Netherlands (i.e. present Belgium).—Ed.
b The head of the family should be eager to sell, not eager to buy (Cato, De re rustica, 11, 7).—Ed.
money, it will cease of itself, just as finery and gluttony; for all writing and preaching will be in vain until we are compelled by necessity and poverty.

"God has brought it about that we Germans must thrust our gold and silver into foreign countries making all the world rich while we ourselves remain beggars. England would surely have less gold if Germany refused to take her cloth, and the King of Portugal, too, would have less, if we refused to take his spices. If you calculate how much money is extracted, without need or cause, from the German territories during one fair at Frankfurt, you will wonder how it comes about that even a single farthing is still left in Germany. Frankfurt is the silver and gold drain through which everything that arises and grows, that is minted or struck here flows out of the German land; if the hole were plugged, one would not hear the present complaint that there is everywhere sheer debt and no money, that the entire country and all the towns are despoilt by usury. But never mind things will nevertheless continue in this way: we Germans have to remain Germans, we do not desist unless we have to" (Bücher vom Kaufhandel und Wucher, 1524).

Boisguillebert, who has as significant a place in French political economy as Petty in English political economy, one of the most impassioned opponents of the monetary system, attacks money in the various forms in which it appears as exclusive value in contrast to other commodities, as means of payment (with Boisguillebert, especially as taxes) and as hoard. (The specific being of value in money appears as the relative valuelessness, degradation of other commodities.)

The passages quoted from Boisguillebert's writings are taken from a collection of his works in the Eugène Daire edition: Économistes financiers du XVIIIe siècle, Paris, 1843.

"Since gold and silver are not and have never been wealth in themselves, and since they have only a relative value, and only to the extent that they can procure the necessities of life for which they serve merely as pledge and valuation, having them more or less is a matter of indifference, provided they can produce the same effect" (Le détail de la France, 1697, Part I, Ch. VII [Daire edition, p. 178]).

The quantity of money does not affect the national wealth, "provided there is enough of it to maintain the prices determined by the commodities necessary for life" (l.c., Part II, Ch. XVIII, p. 209).

(Therefore, Boisguillebert formulates here the law that the mass of the circulating medium is determined by the prices, and not vice versa.)

That money is merely a form of commodity itself is made evident in wholesale trade, where the exchange occurs without the intervention of money, after the "merchandise is valuated"; "money is only the medium and the agency whereas commodities that benefit life are the aim and purpose" (l.c., p. 210).

Money must be only a means of circulation, and always mobile; it must never become hoard, something immobile; it must be "in continual movement, which is

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a In the manuscript, the direct quotations from Boisguillebert are given in French, and the exposition of his ideas, in German.—Ed.
only the case so long as it is *mobile...*; but as soon as it becomes *immobile ... all is lost*” (l.c., Part II, Ch. XIX, p. 213).

In contrast to the finance for which *money* appears to be the sole object:

“*The science of finance* is nothing but a thorough knowledge of the interests of agriculture and of commerce” (l.c., Part III, Ch. VIII, p. 241).

Boisguillebert, in fact, turns his attention only to the material content of wealth, to enjoyment, to use value:

“True wealth ... *is* the complete enjoyment not only of the necessaries of life but also of all the superfluities and of all that can give pleasure to the senses” (*Dissertation sur la nature des richesses, de l’argent et des tributs* [Daire edition], p. 403).

“These metals” (gold and silver) “have been turned into an *idol,* and disregarding the goal and purpose they were intended to fulfill in commerce, i.e. to serve as pledge in exchange and reciprocal transfer, [B'-12] they were allowed to abandon this service almost entirely in order to be transformed into *divinities* to whom more goods, valuables and even *human beings* were sacrificed and continue to be sacrificed, than were ever sacrificed to the false divinities in blind antiquity which for so long were the whole cult and the whole religion for most peoples” (l.c., p. 395). “The misery of the peoples is due to the fact that the slave has been turned into a master or rather into a tyrant” (l.c.). This “usurpation” needs to be broken and “things restored to their natural state” (l.c.).

With the abstract greed for enrichment, “a great blow was dealt at once at the equivalence in which it” (money) “should be with all the other commodities so as to be ready to effect their exchange at any moment” (p. 399). “Thus the slave of commerce has become its master... This facility which money offers for the commission of any crime makes it redouble its earnings in proportion to the hold corruption takes of hearts; and there is no doubt that almost all the infamies would be banished from a State if one could do likewise with the fatal metal” (p. 399).

The depreciation of commodities for their conversion into money (sale at below their value) is the cause of all poverty (see l.c., Ch. V). In this sense, he says:

“*Money ... has become the executioner of all things*” (l.c., p. 413).

He compares the financial art of making money with the

“*alembic that evaporates a frightful quantity of goods and commodities in order to obtain this fatal extract*” (p. 419).

Through a depreciation of the precious metals “the commodities themselves will be restored to their just value” (l.c., p. 422). “*Money ... declares war ... on the whole human race*” (pp. 417-18).

(Similarly, Pliny, *Historia Naturalis,* Book XXXIII, Ch. III.)

By contrast:

*Money as world coin:*

“*Intercourse between nations has spread across the whole globe to such an extent that one could say all the world has virtually become a single city in which a
permanent fair of all the commodities is taking place, so that everyone, without leaving his home, can, by means of money, obtain and enjoy everything produced by the earth, the animals and human industry. A marvellous invention!" (Montanari (Geminiano), Della Moneta; written about 1683. Custodi's collection, Parte Antica, Vol. 3, [Milan, 1804,] p. 40.)

"What is his country, what is his tribe? He is a rich man" (Athenaeus, Deipnosophistae, Book IV, 49.)

On the digging of gold in mines, Demetrius Phalereus says:

"Greed hopes to extract Pluto himself from the bowels of the earth" (I.c., VI, 23).

"But from money first springs avarice... This grows by stages into a kind of madness, no longer avarice but a positive hunger for gold" (Pliny, Historia Naturalis, Book XXXIII, Ch. III, 14.)

"Money! Nothing worse
in our lives, so current, rampant, so corrupting.
Money—you demolish cities, root men from their homes,
you train and twist good minds and set them on
to the most atrocious schemes. No limit,
you make them adept at every kind of outrage,
every godless crime—money!"

(Sophocles, Antigone [295-301]).

Money, as purely abstract wealth—in which every specific use value is extinguished, and hence also every individual relation between possessor and commodity—comes under the power of the individual likewise as an abstract person, relating to his individuality as totally alien and extraneous. At the same time, it gives him universal power as his private power, a contradiction depicted, for instance, by Shakespeare:

[B'-13] "Gold? glittering, precious gold?...
Thus much of this will make black, white;
foul, fair;
Wrong, right; base, noble; old, young; coward, valiant.
Ha, you gods! why this? what this, you gods?
why, this
Will lug your priests and servants from your sides;
Pluck stout men's pillows from below their heads:
This yellow slave
Will knit and break religions; bless the accurs'd;

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a Marx quotes in Italian.—Ed.
b Here and below Marx quotes from Athenaeus in Greek.—Ed.
c Marx quotes in Latin.—Ed.
Make the hoar leprosy ador'd; place thieves,
And give them title, knee, and approbation,
With senators on the bench: this is it
That makes the wappen'd widow wed again;
She whom the spital-house and ulcerous sores
Would cast the gorge at, this embalms and
spices
To the April day again. Come, damned earth,
Thou common whore of mankind"

(Shakespeare, Timon of Athens [Act IV, Scene III]).

That which yields itself to all, and for which all is yielded,
appears as the universal means of corruption and prostitution.
(Similarly in the comedy of Aristophanes "Plutus".)

"These have one mind, and shall give their power and strength unto the beast...
And that no man might buy or sell, save he that had the mark, or the name of the
beast, or the number of his name" (Apocalypse).

4) THE PRECIOUS METALS AS VEHICLES
OF THE MONEY RELATIONSHIP

The process of bourgeois production initially takes possession of
metallic currency as an existing and ready-made instrument,
which, although it has been gradually transformed, always retains
its basic construction. The question, therefore, why gold and
silver, and not other commodities, serve as the material of money
lies outside the confines of the bourgeois system. We shall
therefore summarise only the most important aspects. The answer
is simply that the specific natural properties of the precious
metals, i.e. their properties as use values, correspond to the
economic functions which make them more capable than all the
other commodities of being the vehicles of money functions.

Like labour time itself, the object to be recognised as its specific
embodiment must be able to express purely quantitative differ-
ences, thus presupposing identical, homogeneous quality. This is
the first condition for the functioning of the commodity as a
measure of value. If, for instance, one evaluates all commodities in
terms of oxen, hides, corn, etc., one has in fact to measure them
in ideal average oxen, average hides, and average corn, since there
are qualitative differences between one ox and another, one lot of

a Marx quotes in English.— Ed.
b See this volume, p. 446.— Ed.
Page 13 of Notebook B' with a fragment of the original text of the second chapter of A Contribution to the Critique of Political Economy
corn and another, one hide and another, there is a difference in the use value of the specimens of one and the same kind. This requirement of absence of qualitative differences regardless of time and place, and hence, the requirement of equality at equal quantity is the first requirement from this aspect.

The second, which also springs from the necessity of presenting a merely quantitative difference, is great divisibility and subsequent combination of the parts so that, depending on the magnitude of the value of the commodity, the universal equivalent can be cut up into parts, without thereby damaging its use value. Gold and silver, as simple bodies, with a purely quantitative division, can be brought to one and the same degree of fineness. Sameness of quality. Similarly divisible and recombinable.

It can even be said of gold that it is the earliest known metal, the first discovered metal. In the great gold sluices, the rivers, Nature itself undertakes the work of the art and hence requires on the part of man in finding it no more than very crude work and neither science nor developed instruments of production.

"THE PRECIOUS METALS UNIFORM IN THEIR PHYSICAL QUALITIES, SO THAT EQUAL QUANTITIES OF IT SHOULD BE SO FAR IDENTICAL AS TO PRESENT NO GROUND FOR PREFERING THE ONE TO THE OTHER. THIS IS NOT THE CASE WITH EQUAL NUMBERS OF CATTLE AND EQUAL QUANTITIES OF GRAIN." a

Gold is, besides, found in a purer state than all the other metals: in a native, crystalline form, in separate pieces: "separated from the usually occurring bodies", seldom alloyed with any other, except silver. Gold "isolated, individualised".

"GOLD DIFFERS REMARKABLY FROM THE OTHER METALS, WITH A VERY FEW EXCEPTIONS, IN THE FACT, THAT IT IS FOUND IN NATURE IN ITS METALLIC STATE" (the other metals are found in minerals in their chemical being). "IRON AND COPPER, TIN, LEAD, AND SILVER ARE ORDINARILY DISCOVERED IN CHEMICAL COMBINATIONS WITH OXYGEN, SULPHUR, ARSENIC, OR CARBON; AND THE FEW EXCEPTIONAL OCCURRENCES OF THESE METALS IN AN UNCOMBINED, OR, AS IT WAS FORMERLY CALLED, VIRGIN STATE, ARE TO BE CITED RATHER AS MINERALOGICAL CURIOSITIES THAN AS COMMON PRODUCTIONS. GOLD, HOWEVER, IS ALWAYS FOUND NATIVE OR METALLIC... AGAIN GOLD, FROM THE CIRCUMSTANCE OF ITS HAVING BEEN FORMED IN THOSE ROCKS WHICH ARE MOST EXPOSED TO ATMOSPHERIC ACTION IS FOUND IN THE DEBRIS OF THE MOUNTAINS; ...THE FRAGMENTS OF THESE ROCKS BROKEN OFF, ... BORNE BY FLOODS INTO THE VALLEYS, AND ROLLED INTO PEBBLES BY THE CONSTANT ACTION OF FLOWING WATER... Gold is deposited because of its specific gravity. So it is found in riverbeds and in alluvial deposits. Alluvial gold was the first gold to be discovered." (River-sluicing learnt before mining).

"GOLD MOST FREQUENTLY OCCURS PURE, OR, AT ALL EVENTS, SO NEARLY SO THAT ITS METALLIC NATURE CAN BE AT ONCE RECOGNISED, WHETHER IN ALLUVIAL DEPOSITS OR IN QUARTZ VEINS... RIVERS ARE, INDEED, GREAT NATURAL CRADLES, SWEEPING OFF ALL THE

LIGHTER AND FINER PARTICLES AT ONCE, THE HEAVIER ONES EITHER STICKING AGAINST NATURAL IMPEDIMENTS, OR BEING LEFT WHEREVER THE CURRENT SLACKENS ITS FORCE OR VELOCITY... IN ALMOST ALL, PERHAPS IN ALL THE COUNTRIES OF EUROPE, AFRICA, AND ASIA, GREATER OR SMALLER QUANTITIES OF GOLD HAVE FROM EARLY TIMES BEEN WASHED BY SIMPLE CONTRIVANCES FROM THE AURIFEROUS DEPOSITS, ETC."

[Lectures on Gold for the Instruction of Emigrants about to Proceed to Australia. Delivered at the Museum of Practical Geology. London, 1852, pp. 171-72, 8, 10, 12, 93-94].

The washing and digging of gold are perfectly simple works, while mining (so also gold-mining) is an art requiring the employment of capital and more collateral sciences and arts than any other industry.///The washing of ore taken care of by Nature.///

Exchange value as such implies a common substance and the reduction of all the differences to merely quantitative ones. In the function of money as measure, all values are reduced first of all to merely different quantities of the standard commodity. That is the case with the precious metals, which, therefore, appear as the natural substance of exchange value as such.

"A peculiar feature of metals is that in them alone all relations are reduced to a single one, namely, their quantity, for they have not been endowed by Nature with any difference of quality either in their internal composition or in their external form and structure" (Galiani, l.c. [Della Moneta], pp. 126-27).a

(SAMENESS OF QUALITY IN ALL PARTS OF THE WORLD; ADMIT OF MINUTE DIVISION AND EXACT APPORTIONMENT.)

This merely quantitative difference is just as important for money as means of circulation (coin) and means of payment, since money, a single piece of money, has no individuality, and the important thing is that what has to be returned is merely an equal quantity of the same material, but not the same piece:

"MONEY IS RETURNED IN KIND ONLY; WHICH FACT DISTINGUISHES THIS AGENT FROM ALL OTHER MACHINERY ... INDICATES THE NATURE OF ITS SERVICE—CLEARLY PROVES THE SINGLENESS OF ITS OFFICE" (Opdyke, [A Treatise on Political Economy, New York, 1851,] [p.] 267).

The differentiation of the functions performed by gold, whether as universal commodity, coin, raw material for luxury articles, material for accumulation, etc., enables them to indicate to the senses the succession of the form determinations of money. To this differentiation corresponds the fact that gold and silver can always be melted down and so again reduced to their purely metallic state, and from that state similarly to any other, i.e. that gold and silver, in contrast to other commodities, are not bound to the definite use form which is imparted to them. They can pass

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a Marx quotes in Italian.—Ed.
from the form of bullion to the form of coin, etc., and back again, without losing their value as raw materials, [B’-15] without damaging the processes of production and consumption.

As *means of circulation* gold and silver have the advantage over other commodities in that their *high* natural specific gravity—representing a relatively large weight in a small space—is matched by an economic specific gravity, the ability to contain (objectify) relatively much labour time, i.e. a large exchange value, in a small space. The latter naturally depends on their relatively rare occurrence as natural objects. Hence, facility of transportation, transfer, etc. In short, the facility of real circulation, which is, naturally, the first condition for their economic function as means of circulation.

Finally, as the inert being of value, as the material of hoarding, they are relatively indestructible, infinitely durable, not liable to be oxidised in the air ("treasures that neither moth nor rust doth corrupt")
a, are refractory, with gold especially being insoluble in acids, except in free chlorine (*aqua regia*, a mixture of nitric and hydrochloric acids). As a main point, one should finally note the *aesthetic properties* of gold and silver, which make them the direct manifestation of affluence, ornament, luxury, and spontaneous festive moods, of wealth as such. Brightness of colour, malleability, facility of being worked with tools, and fitness for ornamentation and other purposes. Gold and silver are to some extent a native light brought forth from the underworld itself. Apart from the rarity of gold and silver, their greater softness, as compared with iron and even copper (in the hardened form in which it was used by the ancients), makes them unfit for use as instruments of production. But the use value of metals largely depends on their role in the immediate process of production. Gold and silver are also excluded from it, just as they are generally not indispensable objects of consumption.

"Money must have a direct" (use) "value, but one based on a *besoin factice*.b Its material must not be indispensable for man’s existence, since the entire quantity of money used as coin" //generally as money [which] is also accumulated in the form of hoard// "cannot be individually employed; it must always circulate" (H. Storch, l.c. [*Cours d'économie politique*], Vol. II, pp. 113, 114).

(Equally, that part which is accumulated as hoard cannot be employed "individually" because the whole point of accumulation is to keep it intact.)

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a Matthew 6:19, 20.—*Ed.*

b Factitious need.—*Ed.*
That, consequently, is one aspect according to which the nature of the use value of gold and silver is reduced to being something *superfluous*, to not entering either in the satisfaction of immediate want as object of consumption, or as agent in the immediate process of production. That is precisely the aspect according to which the use value of money should not come into collision with its function of hoard (money) or means of circulation, in other words, the need for it as an individual use value should not come into collision with the need springing from circulation, from the society itself, the need for it as money in any of its determinations. That is only the negative aspect.

In his polemic against money, Peter Martyr, who seems to have been very fond of chocolate, says, therefore, of the bags of cacao which, among other things, served as money among the Mexicans:

"O blessed money which furnishes mankind with a sweet and nutritious beverage and protects its innocent possessors from the infernal disease of avarice, since it cannot be long hoarded, nor hidden underground" (De orbe novo).

On the other hand, gold and silver are superfluities not only in the negative sense, i.e. are objects which can be dispensed with, but their aesthetic properties which make them the material of luxury, finery and splendour, make them the positive forms of superabundance, or means of satisfying other than everyday wants and bare necessities. That is why they have use value in themselves apart from their function as money. But just as they are the natural representatives of purely quantitative relations—in virtue of the sameness of their quality—so also in their individual use they are the immediate natural representatives of superabundance and so of wealth as such, both because of their natural aesthetic properties, and also of their expensiveness.

*Malleability* is one of the properties that make gold and silver fit for use as material for jewellery. Dazzling to the eye. Exchange value is above all an overplus of necessary use values designated for exchange. This overplus is exchanged for what is superfluous as such, i.e. for what goes beyond the bounds of immediate necessity; for the festive in contrast to the everyday. Use value as such expresses above all the individual's relation to Nature; exchange value, *alongside* use value, is his command over the use values of others, his social relation; and even initially, moreover, values of festive use going beyond the bounds of immediate necessity.

The white colour of silver, which reflects all the rays of light in their original mix; the red-yellow colour of gold, which absorbs the
whole mix of colours of a light beam falling on it and reflects red alone.

Add here what was said earlier about the mining countries.\(^a\)

//In his history of the German language, Grimm shows the connection between the names of gold and silver and their colour.//\(^b\)

[B'-16] We have seen that gold and silver fail to meet the demand being made on them as exchange value become independent, as immediately present money, that of being an unchanging value magnitude. Here, their nature as a particular commodity enters into conflict with their function as money. But as Aristotle already noted,\(^c\) they possess a more permanent value magnitude than do other commodities on average.

For the metallic circulation as such, apart from the general effect of the appreciation or depreciation of the precious metals on all economic relationships, the fluctuations of the value ratio between gold and silver are of particular importance, since they continuously serve alongside each other as the material of money in one and the same country or in different countries. The purely economic causes of these successive changes—conquest and other political upheavals which had a great influence on the relative value of the precious metals in the ancient world lie beyond the bounds of purely economic examination—must be reduced to changes in the labour time required for the production of the same quantities of these metals. It itself depends, on the one hand, on the relative quantities in which gold and silver occur in Nature, and on the other, on the greater or lesser difficulty in procuring them in their purely metallic state. What was said earlier makes it clear that gold, whose extraction from rivers or from alluvial deposits does not require either mining or chemical or mechanical contrivances, was discovered, despite its greater absolute rarity, before silver, and for a long time, despite its greater absolute rarity, remained relatively depreciated as compared to silver. That is why Strabo’s assertion\(^8\) that in one Arab tribe 10 pounds of gold was given for 1 pound of iron, and 2 pounds of gold for 1 pound of silver does not appear to be in any way incredible. It is clear, on the other hand, that as the productive power of social labour develops, the technology, and hence simple labour,

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\(^a\) See this volume, pp. 440-42.—Ed.

\(^b\) J. Grimm, Geschicht der deutschen Sprache, Leipzig, 1853, Vol. 1, pp. 7 and 9 (cf. this volume, p. 386).—Ed.

\(^c\) Aristotle, Ethica Nicomachea, V. 8.—Ed.
becomes dearer, and while the original surface sources of gold are depleted and the Earth's crust increasingly opened up, the relatively rarer or more frequent occurrence of both metals will have a substantial effect on the productivity of labour, and gold will appreciate relative to silver. (However, it is not the absolute quantitative proportion in which the two metals occur in Nature, although an essential moment in the labour time necessary for their production, but the labour time itself that determines their relative value. That is why although, according to the Paris Académie des Sciences (1840), the [quantitative] ratio of silver to gold was estimated at 52:1, their value ratio was only 15:1.)

Given a definite development of the productive power of social labour—i.e. the less the significance, on the one hand, of the relative mechanical or chemical impediments to be overcome, and, on the other hand, of the relative remoteness of the gold- or silver-producing countries, the alternative discovery of new gold or silver deposits must be of ever more decisive significance, so that gold, as against silver, has the chance of being discovered not only in mines but also in alluvial deposits. It is quite probable, therefore, that there will now again be a reverse movement in the value ratio of the two, i.e. a fall in the value of gold as compared with that of silver. The discovery of silver mines depends on the advance of technology and civilisation in general. Given these, any changes in the discovery of rich silver or gold deposits become crucial. On the whole, we find a repetition of the same movement in the change of the value ratio between gold and silver. The first two movements begin with a relative depreciation of gold and end with its appreciation. The latter begins with its appreciation and seems to be heading towards a re-establishment of its original lower value ratio to silver. In ancient Asia, the ratio of gold to silver was 6:1 or 8:1 (under Manu it was even lower) (thus in China and Japan, the latter still existed in the early 19th century); 10:1, the ratio in Xenophon's time, can be regarded as the average ratio for the middle period of antiquity. In the late Roman period—the opening up of the Spanish silver mines by Carthage had roughly the same role to play in antiquity as the discovery of America had in the new period—the ratio is roughly the same as that after the discovery of America, i.e. 14 or 15:1, although in Rome we often find an even greater depreciation of silver.

For the Middle Ages, the average ratio can once again be re-established as in Xenophon's time, as 10:1, although that is the period in which local fluctuations are extremely great. The
average ratio in the centuries following upon the discovery of America is 15:1 or 18:1. The new discoveries of gold make it probable that the ratio will once again be reduced to 10:1 or 8:1, or that, at any rate, there will be a movement in the value ratio of the two metals in reverse to that since [B'-17] the 16th century. This is not yet the place for an examination of this special question in greater depth.

5) THE MANIFESTATION OF THE LAW OF APPROPRIATION IN THE SIMPLE CIRCULATION

The economic relations of individuals who are subjects of exchange are to be considered here in the simple form in which they appear in the process of exchange described above, without recourse to more highly developed relations of production. Indeed, the economic determinations of form constitute the framework within which they enter into intercourse with each other (confront each other).

"The worker has an exclusive right to the value resulting from his labour" (Cherbuliez, Riche[ss]e ou pauvre[té], Paris, 1841, p. 48).a

The subjects of the process of exchange appear above all as proprietors of commodities. Since on the basis of the simple circulation, there is, after all, only one method by means of which anyone becomes the proprietor of any commodity, namely, through a new equivalent, the property in the commodity preceding the exchange, i.e. the property in the commodity appropriated not through circulation, the property in the commodity which, on the contrary, is still to enter circulation, springs directly from the labour of its possessor, with labour as the original mode of appropriation. The commodity, as exchange value, is only a product [of labour], objectified labour. It is thereby above all the objectiveness of him whose labour is represented in it; his own objective being for others produced by himself. It is true that the production of commodities does not fall within the simple process of exchange as it unfolds at the various moments of circulation. Commodities are rather implied as finished use values. They must be to hand before the exchange begins, simultaneously as it happens in buying and selling, or at least as soon as the transaction is completed, as in the form of circulation in which money serves as means of payment. Whether simultaneously or not, they always enter into circulation as being to hand. The

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a Marx quotes in French.—Ed.
origination of commodities, and so also the original process of their appropriation, lies, therefore, beyond circulation. But since the equivalent of another can be appropriated only through circulation, i.e. through the alienation of one's own equivalent, one's own labour must be implied as the original process of appropriation, with circulation in effect merely as the mutual exchange of labour incarnated in diverse products.

Labour and property in the results of one's own labour appear, therefore, as the basic prerequisite without which the secondary appropriation through circulation would not take place. Within circulation, property based on one's own labour is the basis for the appropriation of the labour of others. Indeed, a close look at the process of circulation shows that its premiss is that the exchangers should appear as the proprietors of the exchange values, i.e. of quantities of labour time materialised in use values. How they became the proprietors of these commodities is a process running behind the back of the simple circulation and ending before it begins. Private property is a premiss of circulation, but the process of appropriation itself is not revealed, does not appear within circulation; it is rather preposited to it. In circulation itself, in the process of exchange, as it emerges on the surface of the bourgeois society, each gives only while taking, and takes only while giving. In order to do the one or the other, he must have. The procedure through which he has placed himself in the position of having does not constitute any of the moments of circulation itself. The subjects are subjects of circulation only as private proprietors of exchange value, be it in the form of commodity or in the form of money. How they became private proprietors, i.e. how they appropriated objectified labour, is a circumstance which appears not to fall within the examination of the simple circulation at all. However, the commodity is, on the other hand, the premiss of circulation. And since from its standpoint, alien commodities, i.e. alien labour, can be appropriated only through the alienation of one's own labour, the pre-circulation [B'-18] process of commodity appropriation necessarily appears from this standpoint as appropriation through labour. Since the commodity as exchange value is merely objectified labour, and from the standpoint of circulation, itself only the movement of exchange value, alien objectified labour can be appropriated only through an exchange of equivalent, the commodity can, in fact, be nothing but the objectification of one's own labour, and just as the latter is, in fact, the actual process of appropriation of the products of Nature, it equally appears as the juridical title to property. Circulation merely shows how this
immediate appropriation, through the medium of a social operation, transforms property in one's own labour into property in social labour.

That is why all modern economists have proclaimed, in a more economic or more juridical manner, one's own labour to be the original title to property, and property in the result of one's own labour, the basic premiss of the bourgeois society. (Cherbuliez: see above. See also A. Smith.) This premiss itself rests on the premiss of exchange value as an economic relationship dominating the whole aggregation of relationships of production and commerce, and so is itself a historical product of the bourgeois society, the society of the developed exchange value.

On the other hand, since the examination of the more concrete economic relationships than those represented by the simple circulation seems to bring out laws contradicting [the said law of appropriation], all the classical economists, including Ricardo, may like to allow this view, springing as it does from the bourgeois society itself, the right to be called a universal law, but banish its strict reality to the golden age when no property existed as yet. That is to say, to an age preceding the economic fall of man, as Boisguillebert, for example, does.

That would produce the strange result that the truth about the bourgeois society's law of appropriation would have to be transferred to a time when this society itself did not as yet exist, and the basic law of property, to the time of propertylessness. This illusion is transparent. Production initially rests on the primitive communities, within which private exchange appears only as a quite superficial and incidental exception. But with the historical disintegration of these communities, relations of domination and servitude, relations of violence at once set in, and they are in crying contradiction with the mild commodity circulation and its corresponding relations. However that may be, the process of circulation, as it appears on the surface of the society, knows no other way of appropriation, and if contradictions should arise in the progress of the examination, they must, like this law of the original appropriation through labour, be derived from the development of exchange value itself.

The law of appropriation through one's own labour being assumed, and it is an assumption that is not arbitrary, but one which springs

* A. Smith.101

101 A. Smith, Recherches sur la nature et les causes de la richesse des nations, Vol. I, pp. 60 and 61.—Ed.
from the examination of circulation itself, there becomes apparent of itself, in circulation, a realm of bourgeois liberty and bourgeois equality based on this law.

While the appropriation of commodities through one's own labour presents itself as the first necessity, the social process through which this product must first be posited as an exchange value and as such once again transformed into a use value for individuals, is the second. After the appropriation through labour, or the objectification of labour, the alienation of the product of labour, or its transformation into a social form, appears as the next law. Circulation is a movement in which one's own product is posited as exchange value (money), i.e. as a social product, and the social product, as one's own (as individual use value, an object of individual consumption).

It is now also clear that:

Another premiss of exchange relating to the movement as a whole is that the subjects of exchange produce while being subsumed under the division of social labour. After all, the commodities exchanged for one another are, in fact, nothing but labour objectified in various use values, i.e. objectified in various ways, being in fact merely the objective being of the division of labour, objectification of qualitatively distinct types of labour corresponding to the different systems of wants. When I produce a commodity, the assumption is that though my product has use value, it has none for me, that for me it is not an immediate means of subsistence (in the broadest sense), but an immediate exchange value; it becomes a means of subsistence for me only after it assumes in money the form of universal social product and can then be realised in any form of alien, qualitatively distinct labour. Hence I produce for myself only by producing for the society, each of whose members, for his part, works for me in another circle.

[B'-19] It is clear, furthermore, that the premiss about the exchangers producing exchange values implies not only a division of labour in general, but its specifically developed form. In Peru, for instance, labour was also divided; it was also divided in small SELF-SUPPORTING Indian communities. But it is a division of labour which, far from being based on exchange value, on the contrary, implies a more or less direct communal [gemeinschaftliche] production. The basic premiss about the subjects of circulation

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a In the manuscript, the English word is given in brackets after the corresponding German ("selbstgenügsamen").— Ed.
having produced exchange values, products directly posited in the social determinateness of exchange value, and so also subsumed under a definite historically shaped division of labour, incorporates a mass of other premisses which do not stem from the will of the individual or from his immediate natural character, but from the historical conditions and relations in virtue of which the individual already finds himself to be a social individual determined by the society; this premiss also includes the relations manifested in the individuals' relations of production other than the simple ones in which they confront one another in circulation.

The exchanger has produced a commodity, and that for commodity producers. This implies: On the one hand, that he has produced as an independent private individual on his own initiative, only out of his own want and his own capability, out of himself and for himself—neither as a member of a naturally evolved community, nor as an individual taking part in production directly as a social individual—and accordingly he does not regard his product as an immediate source of existence. On the other hand, however, he has produced exchange value, a product which becomes a product for himself only through the medium of a determinate social process, a determinate metamorphosis. Consequently, he has produced in such a connection and under such conditions of production and relations of commerce which resulted only from an historical process but which appear for himself to be a natural necessity. The independence of individual production is, accordingly, supplemented with a social dependence that finds a corresponding expression in the division of labour.

The private character of the production of the exchange-value-producing individual itself appears as an historical product—his isolation, his self-establishment as an independent point within the production is determined by a division of labour which, for its part, rests on a whole range of economic conditions through which the individual is conditioned on every side in his connections with other individuals and in his own mode of existence.

In so far as the commodities an English farmer and a French peasant sell are products of the soil, they stand in the same economic relationship. But the peasant sells only the small surplus of his family's product. He consumes the main part of it himself, and so regards the greater part of his product not as exchange value, but as use value, a direct means of subsistence. By contrast, the English farmer depends entirely on the sale of his product, i.e. on its being a commodity, and so on the social use value of his product. His production is, therefore, completely gripped and
determined by exchange value. It is clear now what a supremely different development of the productive forces of labour and its division, what kind of different relations of individuals within production are required, for instance, to have corn produced as mere exchange value and so going entirely into circulation; what kind of economic processes are required to turn a French peasant into an English farmer.

In his analysis of exchange value, Adam Smith still makes the mistake of accepting the undeveloped form of exchange value in which it still appears merely as a surplus over and above the use value turned out by the producer for his own subsistence, as its adequate form, whereas it is only a form of its historical manifestation within a system of production which it has not yet caught hold of as a universal form. But in the bourgeois society it has to be regarded as the dominant form under which any direct relationship of the producers to their products as use values disappears; all products present themselves as products for trade. Take a worker at a modern factory, say, a cotton mill. If he has produced no exchange value, he has produced nothing at all, since he cannot put his finger on any single tangible use value, and say: this is my product. The more many-sided the system of social wants, and the more one-sided the individual’s production, i.e. the greater the development of the social division of labour, the more decisive the importance of the production of the product as exchange value, or the character of the product as exchange value.

An analysis of the specific form of the division of labour, the conditions of production on which it is based, and the economic relationships of the members of the society to which these conditions of production are reduced, would show that the whole system of bourgeois production is the premiss for exchange value appearing on its surface as a mere point of departure, and the process of exchange, as it unfolds in the simple circulation, as a social exchange of matter, simple but encompassing both the whole of production and the whole of consumption. It would transpire, therefore, that already other, more complicated relations of production, more or less conflicting with the liberty and independence of individuals, their economic relationships, are the premiss that, as free private producers in simple relations of purchase and sale, they should confront each other in the process of circulation and should figure as its independent subjects. But from the standpoint of the simple circulation, these relationships are obliterated. When considering it itself, we find that the division of labour in fact appears in it only in the result (its premiss), that the subjects of exchange
produce different commodities meeting different wants, and that while each depends on the production of all, all depend on the production of each, reciprocally supplementing each other, so that the product of each single individual, to the extent of its value magnitude, is a means for participation in the product of social production in general through the medium of the process of circulation.

The product is exchange value, *objectified general labour*, although it is, in the immediate sense, the objectification of the independent private labour of the individual alone.

That the commodity first has to be alienated, the coercion for the individual showing that his immediate product is no product for himself, but becomes such only in the social process of production and must assume this general and yet external form; that the produce of particular labour must assert itself socially as the objectification of *general* labour, assuming the form of a thing (*money*) which is exclusively assumed as the immediate objectification of general labour, and equally that through this very process this general social labour is posited as an external thing, as money—these determinations constitute the mainspring, the pulse-beat of circulation itself. The consequent social relations present themselves, for that reason, directly from an examination of the simple circulation, and do not lie behind it as economic relations enclosed in the division of labour.

How does the individual certify his private labour as general labour, and its product, as general social product? Through the particular content of his labour, its particular use value, the object of another individual's want, so that the latter gives up his own product for it as equivalent. //That this must assume the form of money is a point to be examined later to show that this transformation of commodity into money is itself an essential moment of the simple circulation.// Consequently, through his labour being a particularity in the totality of social labour, a particular complementary branch of it. As soon as labour possesses a content determined by social connection—and this is the material determinateness and premiss—it counts as general labour. The form of the generality of labour asserts itself through its reality as a member of the totality of labours, as a particular mode of the existence of social labour.

The individuals confront each other only as proprietors of exchange values, as such individuals who have given themselves reified being for each other through their product, the commodity. Without this objective mediation, they have no relation to each
other from the standpoint of the social exchange of matter under way in circulation. They exist for each other only as things, something that is merely further developed in the money relation, in which their community itself appears as an external and hence a casual thing with respect to all. That the social connection resulting from the collision of independent individuals appears with respect to them simultaneously both as objective necessity and as external bond in effect expresses their independence for which social being, though a necessity, is no more than a means, and therefore appears to the individuals themselves as something external, and in money, even as a tangible thing. They produce in and for the society as social individuals, but at the same time this appears merely as a means for objectifying their individuality. Since, on the one hand, they are not subsumed under any naturally evolved community and, on the other, are not consciously communal individuals subsuming the community under themselves, this community must also exist as an independent, external, casual thing [ein ... Sachliches] with respect to them as independent subjects. That is precisely the condition for their simultaneously being in some social connection as independent private persons.

Since, consequently, the division of labour //in which the social conditions of production under which the individuals produce exchange values can be summed up// in the simple process of exchange, in circulation, appears only as 1) non-production of immediate means of subsistence by the individual himself, by his direct labour; 2) as the being of general social labour as a naturally evolved totality fragmenting itself into a circle of particularities in such a way that the subjects of circulation possess complementary commodities and that each subject satisfies some aspect of the totality of an individual's social wants, while the economic relationships stemming from this determinate division of labour are themselves obliterated, in our analysis of exchange value we have not gone on to analyse the division of labour, but merely accepted it as a fact identical with exchange value, a fact which, indeed, merely expresses in active form, as a particularisation of labour, that which the different use value of commodities—and without it neither exchange, nor exchange value would have existed—expresses in objective form. In effect, Adam Smith, like other economists before him, Petty, Boisguillebert, the Italians,\(^a\)

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\(^a\) Marx left a space here to insert the names of Italian economists later.—*Ed.*
asserting the division of labour as being correlative with exchange value, was saying the same thing. And Steuart grasped, before all the others, the division of labour and the production of exchange values as being something identical and, in commendable distinction from other economists, conceived it as a form of social production and social exchange of matter mediated by a specific historical process.

What Adam Smith says about the productive power of the division of labour is an absolutely extraneous standpoint which has no relevance to the matter either here or in the place where he expressed it, and is, besides, relevant to a definite stage in the development of manufacture, but not at all to the modern factory system in general.

The division of labour with which we are dealing here is a spontaneous and free division within the society taken as a whole, and manifesting itself as production of exchange values, and not the division of labour within a factory—its resolution and combination in a single branch of production, but rather a social division of these branches of production themselves, arising, as it were, without the participation of individuals. The division of labour within the society would correspond to the principle of the division of labour [B'-21] within a factory perhaps in the Egyptian rather than in the modern system. The repulsion from each other of the various branches of social labour and their transformation into free ones, independent of each other and bound up in a totality and unity only through internal necessity (and not as in that division, through a conscious resolution and conscious combination of the resolved parts) are totally different things determined by totally different laws of development, however great the correspondence between a given form of the one and a given form of the other may be.

While Adam Smith may have less than adequately comprehended the simple form of the division of labour in which it is only an active form of exchange value, and its other form in which it represents a definite productive power of labour, he was even less clear about the form in which the economic antagonisms of production—the qualitative social determinations subsumed under which the individuals confront each other as capitalist and wage worker, industrial capitalist and rentier, tenant farmer and ground-rent-collecting landlord, etc.—themselves appear as the economic forms of a determinate mode of the division of labour.

If the individual produces his own immediate means of
subsistence, as, for instance, it most often happens in countries where primitive agricultural relationships continue to exist, his production has no social character, and his labour is not social. If the individual produces as a private individual—so that this position of his is itself not in any sense a product of Nature but a refined result of a social process—the social character reveals itself in that in the content of his labour the individual is determined by the social connection and works only as its member, i. e. to satisfy the wants of all the others—so that social dependence exists for him—but he himself is engaged only in this or that labour of his choice; his particular relationship to particular [kinds of] labour is not socially determined; his choice is determined in a natural way in virtue of his natural capacities, inclinations, natural conditions of production in which he finds himself, etc.; so that the particularisation of labour, its social fragmentation into a totality of all the particular branches in fact presents itself from the part of the individual in such a way that his own spiritual and natural particularity simultaneously assumes the form of a social particularity. From his own nature and its particular premises springs for him the particularity of his labour—above all its objectification—which, however, [he] simultaneously regards as the assertion [Geltendmachung] of a particular system of wants and realisation of a particular branch of social activity.

The division of labour so comprehended as social reproduction of the particular individuality, which thereby simultaneously constitutes an element of mankind’s total development and simultaneously enables the individual, by means of his particular activity, to have gratification of the general production, the all-round social gratification, this concept, springing as it does from the standpoint of the simple circulation and so being confirmation instead of suspension of the freedom of the individuals, is still current in bourgeois political economy.

This natural distinction between individuals and their wants is the motivation for their social integration as exchangers. D’abord they confront each other in the act of exchange as persons mutually recognising each other as proprietors, as persons whose will permeates their commodities, with the reciprocal appropriation through the reciprocal alienation taking place only according to their common will, i. e. essentially by means of contract. This includes the juridical concept of person and also of the freedom which it contains. That is why in Roman law, servus is correctly defined as one who cannot acquire through exchange.

Furthermore, in the consciousness of the exchanging subjects all
of this presents itself in such a way that in the transaction each is
only an end to himself; that each is only a means for the other;
and finally, that the reciprocity in which each is simultaneously
means and end, attaining his own end only by becoming means
for the other, and means for the other only in so far as he attains
his own end—that this reciprocity is a necessary fact implied as a
natural condition of exchange but that as such it is indifferent to
both subjects of the exchange and is of interest to either only in so
far as it is his interest. This means that the common interest which
appears as the content of the exchange act as a whole, while being
present as a fact in the consciousness of both parties, is not as such
the motivation, but exists, so to say, only behind the backs of the
individual interests reflected in themselves. If he so wishes, the
subject can, of course, have the uplifting sense that the satisfaction
of his unconcerned individual interest is precisely the realisation of
the sublated individual interest, of the general interest. From the
act of exchange itself, each of the subjects returns upon himself as
the ultimate end of the entire process, as the dominant subject. In
this way, therefore, the subject's complete freedom is realised.
Voluntary transaction; no coercion on any part; becoming means
for the other only as means for oneself or end for oneself; finally,
the consciousness that the general or common interest is nothing
but the all-sidedness of the egoistical interest.

If, therefore, every aspect of circulation is a realisation of
individual freedom, the circulation process considered as such,
i.e. in the determinations of its economic form, constitutes the full
realisation of social equality (for the relations of freedom have no
direct bearing on the economic determinations of the form of
exchange, but relate only to its juridical form, or to its content, to
use values, or wants as such). Subjects of circulation are, as such,
above all exchangers, and that each of them is posited in this
determination, that is, in the same determination, in effect
constitutes their social determination. They confront each other in
fact only as subjectivised exchange values, i.e. as living equivalents,
as having the same value. As such, they are not only equal:
there is even no [B'-1] difference between them. They confront
each other only as possessors of exchange values and as those in
need of exchange, as agents of the same general indifferent social
labour. Moreover, they exchange exchange values of equal
magnitude, for it is presupposed that there is an exchange of
equivalents. The equalness of that which each gives and takes is
here an explicit moment of the process itself. In the same way that
they confront each other as the subjects of exchange, so they
certify themselves in the act of this exchange. As such it is merely this certification. They are posited as exchangers and so as equals, and their commodities (objects) as equivalents. They exchange their reified being only as equivalents. They themselves are of equal value and in the act of exchange identify themselves as being equivalent and indifferent with respect to each other. The equivalents are the objectification of one subject for the other; which means that they themselves are of equal value and identify themselves in the act of exchange as being equivalent and indifferent to each other. In the exchange, the subjects turn out to be of the same value to each other only through the equivalents and identify themselves as such by exchanging the objectification in which the one exists for the other. Since they exist for each other only as subjects of equivalence, they are simultaneously indifferent to each other as being of the same value. They are not concerned with their other differences. Their individual particularity does not enter into the process. The physical difference in the use value of their commodities is extinguished in the ideal being of commodity as price, and to the extent that this physical difference is the motivation for exchange, they are a reciprocal want for each other (each representing the want of the other), a want that can be satisfied only by the same quantum of labour time. This natural difference is the basis for their social equality and posits them as subjects of the exchange. If subject A had the same want as subject B, and if his commodity satisfied the same want as the commodity of subject B, there would be no relation between them in the sense of economic relations (from the standpoint of their production). The reciprocal satisfaction of their wants by means of the physical difference of their labour and their commodity makes their equality a relation filled with social content, and their particular labour a particular mode of the existence of social labour in general.

Whenever money is involved, it is so remote from abolishing this relation of equality that it is, in fact, its real expression. Above all to the extent that money functions as the price-positing element, as measure, the function of money consists, also in form, in positing commodities as being qualitatively identical, in expressing their identical social substance in which there is only a quantitative difference. In circulation, the commodity of each then, in fact, appears as the same thing [as the commodity of the other] and is given the same social form of means of circulation in which any particularity of the product is extinguished and the proprietor of each commodity becomes the proprietor of the tangibly subjec-
tified generally significant commodity. That money non olet\(^a\) applies here in the proper sense. Whether a thaler which one has in one’s hand has realised the price of manure or of silk is absolutely unnoticeable, and any individual difference has been extinguished in the hands of its possessor, since the thaler functions as thaler. Indeed, this extinction is all-sided, since all commodities are transformed into coin. At a definite moment, circulation posits each not only as being equal to the other, but also as the same, and its movement consists in each alternately taking the place of the other from the standpoint of the social function. It is true that in circulation the exchangers also confront each other qualitatively as buyer and seller, as commodity and money, but, first, they change places, and the process consists both in the establishment of inequality and in the transcendence of the inequality, so that the latter appears to be merely formal. The buyer becomes the seller, the seller becomes the buyer, and each can become buyer only as seller. The formal difference exists for all the subjects of circulation simultaneously in the form of the social metamorphoses through which they have to pass. Besides, the commodity, notionally as price, is as good money as the money confronting it. In money, when it itself circulates so that it appears now in the hands of the one, now of the other, and is indifferent to the place of its appearance, the equality is expressed materially, and the difference no more than formally. As far as the process of exchange is considered, each confronts the other as possessor of means of circulation, as money itself. The specific natural distinction which lies in the commodities is extinguished and keeps being extinguished through circulation.

When we consider generally the social relation of individuals within their economic process, we simply have to keep to the form determinations of the process itself. But there is no other difference in circulation except that between commodity and money, and circulation is equally its ceaseless disappearance. Equality appears here as social product, just as generally exchange value is social being.

Since money is only realisation of exchange value, and a developed exchange-value system, a money system, the money system can, in fact, be only the realisation of this system of equality and freedom.

The use value of the commodity contains for the exchanger a particular, individual aspect of production (labour); but in his

\(^{a}\) Does not smell (Vespasian).—Ed.
commodity, as exchange value, all commodities similarly present themselves as objectification of the social homogeneous labour pure and simple, and their proprietors as equally estimable and equally worthy functionaries of the social process.

[B-2] It was earlier shown that as far as money appears in its third function, it sublates, as the general material for contracts, the universal means of payment, all specific differences between the performances and posits them equal. It makes all equal before money, but money is merely its own objectified social nexus. With money figuring as material for accumulation and hoarding, the equality may at first appear to be sublated since the possibility arises for one individual to enrich himself more, to acquire a greater title to general production than another. However, [in the simple circulation] no individual can extract money at the expense of another. He can take in the form of money only that which he gives in the form of commodity. The one enjoys the content of wealth, the other takes possession of its universal form. If one is impoverished and the other enriched, that is a matter of their good will, their thrift, industry, morality, and so on, and does not at all follow from the economic relations themselves, the relations of commerce, in which the individuals confront each other in circulation. Even inheritance and similar juridical relations which may extend the inequality arising in this way have no effect on social equality. If the initial position of individual A is not in contradiction with these, the contradiction cannot, of course, arise from individual A taking the place of individual B and perpetuating the initial position. On the contrary, here the social law acquires force beyond the bounds of the [individual's] natural lifetime: there is a consolidation of this social law in contrast to the accidental working of Nature, whose influence as such would rather be abolition of the freedom of the individual. Besides, since in this relation the individual is merely the individualisation of money, he is as such as immortal as money itself. Finally, hoarding activity is a heroic, religious idiosyncrasy, a fanatical asceticism which is, of course, not inherited as blood is. Since only equivalents are exchanged, the heir must throw the money into circulation once again if he is to realise it as gratification. If he fails to do that, he will simply continue to be a useful member of the society, taking from it no more than he gives. But the nature of things is such, however, that extravagance, the "charming leveller", as Steuart calls it, once again evens out the inequality, so

that it itself puts in only a fleeting appearance.

That is why the process of exchange of exchange values developed in circulation not only respects freedom and equality, but is also their real basis, while they are its products. As pure ideas, they are idealised expressions of its various moments; being developed in juridical, political and social relations, they are merely reproduced in other degrees. This has also been historically confirmed. Not only was the trinity of property, freedom and equality first theoretically formulated on that basis by Italian, English and French economists of the 17th and 18th centuries. They were also first realised in the modern bourgeois society. The ancient world, for which exchange value did not serve as the basis of production and which, on the contrary, collapsed in consequence of its development, produced a freedom and equality of a totally opposite and essentially no more than local content. On the other hand, since moments of the simple circulation were developed in the ancient world, among the free, at any rate, it is also clear that the definitions of juridical person, the subject of the process of exchange, were developed in Rome, especially in imperial Rome, whose history is precisely the history of the disintegration of the communal system of antiquity, as also the essential definitions of the law of the bourgeois society which, however, was necessarily above all brought to the fore as the law of the emerging industrial society as against the Middle Ages.

That is the origin of the error of the socialists, especially the French, who strive to prove that socialism is a realisation of bourgeois ideas, not discovered, but given historical currency by the French Revolution, and vainly try to demonstrate that exchange value *originally* (in time) or in its concept (in its adequate form) is a system of universal freedom and equality but perverted by money, capital, etc. Or they assert that up to now history has merely made unsuccessful attempts to put them through in a form corresponding to their true nature, and that now they, Proudhon, for instance, have discovered the panacea through which the true history of these relations is to be substituted for their perverted history. The system of exchange values, and the money system even more so, are, in fact, a system of freedom and equality. But the contradictions which appear in a deeper analysis are immanent contradictions, complications of that very property, freedom and equality which occasionally pass into their opposites. The hope, for instance, that exchange value should not develop from a form of commodity and money into a form of capital, or that labour producing exchange value should not develop into wage labour is
as pious as it is stupid. What distinguishes these socialists from bourgeois apologists is, on the one hand, the sense of the contradictions of the system, and, on the other, the utopianism, the failure to understand the necessary distinction between the real and the ideal shape of the bourgeois society and the consequent desire to undertake the superfluous business of once again realizing the ideal expression itself, the clarified and reflected image emitted by reality as such.

Contrasted to this concept, on the other hand, is the trivial argument that the contradictions in this view resting on the examination of the simple circulation which arise as soon as we go on to more concrete stages of the production process, descending from the surface to its depths, are, in fact, a mere semblance. It is, in fact, asserted and argued with the aid of abstraction from the specific form of the more developed spheres of the social process of production, of the more developed economic relationships, that all the economic relationships are merely so many more names for the selfsame relationships of the simple exchange, commodity exchange, and the corresponding determinations of property, freedom and equality. From everyday experience, for instance, it is taken that, alongside money and commodities, exchange-value relationships also present themselves in the form of capital, interest, ground rent, wages, etc. Through the process of a very trivial abstraction, arbitrarily discarding now one, now the other aspect of the specific relationship, the latter is reduced to abstract determinations of the simple circulation, thereby proving that the economic relations in which individuals find themselves in those more developed spheres of the production process are merely relations of the simple circulation, etc.

That is just how Mr. Bastiat has put together his economic theodicy, the *Harmonies économiques*. In contrast to the classical political economy of Steuart, Smith and Ricardo, who have the strength of mind relentlessly to depict production relationships in their pure form, this feeble high-flown rhetoric claims to be a step forward. However, Bastiat is not the inventor of this harmonious view, but has, on the contrary, borrowed it from the American Carey.

Carey, for whose views the historical background was provided only by the New World, of which he is a member, in the highly voluminous works of his first period argued the existence of the economic “harmony” which is still everywhere a reduction [of all economic relations] to the abstract determinations of the simple process of exchange, by explaining everywhere the distortion of
these simple relationships by the intervention of the State, on the
one hand, and England’s influence on the world market, on the
other. The harmonies in themselves are there. But in the
non-American countries they are distorted by the State, and in
America itself, by the most developed form in which these
relationships appear, their world-market reality, in the form of
England.* Carey finds no other means of restoring them than
ultimately to call for help from his denounced devil, the State,
and to stand it as the guardian angel at the gates of the
harmonious paradise, namely, protective tariffs. But since he is
after all a researcher and not a writer of fiction, like Bastiat, in his
latest work 102 he is forced to go farther. America’s development
over the past 18 years has dealt such a blow at his harmonious
view that he now sees the distortion of the “natural” “harmonies”,
to which he is still firmly attached, no longer in the external
influence of the State, but in trade! A truly remarkable result this:
to extol exchange value as the basis of harmonious production,
and then to declare that the developed form of exchange, trade,
abolishes this exchange value in its immanent laws! ** That is the
desperate form in which Carey expresses his belated conclusion
that the development of harmonious exchange value is dishar-
monic.

* It is harmonious, for instance, if, within a country, patriarchal production
gives way to industrial production, and the process of dissolution accompanying
this development is conceived only in its positive aspect. But it becomes
disharmonious, if England’s large-scale industry puts a terrible end to the
patriarchal or petty-bourgeois forms of another country’s national production. The
concentration of capital within a country and the dissolving effect of this
concentration present themselves to him only in their positive aspect. But the effect
of the concentrated English capital on other national capitals, which he exposes as
England’s monopoly, is disharmony itself.

** Carey is, in fact, America’s only original economist, and what makes his works
so important is that the bourgeois society in its freest and broadest reality always
provides them with their material foundation. In abstract form, he describes the
breadth of American [economic] conditions and contrasts them with those of the
Old World. Bastiat’s only real background is the pettiness of French economic
conditions, whose long ears keep sticking out from his harmonies, and in contrast
to these, he formulates the idealised English and American production relation-
ships as “the demands of practical reason”. 103 That is why Carey is rich in
independent, so to say, bona fide studies of specific economic questions. Wherever
Bastiat pretends, by way of exception, to descend from his glib and coquettish
platitudes to an examination of real categories (for instance, in ground rent) there
he simply rewrites Carey. So while the latter combats mainly the objections to his
harmonious view, objections in the form in which they have been developed by the
English classical economists themselves, Bastiat skirrmishes with the socialists.
Carey’s more profound view finds in political economy itself the contradiction
6) TRANSITION TO CAPITAL

Let us now take the process of circulation in its totality:

Let us consider first of all the formal character of the simple circulation.

Indeed, circulation represents only a formal process mediating both moments—use value and exchange value—which directly coincide and directly fall apart in the commodity, whose direct unity it is. The commodity keeps alternating each of these two determinations. So far as the commodity is posited as price, and while also being exchange value, its being as use value appears to be its reality, while its being as exchange value is merely its relation [to other commodities], its notional being. In money, although it is also use value, it is its being as exchange value that appears as its reality, since use value, when it appears as universal, is merely notional.

In the commodity, the material has price; in money, exchange value possesses material.

Both forms of circulation are to be considered: $C \rightarrow M \rightarrow C$ and $M \rightarrow C \rightarrow M$.

The commodity which is exchanged for another commodity by means of money passes out of circulation in order to be consumed as use value. Its determination as exchange value and hence as commodity is extinguished. It is now use value as such. If, however, it is self-established against circulation in the form of money, it then represents only the substance-free universal form of wealth and becomes a useless use value, gold, silver, when it does not re-enter circulation as a means of purchase or means of payment. Indeed, there is a contradiction in that the exchange value become independent, i.e. the absolute existence of exchange value, should be the form in which it is withdrawn from exchange. The only reality, economically, which hoarding has in circulation, is a subsidiary one for the function of money as means of circulation (in the two forms of means of purchase and means of payment)—the formation of reservoirs which make it possible to expand and contract the currency (hence the function of money as universal commodity).

There are two moments in circulation. First, equivalents, i.e. the same value magnitudes, are exchanged for each other; at the same time, however, the determinations of both sides change places.

which, as harmonist, he has to overcome, while the vain and stubborn rhetorician [Bastiat] discerns this contradiction as lying only beyond the bounds of political economy.
The exchange value fixed in money disappears (for the owner of the money) as soon as money realises itself in the commodity as use value; and the use value existing in the commodity disappears (for its owner) as soon as its price is realised in money. Through the simple act of exchange, either of the two can lose its determination in favour of the other only when it realises itself in the other. Neither can retain one determination while passing into the other.

Considered in itself, circulation is the mediation of preposed extremes. But it does not posit these extremes. It itself must be mediated as the totality of mediation, as total process. That is why its immediate being is pure appearance. It is the phenomenon of a process running behind its back. It is now negated in each of its moments: as commodity, as money, and as the relation of the two, as the simple exchange of the two, circulation.

The repetition of the process from both points, money and commodity, does not spring from the conditions of circulation itself. The act cannot again be rekindled of itself. Circulation does not, therefore, carry within itself the principle of self-renewal. It proceeds from preposed moments, and not from those created by itself. Commodities must be thrown into it again and again, and that from outside, as fuel into the fire. Otherwise, it flickers out in indifference. It would flicker out in money as an indifferent result, in so far as money would no longer have any connection with commodities, prices, circulation, cease to be money and express a production relationship; leaving no more than its metallic being, with its economic being annihilated.

Money, as “universal form of wealth”, as exchange value become independent, confronts the whole world of real wealth. It is the pure abstraction of the latter, hence, fixed in this way, an imaginary magnitude. Wherever universal wealth appears to exist in an entirely material, tangible form, it has its existence only in my head, and is a pure chimera. As the material representative of universal wealth, money is realised only when it is thrown back into circulation, when it disappears in exchange for the particular species of wealth. In circulation, it is always real only when it is given out. Should I want to hold on to it, it evaporates in my hands as a mere spectre of wealth. Making it disappear is the only possible way of securing it as wealth. The dissolution of the stores in ephemeral gratifications is its realisation. It can now again be stored by other individuals, but then the process starts once again.

The independence of money with respect to circulation is mere appearance. So in its determination of consummate exchange value, money sublates itself.
In the simple circulation, exchange value in its form as money appears as a simple thing for which circulation is only an external movement, or which, as subject, is individualised in a particular material. Furthermore, circulation itself appears [B'-5] merely as a formal movement: realisation of the prices of commodities, exchange (eventually) of different use values for each other. Both are preposited as the point of departure of circulation: the exchange value of the commodity, and the commodities of different use value. The withdrawal of the commodity through consumption, i.e. its annihilation as exchange value, and the withdrawal of money, its becoming independent, which is again another form of its annihilation, likewise drop out of circulation. A *definite price* (exchange value measured in money, i.e. exchange value itself, the value magnitude) is preposited to circulation, which in money only gives it a formal being. But it does not *originate* in it.

The simple circulation, merely the exchange of commodity and money (the exchange of commodities in mediated form), precisely because it is only mediating movement between presupposed points of departure, can (up to the formation of hoards) historically exist without exchange value taking hold of the production of a people, whether on the whole surface or in its depths. At the same time, however, historical development shows how circulation itself leads to bourgeois, i.e. exchange-value-posting, production and creates for itself a basis other than that from which it directly sprang. The exchange of surpluses is commerce creating exchange and exchange value. However, it extends only to the act of exchange itself and runs alongside production itself. But then if the appearance of exchange-seeking intermediaries (Lombards, Normans, etc.) is repeated and regular trade develops under which the producing peoples are engaged only in what could be called passive trade, in so far as the impetus to exchange-creating activity comes from outside and not from the inner structure of production, the surplus of production must no longer be an accidental, occasional one, but a constantly recurring surplus, so that the product itself acquires a tendency towards circulation and creation of new exchange values.

Initially, the influence is rather a material one. The range of wants is enlarged; the aim is to satisfy new wants, and hence the greater regularity and scale of production. The organisation of production within the country has itself already been modified by circulation and exchange value, but has not yet been taken hold of either over its entire surface or throughout its whole depth. That is the so-called civilising influence of foreign trade. The extent to
which the movement positing exchange value seize upon the whole of production then depends partly on the intensity of the said external influence, partly upon the level of internal development.

For instance, in England in the 16th century, the development of the Dutch industry made English wool production of great commercial importance, and, on the other hand, especially increased the need for Dutch and Italian commodities. In order to have more wool for export as means of exchange, arable land was converted into sheep-walks and the small-tenant system was broken up, producing that rather violent economic upheaval which Thomas More deplored (denounced).\textsuperscript{a}

So agriculture lost its character of labour for use value—as the immediate source of subsistence—and the exchange of its surplus ceased to be something indifferent and external for the internal structure of agricultural relationships. In some places, agriculture itself began entirely to be determined by circulation and transformed into production creating solely exchange values. In this way, not only was there a change in the mode of production, but also a disintegration of all the corresponding old, traditional relationships of population and production, economic relationships. So here the prerequisite for circulation was a production involving exchange value only in the form of surplus, a surplus over the use value; but it gave way to a production which can exist only in relation to circulation, with the creation of exchange value as its immediate object. This is an example of the historical retreat of the simple circulation into capital, into the exchange value as a production-dominating form.

The movement, therefore, gets hold only of the surplus of the production aimed at the creation of immediate use value and proceeds only within those limits. The less the whole internal economic structure of the society is still caught up by exchange value, the more they [participants in the exchange] appear as external extremes of circulation—firmly given in advance and taking a passive attitude to it. The whole movement as such appears independent with respect to them as intermediary trade whose carriers, such as the Semites in the interstices of the ancient world, and the Jews, Lombards and Normans in the interstices of the medieval society, alternately represent with respect to them the different moments of circulation—money and commodity. They are the mediators of the social exchange of matter.

\textsuperscript{a} Thomas More, \textit{Utopia}, Book I.—\textit{Ed.}
At this point, however, we have nothing to do with the historical transition of circulation into capital. The simple circulation is, rather, an abstract sphere of the bourgeois process of production as a whole, which through its own determinations shows itself to be a moment, [B"-6] a mere form of appearance of some deeper process lying behind it, even resulting from it and producing it—industrial capital.//

The simple circulation, on the one hand, is an exchange of present commodities and merely the mediation of these preposited extremes, which lie beyond it. All activity is limited to exchange and the positing of the formal determinations through which the commodity passes as the unity of exchange value and use value. As such a unity, the commodity was preposited or some other determinate product was a commodity only as the immediate unity of both these determinations. Indeed, the commodity is such a unity, a commodity not in an inert (fixed) being, but only in the social movement of circulation in which, on the one hand, both determinations of the commodity—use value and exchange value—are allocated between the various parties. For the seller it becomes exchange value, for the buyer, use value. For the seller it is means of exchange, i.e. the opposite of direct use value, because it is use value for the other; in other words, it is negated direct, individual use value; on the other hand, however, as price its magnitude as means of exchange, its purchasing power is measured. For the buyer, it becomes use value as its price is realised, i.e. as its ideal being is realised as money. Only because the buyer realises the commodity for another in the determination of pure exchange value, the commodity for himself becomes a commodity in the determination of use value. Use value itself appears as two-fold: in the hands of the seller, it is merely a particular materialisation of exchange value, the existence of exchange value, and for the buyer, use value as such, i.e. an object satisfying particular wants; for both, the commodity appears as price. One of them, however, wants to realise it as price, as money; the other realises money in it.

It is specific for the being of commodity as means of exchange that the use value appears 1) as sublated direct (individual) use value, i.e. as use value for others, for the society; 2) as materialisation of exchange value for the possessor of the commodity.

The bifurcation and the alternation of the commodity in both determinations—commodity and money—is the main content of circulation. But the commodity does not simply confront money;
its exchange value appears in it notionally as money; as price, it is notional money, and money with respect to it is merely the reality of its own price. In the commodity, the exchange value is also notional determination, notional equation with money. It then acquires in money as coin an abstract, one-sided but fleeting existence as mere value; value then is extinguished in the use value of the purchased commodity. From the moment the commodity becomes simple use value, it ceases to be a commodity. Its being as exchange value is extinguished. But so long as it is in circulation, it is always posited in a two-fold way, not only in that it exists as commodity with respect to money, but also in that it always exists as commodity with a price, exchange value measured in the measuring unit of exchange values.

The movement of the commodity passes through various moments when it is price, becomes coin, and finally is transformed into use value. It is presupposed as use value and exchange value, for only then it is a commodity. But it realises these determinations formally in circulation and, moreover, so that, firstly, as has been said, it passes through various determinations; and, secondly, so that in the process of exchange its being as use value and exchange value is always distributed between the two sides, between the two extremes of the exchange. In circulation, its two-fold nature is dismembered and it becomes in each of the conditions presupposed in it only as a result of this formal process. The unity of both determinations appears as a restless movement passing through definite moments and at the same time always two-sided. Always only in this social relationship so that the various determinations of the commodity are, in fact, no more than alternating relations in which the subjects of the exchange are in the process of exchange. This relation appears, however, as an objective relationship in which they are placed by the content of the exchange, by its social determinateness, independently of their will. In price, coin, as money, these social relations appear with respect to these subjects as external and subsuming. The negation of the commodity in one of its determinations is always its realisation in the other. As price it is already notionally negated as use value and posited as exchange value. As realised price, i.e. as money, it is negated use value. As realised money, i.e. as transcended means of purchase, it is negated exchange value, realised use value. It is initially use value and exchange value only δυνάμεια; only in circulation does it become posited as both, and circulation is the

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*Potentially.— Ed.*
alternation of these determinations. While being the alternation and confrontation of these determinations, therefore, circulation is also always their equation to each other.

In so far, however, as we examine the form \( C - M - C \), exchange value, whether in its form of price, or in its form of coin, or in the form of the equating movement, in the form of the movement of exchange itself, appears only as a fleeting mediation. Commodity is eventually exchanged for commodity, or more precisely, since the determination of the commodity is extinguished, it is use values of different quality that are exchanged for each other, while circulation itself merely served, on the one hand, to allow them to change hands in accordance with the want, and on the other, to allow them to change hands in accordance with the labour time they contain; [B'-7] to allow them to substitute for each other to the extent to which they are equally weighty moments of the general social labour time. Now, however, the commodities thrown into circulation have reached their goal. In the hands of their new possessor, each of them ceases to be a commodity; each of them becomes an object of want, and as such is consumed in accordance with its nature.

There, therefore, circulation comes to an end. Nothing remains but the means of circulation as a mere residue. But as such a residue it loses its form determination. It sinks into its matter that remains in the form of the inorganic ash of the whole process. As soon as the commodity has become a use value as such, it is thrown out of circulation and has ceased to be a commodity. That is why it is not from this aspect of content (substance) that we should seek further determinations of form. The use value becomes in circulation only that as what it was posited independently of circulation—an object of a definite want. As such an object, it was and remains a physical motive of circulation; but is left by it, as the social form, altogether unaffected. In the \( C - M - C \) movement, the physical matter appears as the actual content of the movement; the social movement, only as a fleeting mediation for the satisfaction of individual wants. The change of material of the social labour. In this movement, the sublation of the form determination, i.e. those springing from the social process, appears not only as the result but also as the goal; in much the same way as court proceedings appear to the peasant, though not to his lawyer. So in order to examine the further determination of form arising from the movement of circulation itself, we must keep to the side where the formal aspect, exchange value as such, is further developed, and is given a deeper
determination through the process of circulation itself. That means the aspect of the development of money, the $M-C-M$ form.

Being objectified in circulation, exchange value, as an objectified quantum of social labour time, proceeds up to its being as money in the form of hoard and universal means of payment. If money is now fixed in this form, its form determination is equally extinguished; it ceases to be money and becomes mere metal, mere use value, which, however, since it does not have to serve as such in its metal quality, is useless, i.e. it does not realise itself as the commodity does in consumption as use value.

We have seen how the commodity realises the moments it contains by continually denying one of them. From the standpoint of the movement of the commodity as such, exchange value exists notionally in it as price; the commodity becomes abstract means of exchange in coin, but in its final realisation in another commodity, its exchange value is extinguished, and it drops out of the process as simple use value, immediate object of consumption ($C-M-C$). That is the movement of the commodity in which its being as use value is the dominant moment, and the movement in fact consists only in that it assumes the want-corresponding form of the use value, instead of that in which it is a commodity.

If, however, we consider the further development of exchange value in money, we shall find that in the first movement [$C-M$] it reaches only its being as notional money, or coin, as unit [of value measurement] and number [of units]. But if we take both movements [$C-M$ and $M-C$] together, it will transpire that money, existing in price only as ideal measuring unit, as imagined material of general labour, in coin—only as value token, as abstract and fleeting being of value, as materialised conception, i.e. as symbol—in its form, finally, as money, first, negates both determinations, but also contains both as moments, and simultaneously firmly establishes itself in a materialisation independent of circulation, in a constant, even if negative, relation to it.

What becomes, emerges, is produced in circulation, when its form itself is considered, is money itself and nothing else. Commodities are exchanged in circulation, but they do not originate in it. Money, as price and coin, is already an own product of circulation, but only formally. The exchange value of the commodity is the premiss of price, just as the coin itself is nothing but the self-established form of the commodity as similarly premissed means of exchange. Circulation does not create exchange value, just as it does not create its magnitude. For commodity to be measured in money,
both money and commodity must relate to each other as exchange values, that is, as the objectification of labour time. In price, the exchange value of the commodity is given only an expression that is separate from its use value; similarly, the value token springs only from the equivalent, from the commodity as means of exchange. As means of exchange, the commodity must be use value, but it can become such only through alienation, since it is use value not for him in whose hands it is commodity, but for him who acquires it in exchange as use value. Its use value for the possessor of the commodity consists merely in its exchangeability, its alienability to the extent of the exchange value it represents. So, as universal means of exchange, it becomes mere use value in circulation as stable existence of exchange value, while its use value as such is extinguished. That the exchange value is posited as price, and the means of exchange as money, appears as a simple formal change [of determinations]. Every commodity as realised exchange value is the money of account for the other commodities, their price-giving element, just as every commodity is means of exchange (but here it comes up against the limits within which it is means of exchange, for it can be such only with respect to him who possesses the commodity which the exchanger wants, and would have to pass through a series of exchanges in order eventually to become means of exchange; apart from the clumsiness of this process, it would once again come into [B”-8] conflict with its own nature as use value, for it would then have to be divisible into portions so as successively to satisfy all the different exchanges in the required proportions), means of exchange, coin. In price and coin, both determinations are transferred only to a single commodity. This appears merely as a simplification [of the process of exchange]. In the relationships in which a commodity appears as the measure of value of all the other commodities, it is a means of exchange, an equivalent alienable against them; it can actually serve as an equivalent, as a means of exchange. The process of circulation merely gives these determinations a more abstract form in money as coin and means of exchange.

The form $C\rightarrow M\rightarrow C$, this stream of circulation, in which money figures only as measure and coin, appears therefore only as a mediated form of barter in whose basis and content nothing has changed. The reflecting consciousness of the peoples therefore perceives money in its determinations of measure and coin as arbitrary, as inventions conventionally introduced for the sake of convenience; for the transformations undergone by the determinations contained in the commodity as a unity of use value and
exchange value are no more than formal. Price is merely a determinate expression of exchange value, a generally understandable expression [given] to exchange value in the language of circulation itself, just as coin, which can also actually exist as a mere symbol, is no more than a symbolic expression of exchange value, but as means of exchange remains precisely no more than a means for the exchange of the commodity, which is why no new content is brought in. It is true that price and coin originate from commerce: they are, in fact, commerce-created expressions, the commercial expressions of the commodity as exchange value and means of exchange.

But things stand differently with money. It is a product of circulation which has grown out of it, as it were, contrary to initial agreement.

Money is not merely a mediating form of commodity exchange. It is a form of exchange value growing out of the circulation process, a social product which, in virtue of the relations into which individuals enter in circulation, creates itself. As soon as gold and silver (or any other commodity) have developed themselves as measure of value and means of circulation (as the latter, whether in bodily form or as symbol), they become money without the society's aid or desire. Their power appears as a kind of fate, and the consciousness of men, especially in social orders declining because of a deeper development of exchange-value relations, rebels against the power which a physical matter, a thing, acquires with respect to men, against the domination of the accursed metal which appears as sheer insanity. It is in money, and in its most abstract and hence most senseless, incomprehensible form, the form in which all mediation is sublated, that this transformation of social interrelations into a solid, overwhelming, individual-subsuming social relationship first appears. And this appearance is all the harder in that it springs from the premiss of free, untrammeled, atomistic private persons linked with each other in production only by reciprocal wants. Money itself contains within itself the negation of itself as mere measure [of values] and coin.

//Considered in itself, the commodity should, in fact, be merely the being of exchange value for its possessor; for him, its materialisation only has the meaning of being the objectification of general labour time, which is exchangeable for any other objectification of it; is, consequently, immediate universal equivalent, money. This aspect, however, is concealed and appears only as one side.//
The old philosophers, and similarly Boisguillebert, regard this as a perversion, a misuse of money, which turns from slave into master, depreciates natural wealth and eliminates the equal measures of equivalents. In his *De Republica*, Plato wants forcibly to keep money as mere means of circulation and measure [of value], but not to allow it to become money as such.\(^a\) For the same reason, Aristotle regards the form of circulation $C\rightarrow M\rightarrow C$, in which money functions only as measure and coin—a movement which he calls economic—as natural and reasonable, and brands the form $M\rightarrow C\rightarrow M$, the chrematistic\(^b\) one, as unnatural and inappropriate.\(^c\) What is here being attacked is only exchange value which becomes the content and end-in-itself of circulation, i.e. the setting up of exchange value as something independent, and value as such becoming the aim of exchange and acquiring an independent form, at first still in the simple, tangible form of money. Use value is the aim of selling for the sake of buying; and value itself, of buying for the sake of selling.

We have seen, it is true, that money is, in fact, only a means of circulation suspended in its function, whether it will later enter circulation as means of purchase or means of payment. But its independent attitude with respect to circulation, its withdrawal from the latter, robs it of both its values: of its use value, since it does not have to serve as metal; of its exchange value, since it possesses this exchange value only as a moment of circulation, as an abstract symbol of the commodities' own value reciprocally opposed to each other; as a moment of the movement of the form of the commodity itself. So long as money remains withdrawn from circulation, it is as worthless as if it lay buried in the deepest pit. But if it re-enters [B''-9] circulation, its intransience is at an end, the value it contains disappears in the use values of the commodities for which it is exchanged, and it once again becomes a mere means of circulation. That is one moment. *Money comes out of circulation as its result, i.e. as adequate being of exchange value, as universal equivalent for itself and congealed in itself.*

*On the other hand:* As the aim of exchange, i.e. as movement which has for its content exchange value itself, money itself, the only content [of the process] is an increase of exchange value, *accumulation of money*. But this increase is, in fact, purely formal. Here value does not come from value, but value in the form of

\(^{a\text{ Cf. this volume, pp. } 351-52.-\text{ Ed.}}\)

\(^{b\text{ Money-making.—Ed.}}\)

\(^{c\text{ Aristotle, *De Republica*, Book I, Ch. 8-10.—Ed.}}\)
the commodity is thrown into circulation in order to extract it from there in the form of useless value as hoard.

"All say that you are rich; I assert that you are poor. For the proof of wealth is use of it." 104

In content, therefore, enrichment appears as voluntary impoverishment. Only the absence of wants, the renunciation of wants, the divorce from use value of the value which exists in the form of commodity, makes it possible to pile it up in the form of money. The fact is that the real movement of the form $M\rightarrow C\rightarrow M$ exists not in the simple circulation, where equivalents are merely transferred from the form of commodity into that of money and vice versa. If I exchange one thaler for a commodity with a value of one thaler, and this again for one thaler, it is a process which has no content. Only one thing should be examined in the simple circulation: the content of this form itself, i.e. money as an end-in-itself. It is clear that it occurs in such a form; apart from the quantity, the predominant form of trade consists in exchanging money for commodity and commodity for money. It may, and does, happen that not as much money as was set out may be the result of this process. In a bad deal, less may return than was given out. Only the principle should be considered here; the further determinateness does not belong in the simple circulation itself. In the simple circulation itself, the increase of the value magnitude, the movement in which the increase of the value itself is the aim, may appear only in the form of accumulation, through the phase $C\rightarrow M$, a continuously resumed sale of the commodity, when money is not allowed to run its full course and once again to be transformed into commodity after the commodity has been transformed into money. That is why money appears not as the point of departure, as the form $M\rightarrow C\rightarrow M$ requires, but always only as the result of the exchange. It is the point of departure only in so far as, for the seller, the commodity has the significance of price alone, as still only would-be money, and he throws it into circulation in this transient form in order to withdraw it from there in its everlasting form. The exchange value was, in fact, the premiss of circulation, i.e. money, and the result of circulation, in so far as it ends in the accumulation of money, is once again the exchange value's adequate being and increase.

Money, therefore, even in its concrete determination as money, in which it is already a negation of itself as mere measure [of value] and mere coin, is negated in the movement of circulation in
which it is posited as money. But what is negated here is merely the abstract form in which the exchange value becoming independent appears in money, and also the abstract form of the process of this becoming independent. From the standpoint of exchange value, the whole of circulation is negated, since it does not carry within itself the principle of self-renewal.

Circulation proceeds from both determinations of the commodity, from it as use value, and from it as exchange value. In so far as the first determination prevails, circulation ends with the use value becoming independent; the commodity becomes an object of consumption. In so far as the second determination prevails, circulation ends with the second determination, the exchange value becoming independent. The commodity becomes money. But the commodity passes into this latter determination only through the process of circulation, and it continues to be related to circulation. In this latter determination, the commodity further develops as objectified general labour time—in its social form. It is from this latter aspect, therefore, that there should be a further determination of social labour, which initially appears as the exchange value of the commodity, and then as money. The exchange value is the social form as such; its further analysis, therefore, is a further analysis of, or a deepening into, the social process which throws the commodity onto its surface.

If we now [knowing that] the independence of the exchange value results from the process of circulation, proceed from the exchange value as such, as we earlier proceeded from the commodity, we shall find that:

1) The exchange value exists in a dual form, as commodity and as money; the latter appears as its adequate form; but in the commodity, so long as it remains commodity, money is not lost, but exists as its price. Thus, the existence of the exchange value is doubled so that it exists once in use values, and once in money. Both forms, however, are exchanged for each other, and through this mere exchange as such the value does not perish.

2) If money is to be preserved as money, it must, just as it appears in the form of residue and a result of the process of circulation, [B"-10] be capable of re-entering this process, i.e. of not being converted in circulation into a mere means of circulation disappearing in the form of commodity in exchange for a mere use value. Money, while it is in one determination, should not be lost in the other, i.e. it should remain money also in its being as commodity, and, in its being as money, exist only as a transient form of commodity; in its being as commodity it should not lose
its exchange value, and, in its being as money, its relation to use value. Its entry into circulation must itself be a moment of its stay-by-itself, and its stay-by-itself, entry into circulation. Thus, the exchange value is now determined as a process and not merely as a disappearing form of use value indifferent to this use value itself as physical content, and not merely as a thing in the form of money; it is determined as relation to its own self through the process of circulation. On the other hand, circulation is itself no longer determined as a merely formal process in which the commodity passes through its various determinations, but the exchange value itself, and, to be sure, the exchange value measured in money must be premised as posited by circulation, and as so posited by it appear as being premised to it. Circulation itself must appear as a moment of the production of exchange values (as the process of production of exchange values). In the process of exchange value becoming independent in money, only its indifference is in fact posited with respect to the particular use value in which it incorporates itself. The independent universal equivalent is money, whether it exists in the form of commodity or in the form of money. The process of exchange value becoming independent in money must itself appear only as a moment of the movement, as a result of circulation, but as one determined for starting it again, without congealing in this form.

Money, i.e. the independent exchange value arising in the process of circulation as a result of and simultaneously as a living impetus to circulation (only in the limited form of hoarding, it is true), has negated itself merely as coin, i.e. as a merely fleeting form of exchange value, as merely dissolving in circulation; it has also negated itself as independently confronting circulation. If it is not to petrify as a hoard, it must once again enter into circulation in the same way as it left it, and not as simple means of circulation, but so that its being as means of circulation, and so its transition into commodity were themselves only a change of form to reappear in its adequate form as adequate exchange value, but simultaneously as multiplied, increased exchange value, valorised exchange value. Value valorising, i.e. multiplying, itself in circulation is in general exchange-value-for-itself which passes through circulation as an end-in-itself. This valorisation, this quantitative increase of value—the only process which value can perform as such—appears in the accumulation of money only as the opposite of circulation, i.e. through its own sublation. Moreover, circulation must itself be posited as a process in which value is retained and valorised.
In circulation, however, money becomes coin and, as such, is exchanged for commodity. If this exchange is to be more than formal, if the exchange value is not to be lost in the consumption of the commodity, so that there is not merely a change in the form of the exchange value (once as its universal abstract being in money, and again, its being in a particular use value of the commodity), the exchange value must in fact be exchanged for a use value, and the commodity must be consumed as a use value, but in this consumption it must be retained as an exchange value, in other words, its disappearance must disappear, and must itself be merely a means for the emergence of a greater exchange value, for the reproduction and production of exchange value—productive consumption, i.e. consumption through labour in order to objectify labour, to create exchange value. The production of exchange value is in general only the production of a greater exchange value, a multiplication of it. Its simple reproduction modifies the use value in which it exists, just as the simple circulation does it, but without creating, without producing it.

The exchange value become independent implies circulation as a developed moment and appears as an uninterrupted process which posits circulation and from it keeps returning in itself in order to posit it once again. As self-positing movement, the exchange value no longer appears as a merely formal movement of preposited exchange values, but is at the same time a self-producing and self-reproducing movement. Production itself is here no longer present before its results, i.e. it is not preposited but appears as production which at the same time itself produces these results; but it posits the exchange value as no longer merely leading to circulation, but as one which simultaneously implies developed circulation in its [B”-11] process.

In order to establish itself as something independent, the exchange value would not only have to emerge as result from circulation, but would also have to be capable of re-entering circulation, to be retained in it, becoming commodity. In money, the exchange value has received an independent form with respect to the circulation C—M—C, i.e. with respect to its final dissolution in simple use value. But this form, when fixed, is only negative, fleeting, or illusory. Money exists only in relation to circulation and as a possibility of entering it. But it loses this determination as soon as it realises itself. It falls back to both its functions as measure and means of circulation. As mere money, it does not go beyond this determination. Simultaneously, however, it is posited in circulation that it remains money, whether it exists
as such or as the price of the commodity. The movement of

circulation must not appear as the movement of its disappearance,

but, on the contrary, as the movement of its actual self-positing as

exchange value, its realisation as exchange value. If commodity is

exchanged for money, the form of exchange value, exchange

value posited as exchange value, money, is congealed in this
determination only so long as money is kept out of the exchange

in which it functions as value, so long as it evades it, and is,

consequently, a purely illusory realisation of value, its purely ideal

realisation in the form in which the independence of the exchange

value exists tangibly.

The same exchange value must become money, commodity,

commodity, money, as the form $M - C - M$ requires. In the

simple circulation, the commodity becomes money and then

commodity; it is another commodity which once again posits itself

as money. The exchange value is not retained in this change of its form.

But in circulation it is already posited that money is both money and

commodity, and is retained in the alternation of both determinations.

In circulation, the exchange value appears two-fold: once as

commodity and again as money. If it is in the one determination,
it is not in the other. This is true of any particular commodity;

and equally of money as a means of circulation. But implicit in

circulation as a whole is that the same exchange value, exchange

value as subject, once posits itself as commodity, and again as

money, and is in fact the movement aimed at positing itself in

these two determinations and maintaining itself in each of these as

its opposite, in the commodity as money, and in money as

commodity. That is what is present in the simple circulation in

itself, but is not posited in it.

Where these determinations in the simple circulation are

positively independent of each other, as in the commodity

becoming the object of consumption, circulation ceases being a

moment of the economic process; where negatively, as in money, it

becomes insanity, an insanity stemming from the economic process

itself.

It cannot be said that the exchange value realises itself in the

simple circulation, because the use value does not confront it as

such, as use value determined by itself. Conversely, the use value

as such does not itself become exchange value or becomes it only

in so far as the determination of use values—that of being

objectified general labour—is superimposed on them as an

external scale. Their unity still immediately falls asunder, and

their difference still immediately forms a unity. That the use value
as such is mediated through the exchange value, and that the exchange value mediates itself through the use value, now has to be posited.

In the simple circulation, we had only two formally distinct determinations of exchange value—money and commodity price; and only two physically distinct use values—$C - C$, for which money, the exchange value, is merely a fleeting mediation, a form which these use values temporarily adopt. No real relationship was established between the exchange value and the use value. It is true that in the use value, the exchange value also exists as price (notional determination); it is true that in money, the use value also exists as its reality, its material. In the one case, it is the exchange value that was merely notional, and in the other, the use value. The commodity as such—its particular use value—is, therefore, merely a physical motive for the exchange, but as such it drops out of the economic form determination; or the economic form determination is merely the superficial form, the formal determination which does not penetrate into the sphere of the real substance of wealth and has no relation to that substance as such; that is why if this form determination as such is to be established in the form of hoard it [form determination] is imperceptibly transformed into a natural undifferentiated product, a metal, on which even its last relation to circulation is extinguished. The metal as such does not, of course, express any social relation; in it even the form of coin, the last sign of life of its social significance, has been extinguished.

Having emerged from circulation as its prerequisite and result, the exchange value must similarly enter it once again.

We have already seen in the examination of money, and it clearly appears in hoarding, that the growth of money, its multiplication is the only process of the form of circulation which is the end-in-itself for value, i.e. that value become independent and retaining itself in the form of exchange value (above all money), is simultaneously the process of its increase; that its retention of itself as value is simultaneously its advance beyond its quantitative limits, its expansion as a magnitude of value and that the process of the exchange value becoming independent has no other content. The maintenance of the exchange value as such by means of circulation appears simultaneously as its self-expansion, and this self-expansion is [B”-12] its self-valorisation, its active positing of itself as value-creating value; as value reproducing itself while preserving itself, but simultaneously positing itself as value, i.e. as surplus value. In hoarding, this process is still purely
formal. In so far as the individual is concerned, this process appears as a movement without content converting wealth from a useful into a useless and, in terms of determination, unnecessary form. In so far as the economic process as a whole is concerned, hoarding serves merely as a condition of the metallic circulation itself. So long as money remains hoard, it does not function as exchange value, it is merely imaginary. On the other hand, the expansion—the positing of itself as value, value which not only preserves itself through circulation, but originates from it, i.e. posits itself as surplus value—is likewise merely imaginary. The same value magnitude which earlier existed in the form of commodity now exists in the form of money; it is accumulated in the latter form, because it is abandoned in the other. If it is realised, it disappears in consumption. The preservation and expansion of value is, therefore, merely abstract, formal. Only the form of this is posited in the simple circulation.

As a form of universal wealth, as exchange value become independent, money is incapable of any other movement but the quantitative one: to expand itself. By concept it is the essence of all the use values; but its quantitative limits, as the limits of what is always merely a definite magnitude of value, a definite sum of gold and silver, is in contradiction with its quality. That is why rooted in its nature is a constant drive to go beyond its own limits.

(As consuming wealth, for instance in the epoch of the Roman emperors, money for that reason appears as boundless, insane dissipation, which tries to raise even the consumption of food to its imaginary boundlessness, i.e. one which treats money, as such a form of wealth, at the same time directly as a use value. Pearl salad, etc.)

For value, firmly established as value, its expansion, therefore, coincides with its self-preservation, and it preserves itself only by constantly driving beyond its quantitative limits, which contradicts its inner universality. So enrichment is an end-in-itself. The end-determining activity of exchange value become independent can only be enrichment, i.e. its own self-expansion; reproduction and not a merely formal one, but one in which it expands. But as a quantitatively determinate magnitude of value, money is also only a limited representative of universal wealth, or a representative of limited wealth which extends just so far as does the magnitude of its exchange value exactly measured according to it. Consequently, it does not at all have the capability which it should have had according to its general concept, the capability of buying
all the objects of consumption, all the commodities, the totality of material wealth; it is not a "précis de toutes les choses". 74

So, fixed as wealth, as the universal form of wealth, as value that counts as value, money is a constant drive to go beyond its quantitative limits; an endless process. Its own viability consists exclusively in this; it preserves itself as self-important value distinct from use value only when it continually multiplies itself by means of the process of exchange itself. The active value is only a surplus-value-positing value. The only function [of money] as exchange value is exchange itself. In this function, therefore, it must expand itself, but not through its withdrawal [from circulation] as in hoarding. In it money does not function as money. When withdrawn as hoard, it functions neither as exchange value nor as use value, is dead, unproductive hoard. No kind of action originates from it itself. Its expansion is an external addition from circulation, when the commodity is again thrown into circulation and value is converted from the form of commodity into the form of money, and then as the latter is hidden for safe-keeping, i.e. when money in general ceases to be money. Once it again enters circulation, it disappears as exchange value.

Resulting from circulation as adequate exchange value and independent but again entering circulation, in it and through it perpetuating and valorising (multiplying) itself, money is capital. In capital money has lost its rigidity and from a tangible thing has become a process. Money and commodity as such, just as the simple circulation itself, exist for capital merely as particular abstract moments of its being in which it just as continually appears, passing from the one into the other, and just as continually disappears. The process of becoming independent appears not only in the form that capital confronts circulation as an independent abstract exchange value—money—but also in that circulation is simultaneously the process of its becoming independent, that it stems from circulation as something become independent.

The form M—C—M clearly expresses that the establishment of the independence of money must appear as a process, equally as a premiss and a result of circulation. This form as such does not, however, receive any content in the simple circulation, and does not even appear as the movement of content—a movement of circulation for which the exchange value is not only a form, but also the content and the end itself, and which, for that reason, is the form of the exchange-value-in-process itself.
The exchange value become independent, money as such, always appears in the simple circulation only as the result, *caput mortuum* of the movement. It must equally appear as its premiss; its result, as its premiss; and its premiss [B"-13] as its result.

Money must preserve itself as money both in its form of money and in the form of commodity; the change of these determinations, the process in which it goes through these metamorphoses, must at the same time appear as a process of its production, as creator of itself, i.e. as augmentation of its value magnitude. When money becomes commodity, and commodity as such is necessarily consumed as use value and must disappear, this disappearance must itself disappear, this annihilation must annihilate itself, so that the consumption of the commodity as use value itself appears as a moment of the process of the self-reproducing value.

Money and commodity, like their relation to each other in circulation, now equally appear as mere premisses of capital, as, on the other hand, the form of its being; equally as mere existing elementary premisses for capital, as, on the other hand, forms of its being and its results.

The intransience for which money strives as it negatively sets itself with respect to circulation (by withdrawing itself from it) is acquired by capital in that it preserves itself precisely by giving itself up to circulation. Capital as exchange value implying circulation, preposited to it and preserving itself in it, alternately assumes the form of both these moments contained in the simple circulation, but not as in the simple circulation, in which it merely passes from either form into the other, but so that in each of the determinations it simultaneously preserves the relation to the opposite moment. If it appears as money, it is now merely a one-sided abstract expression of it as universality; shedding this form as well, it sheds only its opposite-based determination (sheds the opposite-based form of universality). If it is posited as money, i.e. as this opposite-based form of the universality of exchange value, it is simultaneously posited within it that it must lose not universality as in the simple circulation, but its opposite-based determination, or that it assumes the form of money no more than fleetingly, i.e. is once again exchanged for the commodity, but a commodity which even in its particularity expresses the universality of the exchange value and so keeps changing its determinate form.

Commodity is not only an exchange value, but also a use value, and as the latter it must be appropriately consumed. When the commodity serves as use value, i.e. during its consumption, the
exchange value must simultaneously preserve itself and appear as the end-determining soul of consumption. The process of the disappearance of the commodity must, therefore, appear at the same time as a process of the disappearance of its disappearance, i.e. as a reproducing process. The consumption of the commodity, therefore, is not aimed at any immediate enjoyment, but itself appears as a moment of the reproduction of its exchange value. The exchange value, therefore, is, as a result, not only the form of the commodity, but appears as the fire in which its very substance is consumed. This determination stems from the very concept of use value. And in the form of money, capital, on the one hand, will appear no more than fleetingly as means of circulation, and, on the other hand, only as a moment, as its fleeting positedness in the determinateness of adequate exchange value.

On the one hand, the simple circulation is an existing premiss for the commodity, and its extremes, money and commodity, appear as elementary premisses, as forms turning into capital according to possibility; or they are merely abstract spheres of the process of production of preposited capital. On the other hand, they return into it as into their abyss or lead to it. (The above historical example to be given here.\(^a\))

In capital, money, the preposited exchange value become independent, appears not only as exchange value, but, being independent exchange value, as a result of circulation. Indeed, no formation of capital takes place before the sphere of the simple circulation has developed up to a definite level, even if from altogether different conditions of production than capital itself. On the other hand, money is posited as positing circulation as the movement of its own process, the movement of its own realisation, as a self-perpetuating and self-valorising value. As premiss, it is here simultaneously result of the process of circulation, and as result, simultaneously also premiss of its determinate form, which was determined as the form \(M\text{-}C\text{-}M\) (at first only this stream of it). It is a unity of commodity and money, but their unity-in-process, and to the same extent to which it is neither commodity nor money, it is at the same time both the one and the other.

It preserves and valorises itself in and through circulation. On the other hand, the exchange value is no longer preposited as a simple exchange value, as it exists in the commodity in its simple determination, before it enters circulation, or, more precisely, as a

\(^a\) See this volume, pp. 480-81.— Ed.
merely implied determination, since the commodity becomes a fleeting exchange value only in circulation. It exists in the form of the \textit{objectivity} [Gegenständlichkeit], but it is indifferent to whether it is the objectivity of the money or the commodity. It stems from circulation; so presupposes it. But it stems, at the same time, from itself as premiss with respect to circulation.

In the actual exchange of money for commodity, as expressed in the form $M-C-M$, i.e. in so far as the real being of the commodity is its use value, and the real being of the use value is its consumption, from the commodity realising itself as use value must once again emerge the exchange value itself, with money and the consumption of the commodity appearing equally as the form of its preservation and as its self-valorisation. Circulation appears with respect to the exchange value as a moment of the process of its own realisation.

[B"-14] The real being of the commodity, its being as use value, drops out of the simple circulation. So should it also be with the moment in the process of capital in which the consumption of commodity appears as a moment of the self-valorisation of capital.

So long as money, i.e. exchange value become independent, merely fixes itself with respect to its opposite, use value as such, it is, in fact, capable only of an abstract being. In its opposite, in its becoming use value, and in the process of the consumption of the use value, it must simultaneously preserve itself and wax as exchange value, i.e. transform the consumption of the use value itself—its active negation as well as its positing—into the reproduction and production of the exchange value itself.

In the simple circulation, every commodity appears alternately as exchange value or as use value. As soon as it is realised as the latter, it drops out of circulation. In so far as the commodity is fixed as exchange value, in money, it drives towards the same formlessness, but as falling within the economic relation. At any rate, the exchange relationship (simple circulation) is of interest to the commodities only in so far as they have exchange values. On the other hand, their exchange value is merely of transient interest in that it suspends the one-sidedness of the use value—of being use value only \textit{immediately} for the individuals—i.e. carries the use value to its consumer; it changes nothing in the use value except that it posits it as a use value for others (for buyers). But in so far as the exchange value is fixed as such, in money, the use value now confronts it only as abstract chaos; and it is precisely through the separation from its substance that it peters out and drives out
of the sphere of the simple exchange value, whose highest movement is the simple circulation, and whose highest accomplishment is money. Within the sphere itself, however, the difference exists only as a formal, superficial differentiation. Money in its highest fixation is itself once again commodity.\(^a\)

\(^a\) The bottom of page 14 and the whole of page 15 of the manuscript were left blank.— *Ed.*
As a result of the simple circulation, capital exists above all in the simple form of money. However, the reified independence which holds it down in this form as hoard, as opposed to circulation, has disappeared. On the contrary, the being of capital in the form of money, adequate expression of the universal equivalent, merely implies that it is indifferent to the particularity of all the commodities and can assume the form of any commodity whatsoever. It is not this or that commodity, but can be metamorphosed into any commodity and continues to be in each of them the self-same value magnitude and to-itself-related value as its own end. Existing above all in the form of money, capital does not, therefore, remain opposed to circulation; on the contrary, it must enter into it. Nor is it lost within circulation as it passes from the form of money to the form of commodity. Its being as money is rather only its being as adequate exchange value which can pass into any commodity whatsoever. In any of these, it remains self-sufficient exchange value. But the exchange value become independent can be capital only when capital itself is established with respect to a third, in a certain relationship with a third.

//Its being in the form of money is two-fold: it can exchange itself for any commodity whatsoever, and, as universal exchange value, is not tied to the particular substance of any commodity; secondly, it remains money even when it becomes commodity; in other words, the material in which it exists is not an object for individual gratification, but materialisation of the exchange value which assumes this form only so as to preserve and expand itself.//
This third is not commodities. For capital is money which from its form of money passes into any form of commodity whatsoever, without being lost within it as an object of individual consumption. Instead of excluding money, the whole range of commodities, all commodities, appear as so many incarnations of money. As for the natural physical difference between the commodities, none prevents money from taking its place within it and making it a part of its own body, since none of them excludes the determination of money in the commodity. The whole reified world of wealth now appears as the body of money in the same way as gold and silver, and it is merely the formal difference between money in the form of money, and money in the form of commodity that makes it capable of equally assuming the one form or the other, and passing from the form of money into the form of commodity. (The process of becoming independent already consists in that the exchange value firmly maintains itself as exchange value, whether it exists in the form of money or in the form of commodity, and it passes into the form of commodity only in order to valorise itself.)

Money is now objectified labour, irrespective of whether it possesses the form of money or of a particular commodity. None of the reified modes of being of labour confronts capital, but each of them appears as a possible mode of its existence which it can assume through a simple change of form, passage from the form of money into the form of commodity. The only opposite of reified labour is unreified labour, and the opposite of objectified labour, subjective labour. Or, the opposite of past labour, which exists in space, is living labour, which exists in time. As the presently existing unreified (and so also not yet objectified) labour, it can be present only as the power, potentiality, ability, as the labour capacity of the living subject. The opposite of capital as the independent, firmly self-sufficient objectified labour is living labour capacity itself, and so the only exchange by means of which money can become capital is the exchange between the possessor of capital and the possessor of the living labour capacity, i.e. the worker.

The exchange value can become independent as exchange value in general only with respect to the use value confronting it as such. Only within the framework of this relationship can exchange value establish itself as such, as such be posited and function. In money, the exchange value should retain this independence through an abstraction from the use value, and this active abstraction—remaining in opposition to use value—would here in effect appear as the sole method for preserving and augmenting
the exchange value as such. Now, however, the exchange value, in its being as use value, in its real, and not only formal being as use value, must preserve itself as exchange value—as exchange value in use value as use value—and create itself out of it. The real being of use values is their real negation, their absorption, their annihilation in consumption. Consequently, it is in this their real negation as use values, in this negation immanent to themselves \([B^{9-17}]\) that the exchange value must certify itself as maintaining itself with respect to the use value, or, rather, make the active being of the use value the confirmation of the exchange value. It is not a negation in which the exchange value as price is merely a formal determination of the use value in which the latter is notionally sublated, while actually the exchange value only appears as a fleeting formal determination of the use value. Nor is it its fixation in gold and silver where a hard-and-fast substance appears as a petrified being of the exchange value. In actual fact, it is posited in money that the use value is mere materialisation, reality of the exchange value. But this is merely an imaginary tangible existence of its abstraction. But in so far as the use value as use value, i.e. the consumption of the commodity itself, is determined as the positing of the exchange value and as a mere means for positing it, the use value of the commodity is, in fact, the actualisation of the exchange-value-in-process. The real negation of the use value which exists not in an abstraction from it (not in a stoppage tensely opposed to it) but in its consumption, this real negation of it, which is at the same time its actualisation as use value, must for that reason become an act of self-assertion, self-actualisation of the exchange value. But this is possible only in so far as the commodity is consumed by labour, in so far as its consumption itself appears as the objectification of labour and so as the creation of value. That is why if it is to preserve and actualise itself, not only formally, as in money, but also in its real existence as commodity, the exchange value objectified in money must appropriate labour itself, exchange itself for it.

For money, use value is now no longer an article of consumption in which it loses itself, but only a use value through which it preserves and increases itself. No other use value exists for money as capital. That is precisely the relation of capital as exchange value to use value. Labour is the only use value which can present an opposite and a complement to money as capital, and it exists in labour capacity, which exists as a subject. Money exists as capital only in connection with non-capital, the negation of capital, in relation to which alone it is capital. Labour itself is the real non-capital. The first
step made by money to become capital is its exchange with the labour capacity so as by means of the latter to transform the consumption of the commodities, i.e. their real positing and negation as use values, simultaneously into their actualisation of exchange value.

The exchange through which money becomes capital cannot be its exchange with commodities [in general] but can only be one with its conceptually determined opposite, the commodity which is itself a conceptually determined opposite of it—labour.

The exchange value in the form of money confronts the exchange value in the form of the particular use value. But all particular commodities, as particular modes of the being of objectified labour, are equally expressions of the exchange value into which money can pass without being lost. It is, therefore, not through the exchange with these commodities, since it can now equally be assumed that it exists in the one form or the other, that money can lose its simple character. But through the exchange, first with the only form of use value which it is not immediately itself—namely, unreified labour—and simultaneously with the immediate use value which is exchange-value-in-process for it—labour once again. It is, therefore, only through the exchange of money with labour that its transformation into capital can be effected. The use value for which money as potential capital can exchange itself can only be the use value out of which the exchange value itself arises, produces itself and multiplies. And this is labour alone.

The exchange value can realise itself as such only by confronting the use value—not this or that—but the use value correlated to itself. This is labour. Labour capacity itself is the use value whose consumption directly coincides with the objectification of labour, i.e. the creation of the exchange value. For money as capital, labour capacity is the immediate use value for which it has to exchange itself. In the simple circulation, the content of the use value was indifferent, [B"-18] dropped out of the economic determination of form. Here it is its essential economic moment. For the exchange value is determined as firmly established in exchange above all because it is exchanged with a use value confronting it in its own form determination.

The condition for the transformation of money into capital is that the owner of the money can exchange money for the alien labour capacity as a commodity. In other words, that within circulation the labour capacity is offered as a commodity for sale, since within the simple circulation the exchangers confront each other only as buyers and sellers. The condition is, therefore, that
the worker offers for sale his labour capacity as a to-be-used commodity and, so, is a free worker. The condition is that the worker, first, disposes of his labour capacity as a free proprietor, and treats it as a commodity; to do so he must be a free proprietor of his labour capacity. And second, that he must exchange his labour no longer in the form of another commodity, of objectified labour, but so that the only commodity he has to offer, to sell, is his own living labour capacity contained in his living corporeality, and that, consequently, the conditions for the objectification of his labour, the reified conditions of his labour exist on the other side of circulation as alien property, as commodities located beyond his own self.

That the possessor of money—or money, since the former is for us so far only its personification in the economic process itself—finds the labour capacity on the market, within the limits of circulation, as a commodity, this premiss from which we here proceed and from which the bourgeois society proceeds in its production process is evidently the result of long historical development, the outcome of many economic upheavals, and implies the decline of other modes of production (other social relationships of production) and a determined development of the productive forces of social labour. The determined past historical process contained in that premiss will be formulated even more determinately in the subsequent examination of this relationship. But this historical stage in the development of economic production—whose product itself is already the free worker—is the premiss for the emergence and even more so for the being of capital as such. Its existence is the result of a lengthy historical process in the economic formation of the society.

It is made quite definite at this point that the dialectical form of presentation is right only when it knows its own limits. The examination of the simple circulation shows us the general concept of capital, because within the bourgeois mode of production the simple circulation itself exists only as preposited by capital and as prepositing it. The exposition of the general concept of capital does not make it an incarnation of some eternal idea, but shows how in actual reality, merely as a necessary form, it has yet [B-19] to flow into the labour creating exchange value, into production resting on exchange value.

It is essentially important to establish the point that the relationship, which here takes place as a simple relationship of circulation (initially still entirely belonging to it and going beyond the limits of the simple circulation only through the specific use
value of the exchanged commodity), is only a relationship of money and commodity, equivalents in the form of both opposite poles as they appear in the simple circulation, within circulation, and that the exchange between capital and labour, once it itself exists as the simple relationship of circulation, is not the exchange between money and labour, but the exchange between money and living labour capacity.

As use value, the labour capacity is realised only in the activity of labour itself, but in much the same way as with a bottle of wine which is bought and whose use value is realised only in the drinking of the wine. Labour itself falls as little within the simple circulation process as does the drinking. The wine as a capacity, δυνάμει, is something drinkable, and the buying of the wine is appropriation of the drinkable. So is the buying of the labour capacity the appropriation of the ability to dispose over the labour.

Since the labour capacity exists in the vitality of the subject itself and manifests itself only as his own expression of life, the buying of the labour capacity, the appropriation of the title to its use naturally places the buyer and the seller in the act of its use in another relationship to each other than that in the buying of objectified labour existing as an object outside the producer. This does not affect the simple relationship of exchange. It is only the specific nature of the use value bought with the money—namely, that its consumption, the consumption of the labour capacity, is production, labour time which objectifies, consumption which posits exchange value; that its real being as use value is creation of exchange value—that makes the exchange between money and labour the specific exchange $M\rightarrow C\rightarrow M$ in which the exchange value itself is posited as the aim of the exchange, and the bought use value is immediate use value for the exchange value, i.e. is value-positing use value.

It does not matter whether money is considered here as simple means of circulation (means of purchase) or as means of payment. In so far as someone selling me, for instance, the 12-hour use value of his labour capacity, his labour capacity for 12 hours, will in fact sell it to me only when, if I so insist, he has worked off 12 hours, i.e. has delivered his labour capacity sold for 12 hours at the end of the 12 hours, it is in the nature of this relationship that money here appears as means of payment; the buying and selling are not realised at once, simultaneously, by both sides. What is here important is only that the means of payment is the universal

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a Potentially.—Ed.
means of payment, money, and that for this reason the worker does not enter with the buyer—as a result of some particular primitive way of payment—into other relationships than those of circulation. He transforms his labour capacity immediately into the universal equivalent, and as its possessor maintains the same relationship—within the scope of its value magnitude—the same relationship in the general circulation as any other; similarly, the aim of his sale is universal wealth, wealth in its universal social form and as a possibility of all gratification.\(^a\)

\(^a\) At this point, the manuscript breaks off. Written on the following page is only this title: “Productive and Unproductive Labour.” The final pages of this notebook are taken up by the subsequently written References to My Own Notebooks.—Ed.
[ADDITIONAL NOTES] 

THE AESTHETIC PROPERTY OF GOLD

"Gold is flaming fire,
Because it sparkles in the night,
Mainly standing out among haughty wealth"

Pindar

INVARmABLE VALUE OF MONEY

"As means of payment, money—money for itself—should represent value as such; in fact, however, it is only an identical quantum [of some homogeneous substance] of variable value." 

MONEY AS MONEY

(WORLD COIN, ETC.)

Money is the negation of the means of circulation as such, of coin. But it at the same time includes it as its determination: negatively, since it can always be reconverted into coin; positively, as world coin; but as such it is indifferent to its form determination and is essentially commodity as such, ubiquitous commodity, not locally determined. This indifference expresses itself above all in that money is now money only as gold and silver, and not as a symbol, with the form of coinage. Hence the façon put on money as coinage by the State has no value, only its metallic content gives value to the coin. As such a general commodity, as world coin, gold and silver do not have to return to their point of departure, the movement of circulation as such is not necessary at all. Example: Asia and Europe. Hence the lamentation of the adherents of the mercantile system that gold vanishes among the heathens, and

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a Marx quotes a few lines from Pindar's *Olympica*, I, in Greek with a parallel Latin translation in prose.—Ed.
b Marx renders in his own words an idea from Bailey's *Money and Its Vicissitudes* in *Value*, pp. 9-11.—Ed.
c Stamp.—Ed.
does not return." (We are not yet concerned here with the fact that, as the world market itself develops, the world coin is itself gradually involved in circulation and rotation.)

Money is the negation of itself as simple realisation of the prices of commodities, where the particular commodity always remains the essential factor. Rather, money becomes price realised in itself, and as such also the material representative of universal wealth.

Money is also negated in the determination in which it is only a measure of exchange values. For it itself is the adequate reality of the exchange value, and it is such in its metallic existence. The determination of measure must here be posited in it itself. It is its own unit, and the measure of its own value, its measure as wealth, as exchange value, is the quantity of itself which it represents. The number of its own measuring unit. As a measure, its amount was of no consequence; as a means of circulation, its substance, the material of which its unit is composed, was of no consequence; as money in this third determination, its own amount as a definite material quantity (for instance, the number of pounds) is essential. Given its quality as general wealth, there is no further distinction in it other than the quantitative one. It represents a greater or lesser amount of general wealth, depending on whether a greater or lesser number of a determinate measure magnitude of itself is possessed. If it is general wealth, one is the richer the more of it one possesses, and the sole right process is its accumulation. By its concept, it has withdrawn from circulation. Now this withdrawal from circulation, its hoarding, appears as an essential object of the greed for enrichment, and as the essential process of enrichment. In gold and silver I possess general wealth in its pure form; the more of it I hoard up, the more general wealth I appropriate to myself. If gold and silver are general wealth, then, as certain quantities, they represent it only to a certain degree, i.e. inadequately. The whole must keep driving beyond its own limits. This accumulation of gold and silver, which takes on the appearance of their repeated withdrawal from circulation, is simultaneously the safeguarding of general wealth against circulation, in which it continually gets lost in exchange for some particular wealth which eventually disappears in consumption.

"The [Greek] tragedians contrast δόξα and κέρδος".\(^b\)

\(^a\) See present edition, Vol. 28, p. 161, and this volume, p. 448.—\(Ed\)

\(^b\) "Justice" and "gain"; Marx quotes from an unknown source in Latin (cf. this volume, p. 370).—\(Ed\).
FORM OF PROPERTY

The property in the alien labour is mediated through the property in one’s own labour.

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DRAFT PLAN OF THE CHAPTER ON CAPITAL

[1] 

THE PROCESS OF PRODUCTION OF CAPITAL

1) Transformation of money into capital

α) Transition

Nothing is expressed if capital is designated as a mere sum of values (II, 12). Hoarding of money is not capitalisation (ibid.). II (13, 14, 15). VI, 23, 24. VII, 28 (bottom. Capital and money).

Circulation and exchange value originating from circulation—the presupposition of capital (II, 16) (17) (II, 18).

II, 19, 20 (capital as exchange value confronts labour as use value).

II (21) (II, 22).

Sismondi VII, 19 (bottom).

Merchant capital and capital in general. Merchant and handicraftsman VII, 52 bottom. 53, 54, 55 (Opdyke).

[2] β) Exchange between commodity and labour capacity


The repetition of sale on the part of the worker (III, 8).

Wages not productive (III, 8).

The circulation of the worker as C—M—C (III, 9).

Condition of this exchange is the non-property of the worker (III, 9). V, 3, 4, 5, 6-7.

Abstract labour confronts capital (III, 9) (10, 26).

Exchange value of labour (II, 14, 15) (III, 22, 27).

Consumption of the use-value here falls within the economic process (III, 17). IV, 23, 24 (capital creating wage labour). IV, 48, 49, 50.
Historical condition of the relationship of wage labour and capital

8. VII, 12, 13.

Labour capacity (VI, 7).

Average wages (VII, 39. In our examination it is necessary to assume the minimum).

Carey's doctrine of profit VI, 7, 8.

Rossi (VI, 11, 12). Material component parts of capital. Do wages belong to the essence of capital? VI, 38.

Conditions of exchange. Worker a virtual pauper (VI, 15) (16).

Torrens. Capital, not labour, determines the value of the commodity (VII, 38, 39) (confusion among the Ricardians. Distribution of surplus value among the capitalists).


(III, 10, 11, 12, 13).


III, 17, 18, 19, 20, 38, 39, 40, 41, 42, 43.

IV, 2 (IV, 7).

General concept of surplus value (III, 21) (22) (23) (24) (25) (26) (27) (28, 29) (30) (IV, 1, 2, 3, 4, 5, 6, 7. IV, 13. VI, 12).

Increase in productive power, quantity and quality (IV, 4) VII, 20.

With a given productive power and absolute labour time, the number of simultaneous working days must be increased (IV, 7, 8) (IV, 14).

Simultaneous working days ibid.

Population IV, 14, 15.

Increase in productive power identical with growth of the constant part of capital as compared with its variable part (IV, 9).

How capital must grow in order to apply the same number of workers with an increasing productive force (IV, 9-13).

Disposable time (IV, 14).

Combination of labour (IV, 50).

McCulloch (VII, 50).

[5] 2) Absolute surplus value

(III, 23, 32, 33).
Absolute and necessary labour time V, 24. VI, 16, 17 (VI, 15, 16, 17. Surplus labour. Surplus population).
Surplus labour and necessary labour (VII, 21) (VII, 44, top).
Senior (VII, 41, 42).

[6] 3) Relative surplus value

III, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38.
IV, 12, 13.

α) Cooperation of masses

V, 22, 23

β) Division of labour

Slave labour more productive than free labour, if the latter is not combined. Wakefield VI, 18.

[7] γ) Machinery

IV, 13, 14. VI, 43. VII, 1, 2, 13 (bottom). VII, 22, 39, 40, 42, 43 bottom.
Gain of raw material (saving) through the machinery. VII, 39 (The Economist).
Prices of commodities. Proudhon (IV, 26-32).

4) Primitive accumulation

(III, 20, 21. IV, 44, 45, 46, 47, 50, 51, 52, 53).
Surplus product. Surplus capital (IV, 42, 43, 45).
Primitive accumulation V, 1, 2, 3, 4, 8-15, 16.
Surplus value in various forms and through various means VII, 22, 23, 24.
Connection of relative and absolute surplus value VII, 23, 24.
Multiplication of branches of production VII, 23.
Population (VII, 23).

[8] 5) Wage labour and capital

Capital=advances VI, 29 bottom.
Reproduction of the worker through the wages VI, 38.
Self-transcending limits of the capitalist production VII, 2, 3.
Disposable time VII, 3, 4. Labour itself transformed into social labour (ibid., 4). Owen (VII, 5, bottom).
Real economy. Saving of labour time. But not antagonistically (VII, 5).

Manifestation of the law of appropriation in the simple commodity circulation. Inversion of this law

(II, 8, 9, 10, 11, 12) (IV, 45) (50).
VII, 44.

[9]
II
CIRCULATION PROCESS OF CAPITAL

Valorisation process of capital simultaneously its devaluation process (IV, 15, 16).
Contradictions (IV, 16, 17) (18). //This belongs in Section II: Competition of capitals.107//
Capital is the unity of production and valorisation as process (IV, 18) (19, 20).
Propaganda tendency of capital (IV, 18).
Civilising tendency of capital (IV, 18, 19).
Contradiction between production and valorisation (IV, 22) IV, 24, 25.
Transformation of commodity into money (IV, 40, 41) (VI, 8).
To Chalmers: Blake VII, 29. VII, 47.
Production process, circulation process (V, 17, 18, 19, 20, 21, 22).
Dormant capital (VI, 8, 9).
Different time of production VI, 14, 15, VI, 36.

Turnover of capital VI, 19, 20. VII, 47, bottom.
Costs of circulation (VI, 20) (21) (22) (VI, 23, 24, 25) VI, 37.

Transition to circulating and fixed capital as two particular kinds VII, 2.
Turnover (VI, 21, 22). The number of turnovers VI, 31-35. VII, 7.
Time of circulation VI, 22, 23, 25.
Commodity-, money-, and industrial capital (VI, 26).
Year as measure of the turnovers of capital (VI, 26, 27).
Greater and lesser circulation VI, 37, 38, 39.
Three-fold determination of circulation as a whole VI, 39.
Fixed capital. Circulating capital In both, the social determination of labour is transferred to capital (VII, 1) (VII, 6).


Fixed capital and demand for labour (VII, 28. Barton).

durability of fixed capital VII, 4. VII, 21, 22.
Money, fixed and circulating capital VII, 6.
Fixed and circulating capital in relation to the individual consumption (VII, 6, bottom, and 7).

Average turnover of total capital (in relation to its valorisation). Relationship between turnover of fixed and circulating capital. Continuity. Difference between interruptions in production for circulating capital and fixed capital. Time of reproduction of fixed capital becomes measuring unit of the economic cycle. Phase of total reproduction (VII, 7).

Different return of circulating and fixed capital (VII, 8).

Production of fixed capital and circulating capital (VII, 9, 10).

Frais d'entretien² of fixed capital (VII, 11).

² Maintenance costs.—Ed.
Revenue of fixed capital and circulating capital (VII, 12) (return of fixed and circulating capital l.c.)
Determination of the time of reproduction by the use value of the commodity (VII, 15).

III
CAPITAL AND PROFIT

Rate of profit and surplus value (IV, 1, 2, 3, 4, 5, 6, 7, 8, 9. VI, 10) (VI, 12, 13) (17, 18) (39) (43).
Capital and profit (VII, 15) (16) (17) (20, 21) (22) (40) (41).
Growth of capital with an increased productive power so as to apply the same mass of labour (IV, 9-13).
Risk. Interest. Production costs VII, 8.
Profit in equal measure on all parts of capital VII, 8.
Wages and profit, forms of production and therefore of distribution, etc. (VII, 19).
Interest and profit VII, 51, 52.

Definitions of capital:
Capital, "merely an instrument of production" (II, 15) (capital conceived of as a thing ibid.) (capital, not simple relationship, but process. Ibid. II, 16). Capital and product (II, 18).
Productive and unproductive labour (II, 21, 22) (III, 14).
Agriculture, landed property and capital (II, 23).
Market (II, 24, 25).
Grounds for profit (III, 19, 20) III, 22, 23.
Production costs (III, 20).
Not dépenses, but avances\(^a\) of capitalists (Storch VII, 50. Against the theory of savings ibid.).

Proudhon and interest, etc. (III, 20). His extra-economic origins of landed property (V, 3). Surplus value (VI, 27) (Price (Richard) and Proudhon VII, 47, 48).

\(^a\) Costs, advances.—Ed.

**Ricardo.** The origin of surplus value. Wages and profit merely dividends (VI, 1, 2). (Wakefield against Ricardo VI, 8) (Malthus versus wages as proportion VI, 12) (13) VII, 8.

**Malthus. Theory of value** (VI, 3 sqq.) (VI, 12, 13).

**Smith's sacrifice of labour. Senior's sacrifice of abstinence** (VI, 17) (18).

**Smith's origin of profit** (VI, 18). Opposed by Lauderdale VI, 43.

**McCulloch's origin of surplus value** VI, 18. WAGES, part of worker's own product idem, VI, 19.


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REFERENCES TO MY OWN NOTEBOOKS\textsuperscript{108}


Notebook A\textsuperscript{110} (pp. 22, 23, 24) (world market, etc.). Social relationships. Personal (ibid.) (23, 24). (See the same, something about bourgeois independence, etc.) (Ideas.)

Notebook B': Manifestation of the law of appropriation in the simple circulation. Why does property in one's own labour and its alienation, i.e. one's own labour, appear as the basis of property? (p. 17) (18). Attendant contradictions (18). Realm of bourgeois freedom and equality (18 et seq.). First law: Appropriation through one's own labour. Second law: Alienation or transformation of the product into a social form (l.c.). Division of labour (l.c.) (19). English farmer and French peasant (l.c.). (Division of labour. The particularly useful labours, etc.) (20, 21). (Division of labour as realisation of freedom and natural individuality. Ibid.) Freedom of the person (21). (Equality) ibid. (21 bottom). The continuation:

Notebook B'' (this notebook\textsuperscript{a}): (See money in same, 1a\textsuperscript{111}) (the equality connected with it). Equality (1, 2). (Property. Freedom. Equality.) The harmonists (3). The simple circulation, phenomenon of a process going on behind it (4). Historical transition from circulation to capital (5). (Circulation) (6, 7). Money as the product

\textsuperscript{a} That is, the same notebook at the end of which these References are placed.— Ed.


**Notebook B'II.** Transformation of money into capital (16-19). (Develops from the relationship of exchange value become independent to use value.) p. 19. (Money confronting the worker as means of payment)

**Notebook II. Simple exchange. Relationships between the exchangers.** Equality, freedom, etc., harmonies (7-9, 10). (Bastiat. Proudhon) (11-12).

capitalist as equal (26). But the aim of his exchange, satisfaction of his wants. For him money only means of circulation (26). Thrift, abstinence as means for the worker’s enrichment. (26, 27) (28). Prerequisite of capital: valuelessness and devaluation of the worker (28). Capital confronts the worker only as power of things. Without personal worth. (29113). Distinction from service-rendering (29). The worker’s aim in exchange with capital—consumption. Must keep starting afresh. Labour as the worker’s capital (29) and

Notebook III (continuation)114 (p. 8) (the capacity to work as capital!). Wages not productive (l.c.). The exchange between capital and labour belongs to simple circulation, does not enrich the worker (9). Separation of labour and property, the premiss of this exchange (l.c.). Labour as object, absolute poverty; as subject, general possibility of wealth (9). Labour confronts capital without particular determinateness (9, 10). Labour process absorbed into capital (10) (11) (12, 13). (Capital and capitalist, 13.)

Production process as content of capital (13 bottom).

Productive and unproductive labour (14). (Productive labour produces capital.)

The worker regards his labour as exchange value, the capitalist, as use value, etc. (14, 15). He divests himself of labour as power productive of wealth (15). (Capital appropriates it as such. l.c.) Transformation of labour into capital, etc. Sismondi. Cherbuliez. Say. Ricardo. Proudhon, etc. (15, 16).

Valorisation process (17) (18). (Production costs. 19.) (Surplus value not to be explained through exchange. Ramsay. Ricardo.) Capitalist cannot live off his wages, etc. (19: faux frais de production"). Mere self-preservation, non-multiplication of value contradicts the essence of capital (19, 20). Capital enters the production costs as capital. Interest-bearing capital. Proudhon (20). Surplus value. Surplus labour time (21) (22). Bastiat on wages (22). Value of labour. How determined? (22). Self-valorisation is self-preservation of capital. Capitalist may not live merely from his labour, etc. Conditions for the self-valorisation of capital. Surplus labour time, etc. (22, 23). To what extent capital is productive (as creator of surplus labour, etc.) (p. 23). This only historically transitory (l.c.). The free niggers in Jamaica. Wealth made independent requires slave labour or wage labour (forced labour in both cases) (23).

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a Overhead costs of production.—Ed.

Surplus value and productive power. Relationship in their rise (26-28) (29-30). Result (30, 31). Productive power of labour is productive power of capital (31). In proportion as necessary labour is already diminished, the valorisation of capital becomes more difficult (30, 31). Concerning the expansion of the value of capital (32-38).

Labour does not reproduce the value of the material which, and of the instrument with which, it works. It preserves their value, simply by relating to them in the labour process as to its objective conditions. This animating and preserving force costs capital nothing; appears rather as its own force, etc. (pp. 38-40).

Absolute surplus time. Relative (40). It is not the quantity of living labour, but rather its quality as labour that simultaneously preserves the labour time already contained in the material, etc. (40). The change of form and substance in the immediate production process, 40, 41. It lies in the simple production process that the earlier stage of production is preserved through the later, etc. (41). Preservation of the old use value through the new labour, etc. (41).

[B"-30] Process of production and process of valorisation. The amount of objectified labour is preserved, because its quality as use values for further labour is preserved through contact with living labour (41, 42). In the real production process the separation of labour from the objective moments of its existence transcended. But in this process, labour is already incorporated into capital, etc. Appears as the self-preserving power of capital. Eternalisation of value (42). Capitalist obtains surplus labour gratis and the preservation of the value of material and instrument (42) (43). Labour, by adding a new value to the old one, at the same time maintains, eternises the latter (43). The preservation of values in the product costs capital nothing (43).

Through appropriation of current labour, the capital already possesses a draft upon (and respectively) appropriation of future labour (43).

Bastiat and Carey (1-4). Bastiat on wages (5-7).

Notebook IV. Confusion of profit and surplus value. Carey's wrong calculation (1).

The capitalist, who does not pay the worker for the preservation of the old value, further demands remuneration for allowing the
worker to preserve the old capital (2). Surplus value and profit, etc. (2, 3).

Difference between consumption of the instrument and of wages. The former consumed in the production process, the latter, outside it (3).

Increase of surplus value and decrease of rate of profit (4-7. See especially 7+ Bastiat ibid.).

Multiplication of simultaneous working days, etc. (7, 8) (accumulation of capital). Machinery (9).

Growth of the constant part of capital in relation to the variable part laid out on wages = growth of the productivity of labour (9). Proportion in which capital must increase, with increased productivity, to employ the same number of workers (9-12). Percentage [of surplus value] on the total capital can express very different proportions (12, 13).

Capital (like property in general) rests on productivity of labour (13, 14).

Increase of surplus labour time. Multiplication of simultaneous working days. (Population.) (14). Population can increase in proportion as necessary labour time becomes smaller, or the time required for the production of living labour capacity relatively decreases (14). Surplus capital and surplus population (14, 15). Creation of free time for the society (15).

Transition of capital from the production process to the circulation process (15 et seq.). Devaluation of capital itself owing to increase of productive forces (15) idem, 15-21. (Competition, p. 21.) (Capital as unity and contradiction of production process and valorisation process) (22 et seq.). Capital as limit to production. Overproduction (22, 23) (demand of the labourers themselves) 24. Limits to capitalist production 24, 25. Overproduction 25-28. Proudhon 26, 27, 28. (How is it possible that, in the price of the commodity the worker buys, he pays the profit, etc., and still receives his necessary wages?) 29. Price of the commodity and labour time. Surplus, etc. 28-31. (Price and value, etc.) Capitalist does not sell too dear; but still above what the thing costs him (30, 31).

Price (fractional) (31). Bastiat. Fall in fractional price (31). Price can fall below value without detriment to capital (31, 32). Number and unit (measure) important for price (32).

Specific accumulation of capital (transformation of surplus labour (revenue) into capital) (32). Proudhon. Value- and price-determination. In antiquity (slaves) not overproduction but over-consumption (32).
The general rate of profit (33).
If the capitalist sells only at his own production costs, transfer to other capitalists. The worker gains almost nothing thereby (34-36), especially 36.

[B'-31] Limit to capitalist production: ratio of surplus labour to necessary. Ratio of the surplus consumed by capital to the surplus converted into capital (38, 39).

Devaluation in crises (39, 40). Capital coming out of the production process becomes money again (40, 41).

*Surplus labour or surplus value* becomes *surplus capital*. All the conditions of capitalist production now appear as result of (wage) labour itself (42, 43). The process of the realisation of labour at the same time the process of its de-realisation (43) (44).

Formation of surplus capital I (44, 45). Surplus capital II (45). Inversion of the right to appropriate (45).

Chief result of the production- and valorisation-process: the reproduction and new production of the very relationship of capital and labour, of capitalist and worker (45, 46).

*Primitive accumulation of capital*, 45, 46. (The real accumulation, ibid.)

Capital, once historically developed, itself creates the conditions of its existence (46) (not as conditions of its emergence, but as results of its being) (46).

*Primitive accumulation* (47, 48). Performance of personal services (48, 49) (as opposed to wage labour) (ditto 50).

//Inversion of the law of appropriation, 50. Real alienation of the worker to his product. Division of labour. Machinery, etc. 50.//

Forms preceding capitalist production (50, 51) (52) (53).

*Continuation*.

*Notebook V. Continuation* on the process preceding the formation of the capitalist relationship or primitive accumulation (pp. 1-15). Exchange of labour for labour rests upon the worker’s propertylessness (16).

Circulation of capital and circulation of money (16) (17).

Premiss of value within each individual capital (instrument, etc.) (p. 17).

Production process and circulation process, moments of circulation (17). The productivity of different capitals (in different branches of industry) determines that of the individual capital (17).

Circulation time. Velocity of turnover substitutes for the volume of capital (17, 18). Mutual dependence of capitals in the velocity

Costs of circulation (20). Means of communication and transport (20) (21). (Division of the branches of labour, 21, 22.) How the silk industry becomes necessary for agriculture (22). // Association of many workers. Productive power of this association (23). Mass collective labour. I.e. 23. // 23, 24. (The whole example of roads, canals, irrigation works, etc., can be used again as an example when they become an object of the capitalist production, instead of former public works. Only transformation of form. General as distinct from particular conditions of production.) (24) (25).

Delivery to market (spatial condition of circulation) belongs in the production process (25). The time-moment of circulation, credit (25, 26). Capital is circulating capital (26). Money circulation mere appearance (l.c.).


Influence of circulation on the determination of value (26, 27). Circulation time = time of devaluation (27).

B"-32 Difference between the capitalist mode of production and all earlier ones (universality, etc.) (27, 28). Propagandistic nature of capital (29).

Shortening of circulation time (28, 29) (credit). Storch (29).

What the capitalist advances is labour (Malthus) (29). Limits to capitalist production. Thompson (29).


Continuity of production presupposes circulation time transcended (31) (32).

Ramsay. Circulation time. Concludes therefrom that capital is its own source of profit (32).

Ramsay. Confusion over surplus value and profit and law of values (32). (No surplus value according to Ricardo's law, ibid.)

Ricardo (32, 33). Competition (33). Quincey (l.c.).

production. Colonies (2). (The constancy of labour referred to by
him must be noted as a moment of the production process.)

Surplus value and profit. Example (Malthus) (3). Profit and
surplus value. Malthus (3, 4).

Malthus (4, 5). (Cf. this right at the beginning on the sale of the
labour capacity or exchange between labour and capital) (5) (6).
Difference between labour and labour capacity (7). The peculiar
assertion that the introduction of capital changes nothing in payment
of labour (7).

Carey's theory of the cheapening of capital for the worker (7, 8).
(The same. Decline of profit rate, 8).

Wakefield on the contradiction between Ricardo's theory of wage
labour and his theory of value (8).

DORMANT CAPITAL. INCREASE OF PRODUCTION WITHOUT PREVIOUS INCREASE OF
CAPITAL. Bailey (8, 9).

Wade's explanation of capital. Labour, mere agency of capital.
CAPITAL, COLLECTIVE FORCE. Civilisation together with my remarks about
it (9). All social forces of labour as forces of capital. Manufacture.
Industry. Division of labour (9). Formal unification of different
branches of labour, etc., by capital (9, 10). Accumulation of capital
(11).

Transformation of money into capital (10). Science (11).
Primitive accumulation and concentration, same (11). Free and
compulsory association. Capital in distinction from earlier forms.
Rossi (11).

Rossi. What is capital? Is raw material capital? (11). Wages
necessary for it? (11, 12). (Approvisionnement, capital? I.c.)

Malthus. Theory of value and of wages (12, 13). Capital to do with
proportion, labour only with portion, I.c. 12. See in the same place
my remarks on surplus value and profit. Ricardo's theory. I.c. (12,
13. Carey contra Ricardo.) Malthus: wages nothing [to do] with
proportion (13). Malthus's theory of value (13).

Aim of capitalist production, value (money), not commodity, use
value, etc. Chalmers (14).

ECONOMIC CYCLE. Circulation process. Chalmers (14).

Difference in return. Interruption of the production process (or
rather its non-coincidence with the labour process) (14). Total
duration of the production process (14). (Agriculture. Hodgskin,
15.) INEQUAL PERIODS OF PRODUCTION (14, 15).

[B"33] The pauper is implied in the concept of free labourer (15).
Population and overpopulation, etc. (15) (16).

a Means of subsistence.—Ed.

A. Smith. Labour as sacrifice (Senior’s theory of the capitalist’s sacrifice) (17) (18). (Proudhon’s surplus, 17.)


Wakefield. Slave or free labour (18).

Atkinson. Profit (18).

The origin of profit. McCulloch (18, 19).


Money and capital. Eternity of value (28).

Capitalist’s advance to worker (29).

Constant and variable capital (29). Competition (29, 30) (32 bottom).


Circulation time (34). Surplus value and production phase. Number of reproductions of capital = number of turnovers. Total surplus value, etc. (34) (35).

In the circulation of capital, change of form and of matter (36). C—M—C, M—C—M (ibid.).


Lesser circulation. The process of exchange between capital and labour capacity in general (37) (38). Capital and the reproduction of labour
capacity (38).

**Triple determination or mode of circulation** (39). Fixed capital and circulating capital (39, 40). **Turnover time** of total capital divided into circulating and fixed capital (40). Average turnover of such capital (40) (41). Influence of fixed capital on total turnover time of capital (l.c.).

Circulating fixed capital. **Say. Smith. Lauderdale** (42). Lauderdale on the origin of profit (43).

The labour process (43).


[B"-34] **Notebook VII.**

Fixed capital. Transposition of powers of labour into powers of capital, both in fixed and in circulating capital (1). To what extent fixed capital (machine) creates value (1). Lauderdale (ibid., 1, 2). The machine presupposes masses of workers (1, 2).

**Fixed capital and circulating capital** as two particular kinds of capital (2). Fixed capital and the continuity of the production process (2). Machinery and living labour (2). (Business of invention.) Contradiction between the basis of bourgeois production (measure of value) and its development. Machines, etc. (3).

**Significance of the development of fixed capital** (3) (for the development of capital in general). Relationship between the creation of fixed capital and circulating capital (3).

**Disposable time.** To create it, the chief determination of capital. Antithetical form of the same in capital (3, 4).

Productivity of labour and the production of fixed capital. (The Source and Remedy*) (4).

**Use and consume. Economist. Durability** of fixed capital (4).

Real saving—economising=saving of labour time=development of productive power. Sublation of the contradiction between free time and labour time (5).

True conception of the social production process (5).

**Owen's** historical conception of industrial (capitalist) production (5) (6).

Capital and value of natural agents (6).

Scope of fixed capital shows the level of capitalist production (6).

Determination of raw material, product, instrument of production, consumption (6).

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* [anon.] *The Source and Remedy of the National Difficulties*, p. 4.— Ed.
Is money fixed capital or circulating capital? (6).

Fixed capital and circulating capital in relation to individual consumption (6, 7).

Turnover time of capital consisting of fixed capital and circulating capital. Reproduction time of fixed capital. With circulating capital, the interruption should only be not so great as to ruin its use value. With fixed capital, continuity of production absolutely necessary, etc. (7).

Unit of time for labour, the day; for circulating capital, the year. Longer total period, unit with the introduction of fixed capital (7).

Industrial cycle (7).

Circulation of fixed capital (8).

The so-called risk (8). All parts of capital yield profit evenly—false. *Ricardo*, etc. (8).

The same commodity now fixed capital, now circulating capital (8, 9).

Sale of capital as capital (9).

Fixed capital which enters into circulation as use value (9).

*Every moment, a presupposition of production, at the same time its result. Reproduction of its own prerequisites.* Reproduction of capital as fixed capital and circulating capital (9, 10).

Fixed capital and circulating capital. *Economist. Smith.* Counter-value of circulating capital must be produced within the year. Not so fixed capital. It engages the production of following years (10, 11).

*Frais d'entretien* (11).

Revenue from fixed capital and circulating capital (12).

*Free labour = latent pauperism. Eden* (12, 13).

*The smaller the value of fixed capital in relation to its product, the more purposeful* (13).

Mobile, immobile, fixed and circulating (14).

Connection of circulation and reproduction (14, 15). Necessity of the reproduction of use value in a *determinate* time (15).


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* a Maintenance costs.—*Ed.

[B -35] Surplus value=relation of surplus labour to necessary labour (21).

Value of fixed capital and its productive power. Durability of fixed capital, ditto (21, 22). Social forces, division of labour, etc., cost capital nothing (21). Difference of machine from these (21, 22. See 22 also on capital’s economies in the use of machinery).

Profit and surplus value (22).

Machinery and surplus labour. Recapitulation of the doctrine of surplus value in general (22, 23).

Relationship of the objective conditions of production. Change in the proportion of the component parts of capital (23) (24) (25).


The wool industry in England since Elizabeth (Tuckett). Silk-manufacture. (Same) (27, 28). Ditto, iron. Cotton (28).


Blake on accumulation and rate of profit (28, 29). (Shows that prices, etc., not indifferent, because a class of mere consumers does not at the same time consume and reproduce.) Dormant capital, ibid. (28).

Domestic agriculture at the beginning of the 16th century. Tuckett (29).


Capital, not labour, determines the value of commodities. Torrens (38, 39).

Minimum of wages (39).

1826 cotton machinery and workingmen. Hodgskin (39).


Machinery and surplus labour (39, 40).

Capital and profit. La valeur fait le produit (40) (41). Relationship of the worker to the working conditions in capitalist production (41).

All parts of capital yield profit (41).

Relationship of fixed and circulating capital in cotton-mill.

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Senior’s surplus labour and profit. Tendency of machinery to prolong labour (41, 42).

Influence of transport on circulation, etc. (42). Transport increasingly suspends [necessity of] hoarding (42).

Absolute surplus labour and machinery. Senior (42).


Example from Symons. Glasgow. Power-loom factory, etc. (43). (These examples, for the rate of profit).

Different ways in which machinery diminishes necessary labour. Gaskell (43).

Labour, the immediate market for capital (44).

Alienation of the conditions of labour from labour with the development of capital (44) (inversion). The inversion is basic to the capitalist mode of production, not only to its distribution (44).

Merivale. Natural dependence of the worker in colonies to be replaced by artificial restrictions (44).

How the machine, etc., saves material. Bread. Dureau de la Malle (45).


Dr. Price. Innate power of capital (47) (48).

Proudhon. Capital and simple échange. Surplus (48).


The infinity in the process. Galiani (49).


Arnd. Interest of natural origin (51).

Interest and profit (51) //Carey// (52). Pawning in England (52).

How merchant takes the place of master (52).

Merchants’ wealth (52) (53) (54).

Commerce with equivalents impossible. Opdyke (55).

Principal and interest (55).

Two nations may exchange according to the law of profit so that both gain, but one is always short-changed (59).

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NOTES
AND
INDEXES
NOTES

1 This is the concluding part of Marx's economic manuscript of 1857-1858. Consisting of seven large notebooks, which Marx numbered I-VII, the manuscript is the first rough draft of Capital. On the cover of the last, seventh, notebook, Marx wrote Political Economy, Criticism of in English and "Fortsetzung [Continuation]" in German. This implies that Notebook VII is a continuation of the preceding six notebooks and that Marx did not consider it to be the concluding one. The words Political Economy, Criticism of can be regarded as the author's title for the whole manuscript. The words "rough draft" are taken from Marx's letter to Engels of November 29, 1858 in which Marx calls his economic manuscript of 1857-1858 a Rohentwurf (Rough Draft). The manuscript is, indeed, a rough draft, for it is unfinished and breaks off in mid-sentence.

A major part of the manuscript is included in Volume 28 of the present edition and begins with Chapter II—"Chapter on Money", followed by a long third chapter, "Chapter on Capital". Notebook VII contains the conclusion of this chapter, followed by fragments intended as additions to the two chapters—on money and on capital.

The Economic Manuscript of 1857-1858 is being published in the sequence given by Marx. The numbers of the notebooks are indicated in Roman numerals and the pages in Arabic ones, in square brackets. The square brackets in the manuscript are, therefore, replaced by oblique lines. Some passages have been transposed—as indicated by Marx in the manuscript or where there are obvious additions relevant to the preceding text. All such cases are mentioned in the footnotes, which also indicate passages crossed out by Marx and sometimes reproduce them.

Where Marx, in quoting, gives references to pages of his excerpt notebooks, these have been supplemented, in brackets, with references to the pages of the editions Marx used. Where he merely gives the authors' names, the titles of the quoted works have been supplied.

Foreign words and expressions, including Greek and Latin, are preserved when the author used them for stylistic or terminological purposes. English phrases, expressions and separate words are given in small caps. Quotations from English sources are given according to the editions used by the author. In all cases the form in which Marx quoted is respected. The language in which Marx quotes is indicated, unless it is German.
The manuscript was first published in full in the language of the original (German) in Karl Marx, Grundrisse der Kritik der politischen Oekonomie (Rohentwurf). 1857-1858, Moscow, 1939-41 and reproduced by Dietz Verlag, Berlin, in 1953.


2 Marx dealt with the circuit and turnover of capital in the preceding part of Section Two of the “Chapter on Capital” (see present edition, Vol. 28, pp. 439-72), but then he interrupted his exposition of these problems and wrote a section about bourgeois theories of surplus value and profit (see Vol. 28, pp. 473-537). He did, however, return to the topic.—7

3 In his manuscript, to denote these categories Marx uses mostly the French terms “capital circulant” and “capital fixe”, but sometimes he also uses the German ones “zirkulierendes Kapital” and “fixiertes Kapital”, or the English “circulating capital”, “floating capital”, and “fixed capital”.—9, 201, 515, 526

4 This refers to the discovery of rich deposits of gold in Australia in 1851. The development of these deposits, alongside the extraction of gold discovered in California in 1848, spurred industrial and stock-exchange activity in capitalist countries.—11, 265

5 The reference is to the 1845 Brussels Excerpt Notebook. Other quotations from Storch are on pages 26, 34-35 of this notebook.—24, 118

6 When speaking about circulation between dealers, and that between dealers and consumers, Marx has in mind Adam Smith’s division of the whole circulation into these two different branches (see Adam Smith’s An Inquiry into the Nature and Causes of the Wealth of Nations, Vol. II, Book II, Ch. II).—27, 65

7 Marx has in mind Notebook XVI of the 24 notebooks of excerpts on political economy he made in the early 1850s. The notebook contains excerpts from Gratuité du crédit. Discussion entre M. Fr. Bastiat et M. Proudhon, Paris, 1850. Proudhon’s formula on the surplus added by labour is to be found on p. 200 of this book, as well as in Proudhon’s Système des contradictions économiques, ou Philosophie de la misère, Vol. I, Paris, 1846, p. 73. Cf. present edition, Vol. 28, p. 531. For criticism of this formula, see also Marx’s work The Poverty of Philosophy (present edition, Vol. 6, pp. 152-60).—29

8 In the 1857-1858 manuscript Marx as a rule uses the term “Arbeitsvermögen” (labour capacity), but in some cases “Arbeitskraft” (labour power). In Capital, Vol. I, Ch. VI, he treats the two terms as identical: “By labour-power or capacity for labour is to be understood the aggregate of those mental and physical capabilities existing in a human being, which he exercises whenever he produces a use-value of any description” (see present edition, Vol. 35).—29, 63

9 Marx is referring to Excerpt Notebook I (London, September 1850).—30

10 The reference is to Excerpt Notebook X (London, mid-June-July 1851).—30, 102

11 The reference is to Excerpt Notebook IX (London, mid-May-mid-June 1851).—31, 52, 79, 137, 145, 167, 169
Marx quotes Ricardo from his Excerpt Notebook VIII (London, April–mid-May 1851).—33, 77

The Roman numeral refers to a page in Marx's Excerpt Notebook that has not survived.—36, 78, 143

The reference is to the Brussels Excerpt Notebooks VII–VIII of 1845.—36, 78, 80

Marx is referring to the Excerpt Notebook compiled in Manchester in 1845.—76

The page Marx is referring to is in the Paris Notebook (spring 1844).—78, 127

Marx is referring to Notebook VI (London, February 1851).—78, 96, 112

Marx gave a detailed analysis of the concept of coexisting labour in his Economic Manuscript of 1861–63, when examining Thomas Hodgskin's views (see present edition, Vol. 32). In connection with this, Marx noted, in particular: "Division of labour is, in one sense, nothing but coexisting labour, that is, the coexistence of different kinds of labour which are represented in different kinds of products or rather commodities."—86

Marx examined Lauderdale's explanation of profit in his Economic Manuscript of 1861–63 (see present edition, Vol. 31 and this volume, pp. 78–79).—87

Thomas Hodgskin's pamphlet Labour Defended against the Claims of Capital, London, 1825, p. 16 contains the following: "One easily comprehends why ... the road-maker should receive some of the benefits, accruing only to the road-user; but I do not comprehend why all these benefits should go to the road itself, and be appropriated by a set of persons who neither make nor use it, under the name of profit for their capital."—89

The author's views on the origin of surplus value, expressed in the anonymously published socialist pamphlet The Source and Remedy of the National Difficulties (London, 1821, p. 6), were described by Marx as an "important advance on Ricardo". Marx gave a detailed examination of this pamphlet in his Economic Manuscript of 1861–63 (see present edition, Vol. 32).—92

Marx is referring to Excerpt Notebook XI (London, July 1851).—95

Here and elsewhere Marx uses the term "production costs" in the sense of "the immanent production costs of the commodity, which are equal to its value", i.e., "the real production costs of the commodity itself" and not the costs defrayed by the capitalist, who pays only part of the labour time contained in the commodity (see Economic Manuscript of 1861–63, present edition, Vol. 32).—97

Marx is referring to this passage from Robert Owen later, in Section Three (see this volume, p. 153).—98

This refers to the great economic crisis that reached its peak in the autumn of 1857 and was the first ever, in the history of capitalism, to develop on a worldwide scale. In March 1858, when these lines were written, in many countries the effects of the crisis had not yet been overcome.—107, 314

Marx presumably has in mind the passage in Hegel's Encyclopädie der philosophischen Wissenschaften im Grundrisse (Th. I, Die Logik, Werke, Vol. 6, Berlin, 1840, p. 382) that he later reproduced in the footnote to Chapter VII of Volume I of Capital, i.e.: "Reason is just as cunning as she is powerful. Her cunning consists principally in her mediating activity, which, by causing objects
to act and re-act on each other in accordance with their own nature, in this way, without any direct interference in the process, carries out reason's intentions."—119

27 Marx is quoting F. M. Eden's book according to the synopsis, drawn up by Engels in July-August 1845 in Manchester.—120

28 The promulgation of the 1534 Act of Supremacy, which proclaimed the king head of the church, was followed in England by the confiscation of Catholic Church lands and property in favour of the king and the dissolution of the monasteries, sanctioned by the Parliamentary acts of 1536 and 1539.—122

29 This alludes to the proposal made by Dr. Richard Price, the British economist and writer of the second half of the eighteenth century, that the state should borrow money at simple interest and grant credits at compound interest. On the basis of this proposal, in 1786 the government of William Pitt Jr. tried to form a special sinking fund to defray the growing public debt through credit operations with it. This attempt did not, however, alleviate the financial difficulties, but caused serious complications in the sphere of the state credit. For details, see Chapter XXIV of Volume III of Capital, Marx's article "Mr. Disraeli’s Budget", written in April 1858 (present edition, Vol. 15), and Vol. 28, p. 298.—140

30 Marx used the term "production costs" in the sense of "the immanent production costs of the commodity, which are equal to its value" (see Note 23). At the same time, however, he gives below another interpretation of the term "production costs of capital", excluding the surplus value embodied in the commodity, appropriated by the capitalist in the production process and realised in circulation.—144

31 The law of apprenticeship was adopted in England in 1563. It envisaged a seven-year period of trade or craft instruction. It was consistent with the level of British industry at the time, the mediaeval guild-craft structure being in many ways preserved (manufactory was just beginning to appear), with some division of labour and semi-patriarchal relations between master and apprentices. The laws of apprenticeship declined at the beginning of the Industrial Revolution and the development of the factory system in the second half of the eighteenth century, but were repealed formally in the wool industry only in 1809 and in all other branches of industry in 1814. On these laws and why they were still in force in the period of manufactory see Chapter XIV of Volume I of Capital (present edition, Vol. 35).—153

32 Marx is referring to Benjamin Thompson (also known as Count von Rumford), author of Essays, political, economical, and philosophical, Vol. I (London, 1796) which contained recipes for preparing food from cheap substitutes, instead of the more expensive foodstuffs. These recipes were meant for the workers and the poor. A soup prepared from bones and substitutes was ironically called Rumford broth.

Marx presents the essence of Rumford's recommendations to lower the reproduction costs of labour power in Chapter XXIV of Volume I of Capital (present edition, Vol. 35).—159

33 Here Marx gives the page of Excerpt Notebook VIII (London, April-mid-May 1851).—162, 164, 166

34 Marx took the information about the first representatives of the quantity theory of money from Steuart's book An Inquiry into the Principles of Political
**Notes 539**


35 The source of this quotation has not been ascertained.—175

36 Here Marx criticizes the views of the so-called “little shilling men”, the Birmingham school of bourgeois political economy initiated by the banker Thomas Attwood. These views were set out in *The Currency Question. The Gemini Letters*, a book published anonymously by Thomas Wright and John Harlow, who called themselves Gemini. On this school, see also Volumes I and III of *Capital* (present edition, vols 35 and 37).—185, 319

37 *Assignats*—paper money, issued in France in 1789-90 during the French Revolution by the Constituent Assembly as bonds on the security of property confiscated from landowning aristocrats, counter-revolutionary nobles and the Church, and proclaimed “national property”. By 1796 they had depreciated greatly.—188, 318

38 Marx is referring to his Excerpt Notebook XIV (London, August-September 1851).—212

39 The *Punic Wars* (264-241, 218-201 and 149-146 B.C.) were fought by Rome and Carthage, the two biggest slave-owning states of antiquity, for domination in the Western Mediterranean and for the conquest of new territories and slaves. The wars ended in the destruction of Carthage.—212, 434

40 The *Laws of the Twelve Tables* (*Leges duodecim tabularum*)—the most ancient legislative documents of the Roman slave-owning state. They originated from the plebeians’ struggle against the patricians (the plebeians sought to deprive the patricians of their privileges to interpret legal customs) and were recorded in 451-450 B.C. They concerned private property, credit, family relations, prohibited marriages between patricians and plebeians and formed a basis of Roman law.—214

41 *Ripuarian law*—a monument of common law of a Germanic tribe—the Ripuarian Franks, which was created from the 6th to the 8th century; it belongs to the so-called barbarian laws.—214

42 Marx is referring to Excerpt Notebook XVII (December 1851-April 1852).—215, 217

43 The reference is to the special tax-based sinking fund formed by the government of William Pitt Jr. in 1786 (see Note 29).—218

44 \[ S = C (1 + i)^n \] is the formula for compound interest, where \( S \) is the sum of capital and the interest on it, \( C \)—the initial capital, \( i \)—the rate of interest, and \( n \)—the number of years the process lasts.—219

45 In the book quoted here Arnd devoted a special paragraph to substantiate the lawfulness and expediency of the dog tax (§ 88, pp. 420-21).—226

46 By “producing class” J. St. Mill here means the industrial capitalists.—230

47 The ancient philosopher Epicurus believed in an infinity of worlds, each originating and existing according to its own natural laws. The gods, though he
believed in them, he saw as being outside and between the worlds, and not exerting any influence on either the development of the Universe, or human life.—233

48 A reference to the Anglo-Scottish Union of 1707 which led to Scotland's final unification with England. As a result, the autonomous Scottish parliament was abolished, Scots were granted seats in the English parliament and all economic barriers that existed between the two countries were removed.—237, 310

49 A reference to the English law on the resumption of the obligatory convertibility of bank notes into gold. In fact, exchange was fully resumed in 1821. Until that time, the Bank Restriction Act of 1797 remained in force. It established a compulsory exchange rate for bank notes and cancelled their convertibility into gold.—237, 247

50 As Marx points out, he is quoting Mill in German from the French edition of 1823. The double translation led to some divergences from the original. In this volume Mill is quoted according to the English edition of 1821.—240, 410

51 A reference to Napoleon I's decrees on the blockade of the British Isles, signed in Berlin on November 21, 1806 and in Milan on November 23 and December 17, 1807. They initiated the so-called Continental Blockade, which prohibited France and her European allies from trading with England.—247

52 "Currency principle" or "Currency theory" was advocated by some supporters of the quantity theory of money in the early 1840s in England. Its representatives—Loyd (i.e., Lord Overstone), Norman and others—asserted that the value and the price of commodities were determined by the quantity of money in circulation.—249, 414


54 Marx's manuscript *Outlines of the Critique of Political Economy* begins with Chapter II ("Chapter on Money"). Judging from the text on page 63 of Notebook VII, which gives an outline of the beginning of Chapter I, Marx intended to entitle this Chapter "Value". Later on, however, when preparing his economic work for publication, he entitled it "The Commodity".—252

55 A reference to A. Haxthausen's *Studien über die innern Zustände, das Volksleben und insbesondere die ländlichen Einrichtungen Rußlands*, Parts 1-3, Hanover-Berlin, 1847-52. The author was a Prussian official and writer who, in the 1840s, travelled in Russia. Marx criticises the author's attempts to attribute the remnants of communal property he discovered in the Russian agrarian system to the natural specifics of the Slavonic peoples.—253, 275

56 Here the manuscript *Outlines of the Critique of Political Economy* breaks off. All the remaining sheets of this rather thick notebook are filled with excerpts from various books and periodicals.—253

57 In February 1858, Marx started seeking an opportunity to have his economic work based on the *Outlines of the Critique of Political Economy* published in
Germany. He intended to do this with Lassalle's help. The anticipated structure of this work was based on the plan he had formulated in the "Introduction" (see present edition, Vol. 28, p. 45). As Marx wrote to Lassalle on February 22, 1858, the plan envisaged a work consisting of six books: "1. On Capital (contains a few introductory chapters). 2. On Landed Property. 3. On Wage Labour. 4. On the State. 5. International Trade. 6. World Market" (see present edition, Vol. 40, p. 270). In March 1858, it became known that Duncker, a Berlin publisher, had undertaken to bring out this work. By arrangement with the publisher, from May 1858 onwards, at intervals of several months, Marx was to send him completed parts of his work to be printed in separate small instalments. However, for various reasons, among them his liver trouble, only at the end of May did Marx begin to prepare material for the first instalment, having interrupted his work on the rough manuscript, which remained unfinished. This first instalment was to consist of three chapters: "1. Value, 2. Money, 3. Capital in General (the process of production of capital; process of its circulation; the unity of the two, or capital and profit; interest)" (see Marx's letter to Lassalle of March 11, 1858, present edition, Vol. 40, p. 287). It took Marx a long time to examine and systematise the collected material. In the course of this work, he compiled two drafts of the "Index to the 7 Notebooks". His work was greatly hindered by material hardships, which became especially acute in the summer of 1858, and by his wife's illness. From August to October 1858, Marx prepared the preliminary text of the first two chapters of the first part: "The Commodity" (as he decided to entitle the first chapter, instead of the contemplated "Value") and "Money"—and the beginning of the third chapter: "Capital". Only a fragment of this original text, containing the end of the chapter on money and the beginning of that on capital, is extant (in this volume it is included in the section "From the Preparatory Materials"). In subsequent months, after greatly improving his manuscript, Marx prepared the final version of the first part. On January 26, 1859 the manuscript was sent to Berlin; the Preface to it followed in February 1859. The first part grew to 12 printer's sheets instead of the five or six originally contemplated and consisted not of three chapters, as had been planned, but of two: "The Commodity" and "Money or Simple Circulation". Marx did not include here the material of the two sections of the original text of the chapter on money: "The Manifestation of the Law of Appropriation in the Simple Circulation" and "Transition to Capital". He now intended to deal with all these issues, as well as the problem of capital as a whole, in the second part. In June 1859, A Contribution to the Critique of the Political Economy came off the presses. The subtitles "Book One. On Capital" and "Section One. Capital in General" indicate that the author considered it as the beginning of the first of the six books planned.

By the publication of his economic work, as he wrote to Joseph Weydemeier on February 1, 1859, Marx wanted "to win a scientific victory for our party" (see present edition, Vol. 40, p. 377). Once the first part had appeared, Marx began to prepare the second part for publication. Soon, however, other party work, such as editing the newspaper Das Volk and the polemics with Vogt (see Vol. 17 of the present edition), distracted him from the economic studies he considered necessary in order to clarify all aspects of the problem of capital. Only in 1861 was Marx able to resume his systematic studies of political economy. While preparing the second part, he drew up References to My Own Notebooks and Draft Plan of the Chapter on Capital (both works have been included in this volume, in the section "From the
Preparatory Materials”). Subsequent work on this part substantially exceeded the set limits, however. Between 1861 and 1863, he wrote a voluminous manuscript representing the first more or less systematized version of the three theoretical volumes of Capital and containing the only version of its fourth, historical and critical volume: The Theories of Surplus Value. Marx’s plans regarding the structure and form of the publication of his economic work changed as he wrote this manuscript. The structure of the second part, devoted to “Capital in General”, with its division into three aspects (the process of the production of capital, the process of the circulation of capital and the unity of the two) now formed the basis of the whole work, which Marx correspondingly intended to publish in three books, supplemented by a fourth, historico-critical one. An important landmark in the realisation of this new plan was the publication, in September 1867, of Volume I of Capital, in which the main problems of the first part of A Contribution to the Critique of Political Economy were also presented more profoundly.

Official scientific circles met Marx’s book with a prolonged conspiracy of silence. Nevertheless, it attracted the attention of progressive scholars. For example, I. K. Babst, a professor at Moscow University, expounded its contents in detail in his lectures on political economy in the winter of 1860. Engels was the first to popularise Marx’s work among proletarian revolutionaries. In August 1859, he published two sections of his review of the book in the newspaper Das Volk. The third section was not published because the newspaper closed down.

A Contribution to the Critique of Political Economy was not reprinted in Marx’s lifetime. Marx made unsuccessful attempts to have the book published in English in Britain or the USA. Only the Preface was published in the newspaper Das Volk on June 4, 1859, in a somewhat abridged form. An extract (from Chapter Two), devoted to the critique of Gray’s utopian theory of “labour money”, was supplied by Engels for the German 1885 and 1892 editions of Marx’s The Poverty of Philosophy. Subsequently, the book was published several times, in many languages.

It was published in English for the first time in the USA, in 1904 (K. Marx, A Contribution to the Critique of Political Economy, translated by N. I. Stone, Charles H. Kerr & Company, Chicago, 1904). Translated by Salo Ryazanskaya and edited by Maurice Dobb, it was published by Progress Publishers (Moscow), Lawrence & Wishart (London) and the International Publishers (New York) in 1970.

The present publication is based on the text of the first German edition of 1859, prepared for publication by the author himself. The amendments made by Marx in his own copy of the book are reproduced here in footnotes, with appropriate comments. The amendments and notes he made in the copy he presented to Wilhelm Wolff on August 19, 1859 are also taken into account. Engels used some of these amendments and notes in preparing Volume III of Capital for publication. Taking certain quotations from A Contribution to the Critique of Political Economy, Engels cited them as amended and specified by Marx. Photocopies of the above-mentioned books, with Marx’s amendments and notes, are kept in the Archives of the Institute of Marxism-Leninism of the CPSU Central Committee. Some other misprints found in the original have also been corrected. In the 1859 edition, the quotations are, as a rule, given in the German translation, but in the author’s notes they are, with certain exceptions, in the language of the quoted source. In the present edition, all quotations are in English, with editorial notes indicating the language, unless it is German in the original.—257
Marx is referring to his economic manuscripts of 1857-1858, and to his numerous preparatory materials, outlines and excerpt notebooks.—261

Marx used the term *bürgerliche Gesellschaft* (see G.W.F. Hegel, *Grundlinien der Philosophie des Rechts*, in: *Werke*, Vol. 8, Berlin, 1833, § 182, Addendum) in two senses even in his earlier works: in a broad one, to denote the economic system of society regardless of the historical stage of its development, i.e. the totality of material relations determining the political institutions and ideological life; and in a narrower one, to denote the material relations of bourgeois society (later, bourgeois society as a whole), i.e. capitalism. Depending on the context, the term is translated either as "civil society" or as "bourgeois society".—262

The *German Workers' Society* in Brussels was founded by Marx and Engels at the end of August 1847 for the political education of German workers living in Belgium and for the popularisation of the ideas of scientific communism among them. Under the leadership of Marx, Engels and their associates, the Society became the legal centre rallying German revolutionary proletarians in Belgium. The Society's best members belonged to the Communist League. Soon after the February Revolution of 1848 in France, the Society ceased its activities because its members were arrested and deported by the Belgian police.

Marx's work *Wage Labour and Capital* (his lectures to the German Workers' Society) was published as a series of articles in the *Neue Rheinische Zeitung*, in the spring of 1849, but not in full, because the newspaper ceased publication (see present edition, Vol. 9, Note 183).—264

Marx contributed to the *New-York Daily Tribune* from August 1851 to March 1862. Articles by Marx and Engels in the *New-York Daily Tribune* dealt with key issues of foreign and domestic policy, the working-class movement, the economic development of European countries, colonial expansion and the national liberation movement in colonial and dependent countries. Their profundity, political insight and literary merits immediately attracted attention. The *New-York Daily Tribune* 's editors publicly acknowledged their quality. The articles reached Europe, too. For example, in his speech in the House of Commons on July 1, 1853, John Bright, leader of the Free Traders, specially noted Marx's article on Gladstone's budget, published in the *Tribune* (see present edition, Vol. 12, p. 176).

The *Tribune* 's editors sometimes took liberties with articles, printing them unsigned, in the form of editorials, especially from September 1854 onwards. In some cases they tampered with the text, making insertions, some of which were in direct contradiction with the content of the articles. Marx protested repeatedly against these practices. In the autumn of 1857, he was forced to reduce the number of his contributions in view of the *Tribune* 's weak financial position, a result of the economic crisis in the USA. He ceased contributing to the paper altogether after the outbreak of the American Civil War, mainly because the *Tribune* had come under the influence of people advocating a compromise with the slave-owning states.—265


The *monetary system*, an early form of mercantilism, a system of economic views and economic measures applied by European states in the seventeenth and eighteenth centuries. Its advocates equated wealth with money and favoured
economic measures that ensured an inflow of money into the country by maintaining an active trade balance and imposing protective tariffs.—276

64 The *glorious revolution*—this is how English historians refer to the coup d’état of 1688-89, as a result of which the Stuart James II was overthrown and William III of Orange was proclaimed King of England. It led to a limitation of the king’s powers in the interests of the commercial and financial bourgeoisie and the circles of the landed aristocracy connected with them.—294

65 The *parallelograms of Mr. Owen* are mentioned by Ricardo in his work *On Protection to Agriculture*, 4th ed., London, 1822, p. 21. Developing his utopian project of social reform, Owen maintained that, from the point of view of the economy and arrangement of domestic life, it was most expedient to build a communist settlement in the form of a parallelogram or square. Hence the expression.—300

66 The *Theory of Exchange* is the title of the fourth chapter in H. D. Macleod’s work *The Elements of Political Economy*, London, 1858.—301

67 The *Act of 1844 on the Bank of England*, passed by Sir Robert Peel’s government, fixed a maximum for the amount of bank notes in circulation. These were guaranteed by a special gold and silver reserve. Bank notes in excess of the fixed amount could be issued only given a proportional increase in the precious metal reserves. The Act was repeatedly infringed by the government itself, particularly during the 1847 and 1857 monetary crises. Marx analysed the content and significance of the 1844 Act in a series of articles written for the *New-York Daily Tribune* in 1857 and 1858 (“The Bank Act of 1844 and the Monetary Crisis in England”, “The British Revulsion”, “The English Bank Act of 1844” and others (see present edition, vols 15 and 16). Subsequently, Marx made a detailed analysis of the Act in *Capital*, Vol. III, Ch. XXXIV (see present edition, Vol. 37).—303, 404, 414

68 *Leges barbarorum* (barbarian laws)—records of the common law of various Germanic tribes, compiled between the fifth and ninth centuries.—312

69 A reference to the period of wars waged by England against Republican and Napoleonic France, when the Bank Restriction Act of 1797 was in force (see Note 49).—319, 400

70 A reference to the Paris peace treaties concluded in 1814 and 1815 by the countries of the anti-French coalitions—Russia, Britain, Austria and Prussia. on the one side, and France, on the other.—319, 368

71 The *Crédit mobilier* (Société générale du Crédit mobilier)—a big French joint-stock bank founded by the Péreire brothers in 1852. It was notorious for its speculation. The Crédit mobilier took an active part in building railways and setting up industrial enterprises. Though closely linked with and enjoying the protection of Napoleon III’s government, it went bankrupt in 1867. In 1856 and 1857, Marx wrote a series of articles about its speculative activities for the Chartist *The People’s Paper*, in London, and the *New-York Daily Tribune*.—331

72 A reference to J. Mill’s *Commerce Defended. An answer to the arguments by which Mr. Spence, Mr. Cobbett, and others, have attempted to prove that commerce is not a source of national wealth*, London, 1808.—333

73 Marx is referring to Say’s treatise: *Lettres à M. Malthus, sur différents sujets d’économie politique, notamment sur les causes de la stagnation générale du commerce*, Paris-London, 1820. It contains the proposition (p. 46) that “products are
bought only for products”; elsewhere, the author’s idea, that products produced must always find demand, is being repeated in a variety of ways.—333

74 Marx is probably quoting P. Boisguillebert’s *Dissertation sur la nature des richesses de l’argent et des tributs* from memory. It was published in *Économistes financiers du XVIIIᵉ siècle*. On p. 392 Boisguillebert has: “précis de toutes les denrées” (summary of all commodities).—358, 496

75 A reference to the biblical legend of how Jacob, the father of ancient Hebrews, when blessing his grandchildren, Joseph’s sons, contrary to tradition, laid his left hand on the elder, and his right hand on the younger, thus foretelling a more glorious future for the latter (Genesis 48:1, 8-20).—359, 447

76 Marx is referring to the war of independence waged by the Spanish colonies in Latin America from 1810 to 1826, as a result of which most of them threw off Spanish domination.—368

77 A reference to the Kyakhta Treaty, signed by Russia and China on October 21, 1727. It envisaged a duty-free border trade in Kyakhta, mainly barter, which considerably expanded the overall trade between the two countries.—382

78 A reference to the so-called Second Opium War, actually started by Britain and France in 1856 but officially waged from 1857 to 1858, the aim being to turn China into a semi-colony. It ended with the China’s defeat and the signing of the unequal Tientsin Treaty, which increased China’s dependence on the colonial powers (their trade, diplomatic and military privileges were expanded, opium imports legalised, indemnities paid, etc.). In 1859 Britain and France resumed military operations (the Third Opium War), and in 1860 imposed on China the still more onerous Peking Peace Treaty.—382


80 This quotation is from *Lectures on Gold for the Instruction of Emigrants about to Proceed to Australia*, London, 1852. Marx took many excerpts from this book for his Economic Manuscript of 1857-1858, “Chapter on Money” (see present edition, Vol. 28, pp. 113-15).—387


82 This is an allusion to the mediaeval legend about the Holy Grail, a miraculous cup in which Joseph of Arimathea had received the blood of Christ.—389

83 The *Historical School of Law*—a trend in German historiography and jurisprudence in the late eighteenth century. The representatives of this school, Gustav Hugo, Friedrich Karl Savigny and others, sought to justify the privileges of the nobility and feudal institutions on the basis of the inviolability of historical traditions.—398

84 John Law, the Scottish economist and financier, sought to implement in France his financial projects, based on the erroneous idea that a state can increase the country’s wealth by issuing bank notes without security. Backed by French
ruling circles interested in his projects, in 1716 Law founded a private bank that, in 1718, was turned into a state bank. In addition to implementing the unlimited emission of bank notes, Law, who had been appointed Controller General of Finance in 1720, withdrew metallic money from circulation and supported various speculative undertakings, such as the opening of shady trading companies, the issue of fictitious shares, etc. The fuss aroused by Law's activities culminated, at the end of 1720, in the final collapse of the bank and "Law's system".—400

85 Threadneedle Street—the street in London on which the Bank of England is situated.—400

86 The Continental Blockade, or Continental System proclaimed by Napoleon I in 1806 (see Note 51) forbade the countries of the continental Europe to trade with Great Britain. The countries that participated in the Continental Blockade were Spain, the Kingdom of Naples, the Netherlands, Prussia, Denmark, Russia, Austria and others.—408

87 This refers to the British government's measures to counter Napoleon I's Continental Blockade. A number of royal decrees of 1807 ordered neutral countries to cease all trade with France and the states that joined the Continental System. Britain's decrees were aimed at strengthening the naval blockade of France and depriving her of access to colonial goods.—408

88 As can be seen from Marx's letters, once the first part of his work had been published, he intended to proceed immediately with preparing the second part, which was to contain the chapter "Capital in General". As he wrote to Ludwig Kugelmann on December 28, 1862, however (see present edition, Vol. 41, pp. 435-36), a number of circumstances prevented him from carrying out his intention at once. Only in August 1861 did he begin his work on the second part, giving it the general title: A Contribution to the Critique of Political Economy. The extant covers of the 23 notebooks containing the rough manuscript bear this title. The covers of the first two notebooks have the subtitle: "Chapter Three. Capital in General".—417

89 This manuscript marks the transitional stage in Marx's work on a draft version of his economic work in preparing it for publication in parts, as agreed by contract with the German publisher Duncker (see Note 57). In order to develop the rough manuscript further, Marx drew up a kind of index that would help him select material for the first part. In his letter to Engels on May 31, 1858, Marx wrote that his hefty manuscript (308 densely written pages in seven notebooks) was a real hotchpotch, much of it intended for later sections. "So I shall have to make an index," Marx wrote, "briefly indicating in which notebook and on what page to find the stuff I want to work on first" (see present edition, Vol. 40, p. 318).

First of all, Marx had to elaborate the material that was to form the first part of the planned work. By the "first part", Marx then meant that which he soon began to designate as the "first section" of his book "On Capital", consisting of three chapters: "The Commodity", "Money", and "Capital in General". In the Economic Manuscript of 1857-1858, however, there is no special chapter on the commodity; the beginning of it is only outlined, under the title: "Value". Individual digressions in other sections of the manuscript also belonged to it.

The Index to the 7 Notebooks (to the first part) consists of two unfinished drafts; in the first one, Marx gathered all the material of his manuscript
belonging to the "first part", up to the section on the circulation of capital, but this section and some other passages preceding it remained without page references; the second draft embraces only the chapter on money and presents a more detailed structure of this chapter.

Marx left big gaps between the main headings of his Index, later to be filled in with additional subheadings and page references.

The Index to the 7 Notebooks (to the first part) fills the last eleven pages in Notebook M (figures in the editorial square brackets denote pages of this notebook), which contains the outline of Marx's "Introduction" (see present edition, Vol. 28, pp. 17-48). In this edition Marx's marks in the margins are not reproduced.

In his Index, Marx indicates the numbers of notebooks containing the outlines of the Critique of Political Economy by Roman numerals, and the pages of those notebooks by Arabic numerals.—421

90 Wilson is not mentioned on p. 55 of Marx's Notebook VII. It was most probably a slip of the pen and instead of Wilson it should be Morrison, who is quoted on this page. Alternatively, Wilson is mentioned here as the editor of The Economist and an author of a series of articles for the magazine, which Marx quotes on this page. In this and other cases, Marx gives the title of the magazine in his references rather than the name of its editor.—424

91 This point of the Index is made in addition to the manuscript of 1857-1858 and refers to the extract from J. G. Wirth, Die Geschichte der Deutschen, 2nd improved edition, Vol. I, Stuttgart, 1846, in one of Marx's excerpt notebooks of 1858. The extract states that among the ancient Germans, up to the fourth or fifth century, the use of money was rather uncommon and all kinds of monetary duty were often paid in such material values as cattle, weapons, or corn. The price of oxen, cows, horses, swords, helmets, shields, spears and other objects accepted in payment instead of guilders was established by law.—424

92 A reference to Macleod's The Theory and Practice of Banking, Vol. 1, London, 1855, pertains to the manuscript of 1857-1858. The extracts from this book are in Marx's Excerpt Notebook of 1857. On page 15 of his book, Macleod writes about Josiah Child's treatise A Discourse upon Trade (this treatise, Macleod alleged, appeared in 1698), which contained a plan for lowering the rate of interest by law.—424

93 Marx has in mind his Excerpt Notebook V, which he began to compile in January 1851. On pp. 14-17 of this notebook there are excerpts from chapters XXVI-XXX of the second volume of William Jacob's An Historical Inquiry into the Production and Consumption of the Precious Metals, London, 1831. Further on Marx has in mind his Excerpt Notebook IV, filled in in November-December 1850. It contains excerpts from chapters IV-XIV of the first volume and from chapters XV-XXV of the second volume of Jacob's book.—428

94 There is no page 49 in Excerpt Notebook I (see present edition, Vol. 28, p. 153). The notebook has 48 pages. This problem is elucidated in Excerpt Notebook I on p. 47 and in Excerpt Notebook II on p. 1.—428

95 Marx wrote the original text of the first part of A Contribution to the Critique of Political Economy between August and October 1858, basing himself on the Index to the 7 Notebooks, which he had drawn up in June (see this volume, pp. 421-29). As Marx then planned, this part was to include a chapter on capital, besides the chapters on the commodity and on money. In November 1858, Mrs. Marx began a fair copy of the final text of Part One of A
Contribution to the Critique of Political Economy, consisting already only of the chapters on the commodity and on money.

The original text has only partly survived, including the last three quarters of Chapter Two and the beginning of Chapter Three (two concluding passages of Chapter Two and the beginning of Chapter Three were not included in the final version). The surviving text is in two notebooks that Marx marked B' and B". Notebook B' starts with the end of a sentence. It was preceded by Notebook C which has not survived and most probably contained the chapter on the commodity (originally entitled "Value") and the beginning of the chapter on money.

On the cover of Notebook B' Marx wrote five short notes referring to the chapters on money and on capital. In this volume they are published after the original text, as an addition to it.

The editorial heading, in square brackets, of Section 2 (its beginning was contained in Notebook C) was formulated on the basis of the extant fragment. Given in square brackets are also the letters denoting notebooks, and the page numbers in these notebooks. Footnotes indicate the language in which Marx quotes, unless it is German.

Extremely long passages have been divided into shorter ones for the reader’s convenience.—430

96 Nexus rerum—"the link between things". In one of his excerpt notebooks of 1851, entitled “The Completed System of Money Relations”, Marx describes money (p. 41) as the “nexus rerum et hominum” (the link between things and people) and refers this quotation to p. 34 which has not survived. Unfortunately it has been impossible to establish which work he meant. In calling money the “nexus rerum et hominum”, Marx means the state of society that resulted from the disintegration of all the formerly dominant social links: patriarchal, feudal, family, religious, all of which were superseded by the rule of “cash”. In the “Chapter on Money” of the 1857-1858 manuscript, Marx applied this expression to exchange value (see present edition, Vol. 28, p. 155). In the final text of A Contribution to the Critique of Political Economy, he designated money as the "social nexus rerum", the initial or motive force of all things (see this volume, p. 365).—430

97 Here Marx quotes in German from the Greek writer and compiler Athenaeus, Deipnosophistarum libri quindecim, Edidit Schweighaeuser, Tomus II, Argentorati, 1802, p. 121. Below Marx gives this quotation in Greek (see this volume, p. 451).—435

98 Marx quotes Körner’s treatise in English from Lectures on Gold for the Instruction of Emigrants about to Proceed to Australia, pp. 94-95 (see Note 80). In his note to A Contribution to the Critique of Political Economy, he gives this quotation in German (see this volume, p. 387).—441

99 Marx is quoting Luther’s treatise from A. L. Schlözer, Briefwechsel meist historischen und politischen Inhalts, Siebender Theil, Heft XXXVII-XLII, Göttingen, 1780, pp. 265-66.—449

100 The Code of Manu (Māṇava Dharma-Čāstra)—an old Hindu compendium of laws and precepts, the product of an early attempt to codify common law in accordance with the needs of the ancient Hindu state and the dogmas of Brahmanism. It is attributed to Manu (“man” in Sanskrit), the mythical progenitor of human beings. The laws and precepts making up the Code of Manu accumulated over the centuries and were given their more or less
definitive formulation at about the beginning of the Christian era. They reflected the specific nature of early class society in India, which retained many survivals of the primitive communal system.—460

101 Marx's footnote made at the bottom of the page, but not marked in the text, presumably refers to the passage where Smith's name is mentioned.—463

102 Here Marx put quotation marks and left space for inserting the title of Carey's book later. Marx most probably had in mind The Slave Trade, Domestic and Foreign, Philadelphia, 1853, about which he wrote to Engels on June 14, 1853 calling it Slavery at Home and Abroad.—477

103 An ironic allusion to Kant's Critique of Pure Reason.—477

104 Marx is quoting, in Greek, the beginning of Epigram 166 in Book XI of Greek Anthology (Anthologia graeca ad fidem codicis olim Palatini nunc Parisini ex apographo Gothano edita, Curavit F. Jacobs, Tomus secundus, p. 370). The epigram's author is not known.—489

105 Marx wrote these notes on the cover of Notebook B': the first note is on its right side, the other four on its reverse. The third note largely reproduces the text on page 4 in Notebook II, the "Chapter on Money" of the 1857-1858 manuscript (see present edition, Vol. 28, pp. 161-62).—508

106 The draft plan of Part Two of A Contribution to the Critique of Political Economy, which was to contain Chapter Three ("Chapter on Capital"), is in a separate small notebook (without number or letter designation) and has no general title. (In this edition, the pages of the notebook are given in editorial square brackets and the author's brackets are replaced by oblique lines.) In the draft, the problems treated in notebooks II-VII of the 1857-1858 economic manuscript are divided into three sections: I. The Process of Production of Capital, II. Circulation Process of Capital, III. Capital and Profit. The draft plan ends with the section "Varia", which includes mainly issues of the history of political economy. Many points of the plan are separated from one another by big spaces; on pp. 13 and 15 there is no text at all (the former has drawings of geometrical figures and the latter logarithmic formulae that have nothing to do with this work). In the course of his further economic studies, Marx used the structure of Chapter Three fixed in this plan as a basis for generally dividing his future work into three theoretical parts, though later the contents of each of them, especially the third, were considerably extended.

In references to the 1857-1858 manuscript Marx uses Roman numerals to denote notebooks and Arabic ones to denote the relevant pages.—511

107 According to the original plan Marx intended to divide his economic work in six books. The first, "On Capital", as can be seen from Marx's letter to Engels of April 2, 1858, was to be divided into four sections: 1) Capital en général, 2) Competition, or the interaction of many capitals, 3) Credit, 4) Share Capital (see present edition, Vol. 40, p. 298). This remained the general plan in 1861, when Marx resumed his work on the planned second part of A Contribution to the Critique of Political Economy (it was changed only in the course of further studies). Here Marx has in mind the second section of his book "On Capital".—514

108 References to My Own Notebooks belong to the period when, after an interruption caused by his editorial work on the newspaper Das Volk (summer 1859), writing his pamphlet Herr Vogt and other circumstances, Marx resumed intensive studies of political economy and returned to his work on the
subsequent parts of *A Contribution to the Critique of Political Economy*, primarily on its third chapter, devoted to capital. “A week ago I made a serious start on my book,” he wrote to Engels on June 10, 1861 (see present edition, Vol. 41, p. 292). Evidently, the first thing Marx did was to systematise the material already collected. For this purpose, he made use of the last, as yet empty, pages of his Notebook B". Pages 1-19 of this notebook contain the end of the fragment of the original text of *A Contribution to the Critique of Political Economy*, written as far back as the autumn of 1858. Pages 20-27 contain passages from different economic sources, evidently written later on as they include references to editions published in 1860. The *References* published here are to be found on pages 28-36 of Notebook B" (these pages are given here in editorial square brackets, and oblique lines are substituted for the square brackets used by Marx himself).

The *References* constitute a concise review of the contents of the notebooks containing the economic manuscripts of 1857-1858 (Notebook M with “Introduction”, notebooks I-VII) and also of notebooks with the original text of *A Contribution to the Critique of Political Economy* (notebooks C, B' and B"). In this review, Marx included material he had not used in the first part of *A Contribution to the Critique of Political Economy*, completed in January 1859. He wrote this review in order to facilitate writing the part of his economic work that was to be the continuation of the first part of *A Contribution to the Critique of Political Economy*. When writing the *References*, Marx worked out a plan for the third chapter of *A Contribution to the Critique of Political Economy* and later on implemented it in a large Economic Manuscript of 1861-1863, which was a new, already systematised, though rough version of all the parts of the future *Capital*.

In Marx’s *References*, Arabic numerals indicate the pages of the notebooks.— 518

109 Notebook C is not extant. Judging from the available material, it contained the original text of the first and the beginning of the second chapter of *A Contribution to the Critique of Political Economy*.— 518

110 Notebook A is another title of Notebook I of the main 1857-1858 manuscript, which Marx entitled *Outlines of the Critique of Political Economy* (Rough Draft). Both designations are to be found on the cover of the notebook.— 518

111 This presumably refers to the missing cover of Notebook B"*, the reverse side of which Marx marked as page 1a.— 518

112 This is Marx’s designation of that part of Notebook B" which contains the concluding portion of the original text of *A Contribution to the Critique of Political Economy*. That portion constitutes the beginning of Chapter Three (pp. 16-19 of this notebook).— 521

113 Page 29 (the last page) of Notebook II referred to here and below has not survived.— 522

114 The text beginning on page 8 of Notebook III is the continuation of the text of Notebook II. The first seven pages of Notebook III contain the unfinished draft manuscript “Bastiat and Carey” (see present edition, Vol. 28, pp. 5-16) to which references are given below.— 522
<table>
<thead>
<tr>
<th>Name</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberoni, Giulio</td>
<td>(1664-1752) — Spanish diplomat and statesman.</td>
</tr>
<tr>
<td>Anderson, A.</td>
<td>English manufacturer, owned factories in Glasgow and Manchester, published the booklet The Recent Commercial Distress in London in 1847.</td>
</tr>
<tr>
<td>Anderson, James</td>
<td>(1739-1808) — British economist, worked out the theory of differential rent.</td>
</tr>
<tr>
<td>Anghiera, Pietro Martire d’</td>
<td>(c. 1457-1526) — historian and geographer, born in Italy; for a long time served at the Spanish court as an expert in the New World affairs.</td>
</tr>
<tr>
<td>Anne</td>
<td>(1665-1714) — Queen of England</td>
</tr>
<tr>
<td>Antonines</td>
<td>— dynasty of Roman emperors (96-192).</td>
</tr>
<tr>
<td>Antoninus Pius</td>
<td>(86-161) — Roman Emperor since 138.</td>
</tr>
<tr>
<td>Arbuthnot, George</td>
<td>(1802-1865) — official of the English Treasury, wrote a number of works on money circulation and credit.</td>
</tr>
<tr>
<td>Aretino, Pietro</td>
<td>(1492-1556) — Italian satirical writer of the Renaissance, author of pamphlets against the Papal court and European monarchs.</td>
</tr>
<tr>
<td>Aristophanes</td>
<td>(c. 446-c. 385 B.C.) — Greek dramatist, author of political comedies.</td>
</tr>
<tr>
<td>Aristotle</td>
<td>(384-322 B.C.) — Greek philosopher.</td>
</tr>
<tr>
<td>Arnd</td>
<td>Karl (1788-1877) — German economist, representative of vulgar political economy.</td>
</tr>
<tr>
<td>Ashworth, Edmund</td>
<td>(1801-1881) — English factory-owner, member of the Anti-Corn Law League, opposed legal limitation of the working day.</td>
</tr>
<tr>
<td>Athenaeus</td>
<td>(end of the 2nd-beginning of the 3rd cent.) — Greek rhetorician and grammarian.</td>
</tr>
<tr>
<td>Atkinson, William</td>
<td>English economist of the 1830s-50s, opponent of the classical school, protectionist.</td>
</tr>
<tr>
<td>Attwood, Thomas</td>
<td>(1783-1856) — English banker, economist and politician.</td>
</tr>
<tr>
<td>Augier, Marie</td>
<td>(mid-19th cent.) — French journalist, wrote on economics.</td>
</tr>
</tbody>
</table>
Aurangzeb, Mohi ud-din Mohammed (1618-1707)—ruler (1658-1707) of the Great Mogul Empire in India.—363, 446

Aurelian (Lucius Domitius Aurelianus) (c. 215-275)—Roman Emperor (270-75).—213

Babbage, Charles (1792-1871)—English mathematician, mechanical engineer and economist.—80, 105, 514

Bailey, Samuel (1791-1870)—English economist and philosopher; criticised Ricardo's labour theory of value.—29, 189, 310, 376, 421-22, 424, 428, 453, 508, 527

Baines, Sir Edward (1800-1890)—English journalist and economist, author of History of the Cotton Manufacture in Great Britain.—205

Barbon, Nicholas (c. 1640-1698)—English economist, forerunner of the so-called state theory of money.—316

Barton, John (end of the 18th-first half of the 19th cent.)—English economist, representative of the classical political economy.—168, 515

Bastiat, Frédéric (1801-1850)—French economist, preached harmony of class interests in bourgeois society.—29, 138-42, 219-21, 278, 476, 477-78, 517, 521, 522-24, 528, 530

Bekker, August Immanuel (1785-1871)—German philologist, prepared for publication a few editions of works by ancient authors (Plato, Aristotle, Aristophanes and others).—269, 291, 307

Bentham, Jeremy (1748-1832)—English sociologist, theoretician of utilitarianism.—230

Berkeley, George (1685-1753)—Irish bishop, subjective idealist philosopher; in his economic works regarded labour as the main source of wealth, exponent of the nominalistic theory of money.—277, 316-17, 352

Bernier, François (1625-1688)—French physician, traveller and writer.—224, 363, 446

Blake, William (18th-beginning of the 19th cent.)—English economist, wrote on money circulation.—168-70, 339, 409, 426, 514, 531

Blanc, Jean Joseph Louis (1811-1882)—French petty-bourgeois socialist, historian, took part in 1848-49 revolution.—398

Boisguillebert, Pierre le Pesant, sieur de (1646-1714)—French economist and statistician, father of French classical political economy.—63, 292-95, 301, 332, 339, 358-60, 379, 431, 449-50, 463, 468, 488, 496

Bosanquet, Charles (1769-1850)—English manufacturer and economist, argued with Ricardo on problems of money circulation.—401, 405

Bosanquet, James Whatman (1804-1877)—English banker, economist and historian.—164, 248, 333, 441

Bray, John Francis (1809-1897)—English economist, utopian socialist, Owen's follower, developed the theory of "labour money".—186, 243, 323, 427, 445

Brougham and Vaux, Henry Peter, Baron (1778-1868)—British lawyer and man-of-letters, prominent Whig in the 1820s-30s, Lord Chancellor (1830-34).—222, 300

Buchanan, David (1779-1848)—English journalist and economist, follower and commentator of Adam Smith.—191-92, 348, 422, 427

Burleigh—see Cecil, William, Lord Burgley

Büssch, Johann Georg (1728-1800)—German economist, mainly mercantilist.—398
Carey, Henry Charles (1793-1879)—American economist, set forth the theory of class interests' harmony in capitalist society.—29, 138, 139, 227, 476, 477, 512, 523, 527, 530, 532

Carli, Giovanni (Gian) Rinaldo, conte (1720-1795)—Italian scientist, wrote about money and corn trade, opposed mercantilism.—382

Carlyle, Thomas (1795-1881)—British writer, historian and idealist philosopher, Tory; preached views bordering on feudal socialism up to 1848, later ardent opponent of the working-class movement.—431

Castlereagh, Robert Stewart, 2nd Marquis of Londonderry, Viscount of (1769-1822)—British statesman, Tory; Secretary for War and for the Colonies (1805-06, 1807-09), Foreign Secretary (1812-22).—223, 319

Cato, Marcus Porcius (the Elder) (234-149 B.C.)—Roman statesman and writer, author of the treatise Agriculture.—362, 448

Cecil, William, Lord Burleigh (or Burgley) (1520-1598)—English statesman, Secretary of State (1558-72) and Lord High Treasurer (1572-98) and principal minister to Queen Elizabeth.—376

Chalmers, Thomas (1780-1847)—Scottish Protestant theologian, economist, follower of Malthus.—225, 514, 527

Charles II (1630-1685)—King of England, Scotland and Ireland (1660-85).—235, 294

Charles V (1500-1558)—Emperor of the Holy Roman Empire (1519-56) and King of Spain (1516-56) under the name of Charles (Carlos) I.—213

Charles the Great (Charlemagne) (c. 742-814)—King of the Franks (768-800) and Emperor (800-14).—178, 188, 216

Cherbuliez, Antoine Elisée (1797-1869)—Swiss economist, tried to combine the teaching of Sismondi with elements of Ricardo's theory.—36, 70, 461, 463, 522, 526, 528

Chevalier, Michel (1806-1879)—French engineer, economist and writer; follower of Saint-Simon in the 1830s, later a Free Trader.—352, 388

Chevé, Charles François (1813-1875)—French petty-bourgeois writer and sociologist.—219-20

Child, Sir Josiah (1630-1699)—English economist, mercantilist, banker and merchant.—225, 230

Clay, Sir William (1791-1869)—British politician and economist, writer of the so-called "currency school".—414

Clodius (Claudius) (Marcus Claudius Marcellus)—Roman politician, promulgated the law on victorates (silver coins) in about 104 B.C.—187

Cobbett, William (1762-1835)—English politician and radical journalist.—185, 333

Columbus, Christopher (1451-1506)—Genoa-born navigator, discoverer of America.—389

Constancio, Francisco Solano (1772-1846)—Portuguese physician, diplomat and writer, translated works of English economists into French.—136, 301

Cooper, Thomas (1759-1839)—American economist and politician, advocated Free Trade.—277

Coquelin, Charles (1803-1852)—French economist, supported Free Trade.—217-18

Corbet, Thomas—British economist of the 19th century, follower of Ricardo.—218, 229-30, 333, 422, 425

Cotton, William (1786-1866)—English merchant, a director of the Bank of England; invented automatic scales for weighing gold.—254, 346
Cromwell, Oliver (1599-1658)—a leader of the English Revolution, Lord Protector of England, Scotland and Ireland from 1653.—294

Culpeper, Sir Thomas (1578-1662)—British economist, mercantilist.—230

Custodi, Pietro (1771-1842)—Italian economist, publisher of economic works by Italian authors of the late 16th-early 19th centuries.—165, 276, 280, 297, 322, 345, 358, 451

Daire, Louis François Eugène (1798-1847)—French economist, publisher of works on political economy.—295, 332, 449-50

Dalrymple, Sir John (1726-1810)—Scottish lawyer and historian.—214, 446

Dante Alighieri (1265-1321)—Italian poet.—265

Darimon, Louis Alfred (1819-1902)—French politician, journalist and historian; shared and propagated Proudhon’s views.—186, 323

Davenant, Charles (1656-1714)—English economist and statistician, mercantilist.—243

Defoe, Daniel (1660-1731)—English writer.—217

Demetrius Phalereus (c. 345-c. 283 B.C.)—Greek philosopher, historian and grammarian, Athenian statesman.—451

De Quincey, Thomas (1785-1859)—English writer and economist, commentator of Ricardo’s works.—30, 102, 526, 528

Dodd, George (1808-1881)—English journalist, author of a number of works on industrial problems.—254, 344, 427

Duilius, Marcus (4th cent. B.C.)—Roman tribune (357 B.C.)—214

Duroe de la Malle, Adolphe Jules César Auguste (1777-1857)—French poet and historian.—212-14, 532

E

Eden, Sir Frederick Morton (1766-1809)—English economist, Adam Smith’s disciple.—120, 121-22, 170, 530

Edward III (1312-1377)—King of England (1327-77).—313

Edward VI (1537-1553)—King of England (1547-53).—122, 166

Elizabeth I (1533-1603)—Queen of England and Ireland (1558-1603).—122, 166, 168, 183, 376, 531

Engels, Frederick (1820-1895) (biographical data).—264

Epicurus (c. 341-c. 270 B.C.)—Greek materialist philosopher, atheist.—233

Eschwege, Wilhelm Ludwig von (1777-1855)—German geologist and mining engineer.—212

Euripides (c. 480-c. 406 B.C.)—Greek poet, dramatist.—370

F

Fairbairn, Sir Peter (1799-1861)—English engineer, inventor.—198

Farnese, Alexander (Alessandro) (1545-1592)—duke of Parma, Spanish general and statesman, Viceroy of Philip II in the Netherlands (1578-92).—167

Ferrier, François Louis August (1777-1861)—French economist and government official, epigone of mercantilism.—427

Forbonnais, François Véron Duverger de (1722-1800)—French economist, adherent of the quantity theory of money.—395

Fourier, François Marie Charles (1772-1837)—French utopian socialist.—97
Franklin, Benjamin (1706-1790) — American politician; scholar of the American Enlightenment, was among the first supporters of the labour theory of value.—295, 296-97, 352, 395

Frederick II (1194-1250) — King of Sicily, King of Germany since 1212, Emperor of the Holy Roman Empire (1220-50).—214, 216

Fullarton, John (c. 1780-1849) — British economist, wrote on money circulation and credit, opponent of the quantity theory of money.—135, 225, 257, 243, 245-50, 416, 422, 424, 426, 428, 442, 532

G

Galba, Servius Sulpicius (c. 5 B.C.-A.D. 69) — Roman Emperor (68-69).—212

Galiani, Ferdinando (1728-1787) — Italian economist, criticised Physiocrats.—222, 223, 276, 297, 310, 326, 340, 385, 423, 426, 438, 456, 532

Ganilh, Charles (1758-1836) — French politician, economist, epigone of mercantilism.—230

Garner, Germain, marquis (1754-1821) — French economist and politician, monarchist; follower of the Physiocrats, translator and critic of Adam Smith.—187-89, 248, 312, 344, 422, 424

Gaskell, Peter — English physician and liberal journalist of the first half of the 19th century.—209, 532

Genovesi, Antonio (1712-1769) — Italian idealist philosopher and economist, adherent of mercantilism.—289, 358, 438

Genucius, Lucius (4th cent. B.C.) — Roman tribune (c. 342 B.C.).—214

George II (George Augustus) (1683-1760) — King of Great Britain and Ireland (1727-60).—311, 313

George III (George William Frederick) (1738-1820) — King of Great Britain and Ireland (1760-1820), King of Hanover from 1814.—237, 311

Gilbart, James William (1794-1863) — English banker and economist, wrote a number of works on banking.—235-36

Gladstone, William Ewart (1809-1898) — British politician and statesman, Tory, later Peelite, a leader of the Liberal Party in the latter half of the 19th century, headed several liberal cabinets.—303

Goethe, Johann Wolfgang von (1749-1832) — German poet.—90, 437

Gottsched, Johann Christoph (1700-1766) — German critic and writer of the early Enlightenment.—399

Gouge, William M. (1796-1863) — American journalist and economist, wrote a number of works on money circulation and banking in the USA.—166, 422, 424

Gray, John (1798-1850) — English economist, utopian socialist.—186, 217, 238, 239, 320-23, 422

Grimm, Jacob Ludwig Carl (1785-1863) — German philologist, professor at Berlin University.—386, 459

Guizot, François Pierre Guillaume (1787-1874) — French historian and statesman; virtually directed France’s home and foreign policy from 1840 to the February 1848 revolution.—262

H

Harlow, John (mid-19th cent.) — British economist of the Birmingham school known as the “little shilling men”; he and his fellow-thinker Wright wrote under the pseudonym of Gemini.—185

Harrison, William (1534-1593) — English priest, wrote about England of his time.—170, 517

Haxthausen, August Franz Ludwig Maria, Baron von (1792-1866) — Prussian of-
Hegel, Georg Wilhelm Friedrich (1770-1831)—German philosopher.—119, 262

Henry VII (1457-1509)—King of England (1485-1509).—121, 153

Henry VIII (1491-1547)—King of England (1509-47) and Ireland (from 1541).—122, 230, 235

Hobbes, Thomas (1588-1679)—English philosopher.—293

Hobhouse, John Cam, Baron Broughton de Gyfford (1786-1869)—British statesman, Whig; proposed the factory law, which was passed by Parliament in 1831.—205

Hodges, John Frederick (mid-19th cent.)—English agrochemist and physiologist, author of textbooks on agriculture.—101

Hodgskin, Thomas (1787-1869)—English economist and writer, utopian socialist.—89, 95, 96, 197-98, 292, 422, 527, 531

Homer—semi-legendary Greek epic poet, author of the Iliad and the Odyssey (8th cent. B.C.).—175, 399

Hopkins, Thomas—English economist of the first half of the 19th century.—205-06

Horace (Quintus Horatius Flaccus) (65-8 B.C.)—Roman poet.—366

Hubbard, John Gellibrand (1805-1889)—British conservative politician, MP (1859-68 and 1874-87), a director of the Bank of England (1838).—242, 247, 424

Hüllmann, Karl Dietrich (1765-1846)—German historian of the Middle Ages.—214-16

Hume, David (1711-1776)—Scottish philosopher, historian and economist; opponent of mercantilism, an early adherent of the quantity theory of money.—164, 230, 243, 391-96, 398-400, 402, 411, 412, 415

Hume, James Deacon (1774-1842)—English economist, Free Trader.—408, 409

Jacob, William (c. 1762-1851)—English businessman, author of a number of economic works.—240, 243, 255, 344, 368, 369, 422, 428

James I (1566-1625)—King of England (1603-25), King of Scotland since 1567 under the name of James VI.—235

Jovellanos (Jove Llanos) y Ramirez, Gaspar Melchor de (1744-1811)—Spanish statesman, lawyer and economist, follower of the French philosophers of the Enlightenment, mercantilist.—295

Julius, Gustav (1810-1851)—German democratic journalist, “true socialist”.—398

Justinian I (c. 483-565)—Emperor of Byzantium (527-65).—214, 215

Körner, M. G.—German philologist and historian of the mid-18th century.—387, 441

Lauderdale, James Maitland, 8th Earl of (1759-1839)—English politician and
economist, criticised Adam Smith's theory.—78, 79, 87-88, 89, 218, 244, 517, 521, 529

Law, John (1671-1729)—Scottish economist and financier, Controller General of Finance in France (1719-20).—395, 398, 400

Lessing, Gotthold Ephraim (1729-1781)—German writer, critic and philosopher, representative of the early Enlightenment.—398

List, Friedrich (1789-1846)—German vulgar economist, protectionist.—278

Liverpool, Robert Banks Jenkinson, 2nd Earl of (1770-1828)—British statesman, a Tory leader, held several ministerial posts, Prime Minister (1812-27).—237


Lombe, John (c. 1693-1722)—English silk-spinning manufacturer.—167

Louis XIV (1638-1715)—King of France (1643-1715).—213, 242, 295, 431

Louis XV (1710-1774)—King of France (1715-74).—242

Louis XVI (1754-1793)—King of France (1774-92), executed during the French Revolution.—242

Loundes, William (1652-1724)—English economist and statesman, Secretary of the Exchequer (1695-1724).—183-85, 315, 319, 355

Loyd, Samuel Jones, 1st Baron Overstone (1796-1883)—English banker and economist, a theoretician of money circulation.—164, 251, 404, 414, 415

Lucanus, Marcus Annaeus (39-65)—Roman poet.—344

Luther, Martin (1483-1546)—leader of the Reformation; founder of Protestantism (Lutheranism) in Germany, ideologist of burghers.—364, 374, 378, 448

M

Mackinnon, William Alexander (1789-1870)—English politician and historian, at first Tory, later Liberal, MP.—170

Mackenzie, James—British economist of the 19th century, studied history of money circulation.—250, 309, 398-99

Macleod, Henry Dunning (1821-1902)—English lawyer and economist, developed the theory of credit.—301, 376, 424


Mandeville, Sir John—alleged author of a book of travels which enjoyed great popularity since late 14th century.—352

Marcus Aurelius Antoninus (121-180)—Roman Emperor since 161.—212

Martin V (Oddone Colonna) (c. 1368-1431)—Pope (1417-31).—216

Marx, Karl Heinrich (1818-1883) (biographical data).—261-62, 264, 265

Mendelssohn, Moses (1729-1786)—German deist philosopher.—398

Menenius (Titus Menenius Agrippa Lanatus) (5th cent. B.C.)—Roman consul (454 B.C.), co-author (together with consul Sestius) of a law on money fines and money security.—187

Merivale, Herman (1806-1874)—English economist and statesman, Liberal, wrote works on principles of colonisation.—212, 532
Mill, James (1773-1836)—British historian, economist and philosopher, follower of Ricardo's theory, who tried to remove its contradictions by a formal logical method.—240-42, 333, 409-10, 422, 426

Mill, John Stuart (1806-1873)—British positivist philosopher and economist, epigone of classical political economy, son of James Mill.—21, 29, 142, 210, 230, 238, 333, 422, 426, 515, 528

Misselden, Edward (c. 1608-1654)—English businessman and economist, mercantilist.—244, 359, 362-64, 422, 427, 456, 446, 447, 448

Montanari, Geminiano (c. 1633-1687)—Italian mathematician and astronomer, author of works on money.—165, 280, 384, 422, 438, 451

Montesquieu, Charles Louis de Secondât, Baron de la Brède et de (1689-1755)—French sociologist, economist and writer of the Enlightenment, adherent of the quantity theory of money.—164, 243, 391, 396

More, Sir Thomas (1478-1535)—English politician, Lord Chancellor (1529-32), humanist writer, one of the earliest utopian communists, author of Utopia.—481

Morrison, William Hampson—the author of the pamphlet on metallic money circulation opposing Adam Smith's doctrine.—237, 249, 423, 424

Müller, Adam Heinrich, Ritter von Nitterdorff (1779-1829)—German journalist and economist, expressed interests of feudal aristocracy, opponent of Adam Smith's theory.—190, 198, 310, 422, 424

Napoleon I Bonaparte (1769-1821)—Emperor of the French (1804-14 and 1815).—408

Nero (Nero Claudius Caesar Augustus Germanicus) (37-68)—Roman Emperor (54-68).—213

Newman, Francis William (1805-1897)—English philologist and radical journalist, wrote a number of works on religion, politics and economics.—224

Newman, Samuel Phillips (1797-1842)—American philologist, teacher and economist.—217-18, 423, 512, 532

Newmarch, William (1820-1882)—English bourgeois economist and statistician.—416

Niebuhr, Barthold Georg (1776-1831)—German historian of antiquity.—214

Norman, George Warde (1793-1882)—English economist, adherent of the so-called "currency school", director of the Bank of England.—414

O

Opdyke, George (1805-1880)—American businessman, economist.—224, 236, 333-34, 427, 456, 511, 532

Overstone—see Loyd, Samuel Jones, 1st Baron Overstone

Owen, Robert (1771-1858)—English utopian socialist.—97, 98, 153, 300, 514, 529

P

Parrot, Jacques Théodore (b. 1783)—French journalist and translator.—240, 410

Parma, Duke of—see Farnese, Alexander

Parmentier, Antoine Augustin (1737-1813)—French agronomist and pharmacist, author of works on agriculture.—213

Paterson, William (1658-1719)—founder of the Bank of England.—230

Peel, Sir Robert (1788-1850)—British statesman, Tory, Home Secretary
(1822-27 and 1828-30), Prime Minister (1834-35 and 1841-46), repealed
the Corn Laws in 1846.—185, 303, 312, 319, 404, 414

Péreire, Isaac (1806-1880)—French banker, Bonapartist; deputy to the
Corps législatif; together with his brother Émile Péreire, founded
the joint-stock bank Crédit Mobiler.—331

Perseus of Macedonia (c. 216-c. 166
B.C.)—the last king of Macedonia
(179-168 B.C.).—213

Peter I (the Great) (1672-1725)—Tsar of
Russia from 1682, Emperor of all
Russia from 1721.—225, 351

Peter Martyr—see Anghiera, Pietro Mar-
tire d’

Petty, Sir William (1623-1687)—English
economist and statistician, founder of
English classical political economy.—34, 63, 277, 292-94, 303, 358, 363,
431, 446-47, 449, 468

Philip II (1527-1598)—King of Spain
(1556-98).—212, 362, 422, 428, 446

Pindar (c. 520-c. 443 B.C.)—Greek
poet, wrote triumphal odes.—508

Pitt, William (1759-1806)—British
statesman, a Tory leader, Prime
Minister (1783-1801 and 1804-06).—
218, 219

Plato (c. 427-c. 347 B.C.)—Greek
philosopher.—351, 488

Pliny the Elder (Gaius Plinius Secundus)
(23-79)—Roman statesman and
naturalist, author of Natural History
in 37 books.—187, 365-66, 450-51

Rappe, Johann Heinrich Moritz von
(1776-1854)—German scientist, au-
thor of works on the history of
technology.—231

Prescott, William Hickling (1796-1859)—
American historian, author of works
on the history of Spain and Spanish
conquests in America.—211, 215

Prevost, Guillaume (1799-1883)—Swiss
economist, vulgarised Ricardo’s
theory.—224

Price, Richard (1723-1791)—English
radical journalist, economist, moral
philosopher.—140, 218, 219, 516,
532

Propertius, Sextus (c. 49-c. 15 B.C.)—
Roman lyrical poet.—270

Proudhon, Pierre Joseph (1809-1865)—
French writer, economist and
sociologist, a founder of anarchism.—
29, 35, 107, 139, 176, 219-21, 264,
295, 301, 320, 323, 475, 513, 516,
521-22, 524, 528, 532

Pushkin, Alexander Sergeyevich (1799-
1837)—Russian poet.—408

Pyrrhus (319-272 B.C.)—King of
Epirus (307-302, 296-272 B.C.).—187,
188

R

Ramsay, Sir George (1800-1871)—
English economist, follower of clas-
sical political economy.—31, 52, 137,
240, 513, 522, 526-28, 530

Ravenstone, Piercy (d. 1830)—English
Ricardian economist, upheld the
workers’ interests, opponent of
Malthus.—79, 88

Ricardo, David (1772-1823)—English
economist.—12, 33-35, 39, 76-77, 108,
135-38, 140, 164, 169, 185, 225, 226,
242, 244, 247, 251, 292, 300-01, 333,
390, 398, 400-09, 412-15, 421-23, 426,
436, 463, 476, 517, 522, 526-28, 530

Rossi, Pellegrino Luigi Edoardo, count
(1787-1848)—Italian economist, lawyer and
politician; vulgarised Adam Smith’s and David Ricardo’s
theories.—66, 512, 513, 527

Rumford—see Thompson, Sir Benjamin,
Count von Rumford

S

Saint-Simon, Claude Henri de Rouvroy,
comte de (1760-1825)—French uto-
Sayan socialist.—331, 388
Say, Jean Baptiste (1767-1832)—French economist, vulgarised Adam Smith's theory, author of the theory of services.—30, 33, 36, 78, 127, 201, 217, 222, 224, 278, 301, 333, 351, 399, 521, 522, 528-29, 531
Schaper, Justus Wilhelm Eduard von (1792-1868)—a representative of Prussian bureaucracy; Oberpräsident of the Rhine Province (1842-45).—262
Schönaich, Christoph Otto, Baron von (1725-1807)—German poet, author of the epic poem Hermann.—399
Sempere (Sempéré) y Guarinos, Juan (1754-1830)—Spanish lawyer and historian.—212, 362, 446
Senior, Nassau William (1790-1864)—English economist, vulgarised Ricardo's theory, opposed shortening the working day.—188, 203-05, 367, 376, 513, 517, 528, 531, 532
Servius Tullius (578-534 B.C.)—sixth semi-legendary king of Ancient Rome.—187
Shakespeare, William (1564-1616)—English dramatist and poet.—373, 451-52
Sismondi, Jean Charles Léonard Simon de (1773-1842)—Swiss economist, exponent of economic romanticism.—35, 36, 66, 78, 143, 204-05, 235, 240, 292, 300-01, 333, 426, 511, 521, 522, 526, 528, 530
Slater—co-partner of Morrison, Dillon & Co. firm in London; gave evidence on bank legislation in the special committee of the House of Commons in 1858.—432
Smith, Sir Thomas (1513-1577)—British statesman, professor of civil law.—376
Solly, Edward (first half of the 19th cent.)—English economist.—427
Sophocles (c. 497-c. 406 B.C.)—Greek dramatist.—451
Sparks, Jared (1789-1866)—American historian, founder of history department at Harvard University.—296
Spence, William (1783-1860)—English entomologist, also studied economics.—333
Spinoza, Baruch or Benedictus de (1632-1677)—Dutch philosopher.—130, 398
Stansfeld, Hamer (19th cent.)—English businessman and journalist.—175, 225-26
Stein, Lorenz von (1815-1890)—German lawyer and historian, vulgar economist.—270, 277
Steuart, Sir James (1712-1780)—English economist, one of the last representatives of mercantilism.—162-65, 172, 173, 175, 176, 177, 182-84, 189, 234, 243, 297, 298-99, 315-18, 393, 396-99, 415, 421-23, 424, 426, 428, 438, 469, 474, 476, 517, 531
Storch, Heinrich Friedrich (1766-1835)—Russian economist, statistician and historian, follower of classical political economy, German by birth.—24-25, 36, 60, 61, 63, 69, 118, 197, 222, 224, 225, 238, 351, 367, 424, 427, 457, 516, 526, 528, 532
Strabo(n) (c. 63 B.C.-A.D. c. 20)—Greek geographer and historian.—388, 459
Sulla, Lucius Cornelius (138-78 B.C.)—Roman general and statesman, consul (88 B.C.), dictator (82-79 B.C.).—213
Symons, Jelinger Cookson (1809-1860)—English liberal journalist, member of the Government Commission of the Inquiry into the Condition of the Hand Weavers.—206-08, 532
Thompson, Sir Benjamin, Count von Rumford (1753-1814)—English physicist and politician, served in the Bavarian army for a time, organised workhouses for beggars in England.—159

Thompson, William (c. 1785-1833)—Irish economist, utopian socialist.—323, 526

Thornton, Henry (1760-1815)—English banker and economist.—195-96

Tooke, Thomas (1774-1858)—English economist, adherent of classical political economy.—164, 248, 250, 333-34, 408, 409, 415-16, 428-29, 440-42

Torrens, Robert (1780-1864)—English economist, vulgarised Ricardo’s theory.—145, 164, 195-96, 414, 421, 512, 531

Townsend, Joseph (1739-1816)—English priest, geologist and sociologist, exponent of the theory of population later borrowed by Malthus.—221, 532

Utre, Andrew (1778-1857)—English chemist, economist, opposed legislative shortening of the working day.—80

Urquhart, David (1805-1877)—English diplomat, journalist, politician, MP (1847-52), Tory.—177, 223, 237, 313, 422, 424

Uztariz, Jéronimo de (b. 1689)—Spanish economist, mercantilist.—295
thinker Harlow wrote under the pseudonym of Gemini.—185

X

Xenophon (c. 430-c. 354 B.C.)—Greek historian and philosopher.—368,

INDEX OF LITERARY AND MYTHOLOGICAL NAMES

Christ, Jesus (Bib.)—218-19
Jacob (Bib.)—359, 447
Manu (Hindu Myth.)—the ancestor of mankind, legendary law-giver of Ancient India.—460
Moloch—the god of the sun, fire and war in Carthage and Phoenicia, whose worship was accompanied by human sacrifices.—294
Moses (Bib.)—278
Nestor (Gr. Myth.)—the oldest and wisest of the Greek warriors who took part in the Trojan War.—294

Peter Schlemihl—character of Chamisso's short novel Peter Schlemihls wundersame Geschichte, who exchanged his shadow for a magic purse.—350
Pluto (Gr. Myth.)—the god of the netherworld and fertility.—451
Plutus (Gr. Myth.)—the god of wealth.—452
Robinson Crusoe—the title character in Daniel Defoe's novel.—217

Young, Arthur (1741-1820)—English agronomist and economist, adherent of the quantity theory of money.—398

Y
INDEX OF QUOTED
AND MENTIONED LITERATURE

WORKS BY KARL MARX AND FREDERICK ENGELS*

Marx, Karl

— Der Kommunismus und die Augsburger Allgemeine Zeitung. In: Rheinische
Zeitung, Nr. 289, 16. Oktober 1842.—262

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Vol. 3).
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 Französische Jahrbücher. Paris, 1844.—262

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17-20; 15., 17.-20. Januar 1843.—262

The Poverty of Philosophy. Answer to the "Philosophy of Poverty" by M. Proudhon (present
— Misère de la philosophie. Réponse à la philosophie de la misère de M. Proudhon.
Paris-Bruxelles, 1847.—264

Proceedings of the Sixth Rhine Province Assembly. Third Article. Debates on the Law on
Artikel. Debatten über Holzdiebstahlsgesetz. In: Rheinische Zeitung, Beiblatt,
1842.—262

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its public meeting of January 9, 1848 (present edition, Vol. 6).
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Bruxelles, dans la Séance Publique du 9 Janvier 1848 [Bruxelles, 1848].—264

und 11. April 1847.—264

* Editions in the language of the original are given only in cases when they were
published during the author's lifetime.—Ed.
Engels, Frederick


Marx, Karl and Engels, Frederick

The German Ideology. Critique of Modern German Philosophy According to Its Representatives Feuerbach, B. Bauer and Stirner, and of German Socialism According to Its Various Prophets (present edition, Vol. 5).—264

—Manifest der Kommunistischen Partei. London, 1848.—264

WORKS BY DIFFERENT AUTHORS

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Anthologia graeca ad fidem codicis olim palatini nunc parisini ex apographo Gothano edita. Curavit epigrammata in codice palatino desiderata et annotationem criticam adiecit Fridericus Jacobs. Tomus secundus. Lipsiae, 1814.—489

Aristophanes. Plutus.—452

Aristoteles. Ethica Nicomachea.—306-07, 351, 387, 459
—De Republica. Libri VIII.—269, 283, 290-91, 351-52, 370, 488

Arnd, K. Die naturgemässe Volkswirthschaft, gegenüber dem Monopoliengeist und dem Communismus, mit einem Rückblicke auf die einschlagende Literatur. Hanau, 1845.—226


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Babbage, Ch. Traité sur l'économie des machines et des manufactures. Traduit de l'anglais sur la troisième édition. Paris, 1833.—80, 105, 514

Index of Quoted and Mentioned Literature


Barbon, N. A Discourse Concerning Coining the New Money Lighter, in answer to Mr. Locke's considerations about raising the value of money. London, 1696.—316

Barton, J. Observations on the Circumstances which influence the condition of the labouring classes of society. London, 1817.—168, 515

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Bentham, J. Defence of Usury. London, 1787.—250

Berkeley, G. The Querist, containing several queries, proposed to the consideration of the public. London, 1750.—277, 316-17, 352

Bernier, F. Voyages ... contenant la description des états du Grand Mogol, de l'Indoustan, du Royaume de Cachemire, etc. T. I-I. Paris, 1830.—224, 363, 446

Bible
The Old Testament
Genesis.—359, 399, 447
Psalms.—10
The New Testament
Matthew.—254, 457
Revelation.—446, 452


Blanc, L. Histoire de la révolution française. T. I-II. Paris, 1847.—398


Bosanquet, J. W. Metallic, Paper, and Credit Currency, and the means of regulating their quantity and value. London, 1842.—248, 333-34, 441

Bray, J. F. Labour's Wrongs and Labour's Remedy; or, the Age of Might and the Age of Right. Leeds, 1839.—243, 323, 445


—The Past, the Present, and the Future. Philadelphia, 1848.—527
—Principles of Political Economy. Part the first. Philadelphia, 1837.—512, 523, 527
— The Slave Trade, Domestic and Foreign: why it exists, and how it may be extinguished. Philadelphia, 1853.—477

Carlyle, Th. Chartism. London, 1840.—431

Cato the Elder. De re rustica.—362, 448


Chamisso, A. von. Peter Schlemihls wundersame Geschichte.—350


Chevalier, M. Cours d'économie politique fait au Collège de France. Vol. 3. La monnaie. Paris, Bruxelles, 1850.—352, 388

Child, J. Traité sur le commerce et sur les avantages qui résultent de la réduction de l'intérêt de l'argent. Avec un petit traité contre l'usure; par Thomas Culpeper. Amsterdam et Berlin, 1754.—225

Cobbett, W. Paper Against Gold; or the history and mystery of the Bank of England, of the Debt, of the Stocks, of the Sinking Fund, and of all the other tricks and contrivances, carried on by the means of paper money. London, 1828.—185


Cooper, Th. Lectures on the Elements of Political Economy. London, 1831 (Columbia, 1826).—277


Corbet, Th. An Inquiry into the Causes and Modes of the Wealth of Individuals; or the principles of trade and speculation explained. Parts 1, 2. London, 1841.—218, 229-30, 333-34

The Currency Theory Reviewed: in a letter to the Scottish people on the menaced interference by government with the existing system of banking in Scotland. By a banker in England. Edinburgh, 1845.—344


Dante Alighieri. La Divina commedia.—265

Darimon, A. De la réforme des banques. Paris, 1856.—323

[Davenant, Ch.] Discourses on the Publick Revenues, and on the Trade of England. Part II. London, 1698.—243

Defoe, D. Life and Strange Surprising Adventures of Robinson Crusoe of York, Mariner.—217

De Quincey, Th. The Logic of Political Economy. Edinburgh, London, 1844.—30, 102


Eden, F. M. The State of the Poor: or, an history of the labouring classes in England, from the conquest to the present period; ... with a large appendix. In three volumes. London, 1797.—120-22, 170


Fourier, Ch. Le Nouveau monde industriel et sociétaire ..., Paris, 1848 (Œuvres complètes, 3 ed. Vol. 6).—97


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Ganilh, Ch. Des systèmes d'économie politique, de leurs inconvénients, de leurs avantages, et de la doctrine la plus favorable aux progrès de la richesse des nations. T. I-II. Paris, 1809.—230


Gaskell, P. Artisans and Machinery: the moral and physical condition of the manufacturing population considered with reference to mechanical substitutes for human labour. London, 1836.—209


Gilbart, J. The History and Principles of Banking. London, 1834.—235-36

Goethe, J. W. von. Faust.—90 —Das Göttliche.—437

Gouge, W. M. A Short History of Paper Money and Banking in the United States, including an account of provincial and continental paper money. To which is prefixed an inquiry into the principles of the system, with considerations of its effects on moral and happiness... Philadelphia, 1833.—166


Grimm, J. Geschichte der deutschen Sprache. Erster Band. Leipzig, 1853.—386, 459

Haxthausen, A. von. Studien über die inneren Zustände, das Volksleben und insbesondere die ländlichen Einrichtungen Rußlands. Th. 1, 2. Hannover, 1847. Th. 3. Berlin.—253


[Hodgskin, Th.] Labour Defended against the Claims of Capital; or, the Unproductiveness of capital proved. With reference to the present combinations amongst journeymen. By a labourer. London, 1825.—89, 95, 96

Homer. The Iliad.—175

Hopkins, Th. Great Britain, for the Last Forty Years; being an historical and analytical account of its finances, economy, and general condition, during that period. London, 1834.—205-06

Horatius Flaccus. Satirae.—366


Hüllmann, K. Staedtewesen des Mittelalters. Th. 1-4. Bonn, 1826-1829.—214-16


An Inquiry into those Principles, respecting the Nature of Demand and the Necessity of Consumption, lately advocated by Mr. Malthus, from which it is concluded, that taxation and the maintenance of unproductive consumers can be conducive to the progress of wealth. London, 1821.—136-37, 209


Julius, G. Bankwesen. Ein neues Gespenst in Deutschland. Leipzig, 1846.—398

Kant, I. Kritik der praktischen Vernunft. Riga, 1788.—477


Laing, S. National Distress; its causes and remedies. London, 1844.—205

*Lectures on Gold for the Instruction of Emigrants about to Proceed to Australia*. Delivered at the Museum of Practical Geology. London, 1852.—455-56


Lucanus, M. A. *De bello civili (Pharsalia).*—344


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Mackinnon, W. A. *History of Civilisation*. In two volumes. London, 1846.—170

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Macleod, H.D. *The Elements of Political Economy*. London, 1858.—301

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Malthus, Th. R. *Definitions in Political Economy, preceded by an inquiry into the rules which ought to guide political economists in the definition and use of their terms; with
remarks on the deviation from these rules in their writings. London, 1827.—69, 278, 517
— The Measure of Value Stated and Illustrated, with an application of it to the alterations in the value of the English currency since 1790. London, 1823.—74, 526
— Principles of Political Economy considered with a view to their practical application. London, 1820.—209, 526
— Idem. Second edition with considerable additions from the author's own manuscript and an original memoir. London, 1836.—108, 208, 517
Mandeville, J. The Voyage and Travail. London, 1705.—352
Mill, James. Commerce Defended. An answer to the arguments by which Mr. Spence, Mr. Cobbett, and others, have attempted to prove that commerce is not a source of national wealth. London, 1821.—333
— Élémens d'économie politique. Trad. de l'anglais par J.T. Parisot. Paris, 1823.—240-42, 410-11, 422, 426
— Principles of Political Economy with some of their applications to social philosophy. Vol. 1-2. London, 1848.—142, 211, 238, 422
More, Th. Utopia.—481
Müller, A.H. Die Elemente der Staatskunst. Zweiter Theil. Berlin, 1809.—190, 422
Newman, F. W. Lectures on Political Economy. London, 1851.—224
Newman, S. Ph. Elements of Political Economy. Andover, New York, 1835.—217-18, 532
Opdyke, G. A Treatise on Political Economy. New York, 1851.—224, 236, 456
Overstone, S. J. L. The Evidence before the Select Committee of the House of Commons of 1857, on Bank Acts, with additions. London, 1858.—414-15
— Six lectures delivered in Manchester previously to the discussion between Mr. Robert Owen and the Rev. J. H. Roebuck. And an address delivered at the annual congress of the "Association of All Classes of All Nations" after the close of the discussion. Manchester, 1837.—98-99, 153
Péreire, I. *Leçons sur l'industrie et les finances... Suivies d'un projet de banque*. Paris, 1832.—331

  —*Several Essays in Political Arithmetick*. London, 1699.—34, 292, 303, 358, 363, 446
  —*A Treatise of Taxes and Contributions...*. London, 1667.—277, 447

Pindar. *Olympica*.—508

Plato. *De legibus*.—351, 488
  —*De Republica*. In: *Platonos opera omnia*. Editio G. Stallbaumii. London, 1850.—351, 488


Poppe, J. H. M. *Geschichte der Technologie seit der Wiederherstellung der Wissenschaften bis an das Ende des achtzehnten Jahrhunderts*. Bd. 1-III. Göttingen, 1807-1811.—231


Price, R. *An Appeal to the Public, on the Subject of the National Debt*. 2nd ed. London, 1772.—218
  —Observations on Reversionary Payments; on schemes for providing annuities for widows, and for persons in old age; on the method of calculating the values of assurances on lives; and on the national debt. 2nd ed. London, 1772.—219

  —*Qu'est-ce que la propriété? ou Recherches sur le principe du droit et du gouvernement*. Paris, 1841.—513

Pushkin, A. S. *Eugene Onegin*.—408


Ravenstone, P. *Thoughts on the Funding System, and Its Effects*. London, 1824.—79-80, 88

  —*On Protection to Agriculture*. 4th ed. London, 1822.—300
  —*Proposals for an Economical and Secure Currency; with observations on the profits of
the Bank of England, as they regard the public and the proprietors of bank stock. 2nd ed. London, 1816.—242, 401, 422, 426
— Reply to Mr. Bosanquet's practical observations on the report of the Bullion Committee. London, 1811.—390, 401, 405

Rossi, P. Cours d'économie politique. Année 1836-1837. In: Cours d'économie politique. Bruxelles, 1843.—66, 512, 513, 527

Say, J. B. Cours complet d'économie politique pratique. T. I-II. Bruxelles, 1836.—201, 531
— Lettres à M. Malthus, sur différents sujets d'économie politique, notamment sur les causes de la stagnation générale du commerce. Paris-Londres, 1820.—333
— Traité d'économie politique, ou simple exposition de la manière dont se forment, se distribuent et se consomment les richesses... Troisième édition... T. I-II. Paris, 1817.—30, 78, 127, 278, 399, 521-22, 528-29, 531


Sempéré. Considérations sur les causes de la grandeur et de la décadence de la monarchie espagnole. T. I-II. Paris, 1826.—212, 362, 446

Senior, N. W. Letters on the Factory Act, as it affects the cotton manufacture... London, 1837.—203, 204, 205, 513, 532
— Principes fondamentaux de l'économie politique, tirés de leçons édites et inédites de Mr. N.-W. Senior... par le c-te Jean Arrivabene. Paris, 1836.—367, 376, 517, 528
— Three Lectures on the Cost of Obtaining Money, and on some effects of private and government paper money; delivered before the University of Oxford, in Trinity term, 1829. London, 1830.—188

Shakespeare, W. The Merchant of Venice.—373
— Timon of Athens.—451-52


Index of Quoted and Mentioned Literature

Sophocles. Antigone. — 451

The Source and Remedy of the National Difficulties, deduced from principles of political economy, in a letter to Lord John Russell. London, 1821. — 92, 94, 529

Spence, W. Britain Independent of Commerce; or, proofs, deduced from an investigation into the true causes of the wealth of nations, that our riches, prosperity, and power, are derived from resources inherent in ourselves, and would not be affected, even though our commerce were annihilated. London, 1807. — 333

Spinoza, B. Ethica. — 130

Stansfeld, H. Will the Low Rate of Interest Last? To the editor of The Economist. In: The Economist, No. 759, March 13, 1858. — 175, 225-26


— Cours d'économie politique, ou exposition des principes qui déterminent la prospérité des nations. Avec des notes explicatives et critiques par J. B. Say. T. I-IV. Paris, 1823. — 24-25, 36, 60, 69, 118, 197, 224, 238, 351, 367, 424, 427, 457, 516, 526, 528


Symons, J. C. Arts and Artisans at Home and Abroad: with sketches of the progress of foreign manufactures. Edinburgh, 1839. — 206-08, 532


Thompson, W. An Inquiry into the Principles of the Distribution of Wealth Most Conducive to Human Happiness; applied to the newly proposed system of voluntary equality of wealth. London, 1824. — 323, 526


— On the Currency in Connexion with the Corn Trade, and on the Corn Laws. 2nd ed. London, 1829. — 415
Torrens, R. *An Essay on the Production of Wealth; with an appendix, in which the principles of political economy are applied to the actual circumstances of this country.* London, 1821.—145, 196-97, 531


Tuckett, J. D. *A History of the Past and Present State of the Labouring Population, including the progress of agriculture, manufactures, and commerce, shewing the extremes of opulence and destitution among the operative classes...* In two volumes. London, 1846.—166-68, 170, 230, 531

Ure, A. *Philosophie des manufactures, ou Économie industrielle de la fabrication du coton, de la laine, du lin et de la soie, avec la description des diverses machines employées dans les ateliers anglais.* Traduit sous les yeux de l'auteur. T. I-II. Bruxelles, 1836.—80

Urquhart, D. *Currency.* In: *The Free Press,* No. 22, November 25, 1857.—177, 819

---*Familiar Words as Affecting England and the English.* London, 1856.—223, 237, 313, 424


Vidal, F. *De la répartition des richesses, ou de la justice distributive en économie sociale; ouvrage contenant: l'examen critique des théories exposées soit par les économistes, soit par les socialistes.* Paris, 1846.—244

Virgil. *Aeneid.*—365

Wade, J. *History of the Middle and Working Classes; with a popular exposition of the economical and political principles which have influenced the past and present condition of the industrious orders.* Third edition. London, 1835.—22, 513, 514, 527, 528


---*A View of the Art of Colonization, with present reference to the British Empire; in letters between a statesman and a colonist.* London, 1849.—138, 521, 526, 527

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---*Nature of Capital and Functions of Money.* In: *The Economist,* No. 193, May 8, 1847.—162, 551

---*A Reply to Further Remarks on the Proposed Substitution of Pound Notes for Gold.* In: *The Economist,* No. 195, May 22, 1847.—162, 422


Xenophon. *De vectigalibus.*—368, 370, 435
Young, A. Political arithmetic. Containing observations on the present state of Great Britain; and the principles of her policy in the encouragement of agriculture. London, 1774.—398

DOCUMENTS


Justiniani, D. Corpus iuris civilis
   —Institutiones.—216
   —Digesta.—216


Report from the Select Committee on the Bank Acts; together with the proceedings of the Committee, minutes of evidence, appendix and index. Ordered, by the House of Commons, to be printed, 1 July 1858.—432

Report, from the Select Committee of the House of Commons, on the High Price of Gold Bullion. Ordered to be printed, 8 June 1810.—400-01


ANONYMOUS ARTICLES AND REPORTS
PUBLISHED IN PERIODIC EDITIONS

The Economist
   —No. 37, May 11, 1844: The first step in the currency question.—Sir Robert Peel.—195, 237, 422, 424
   —No. 42, June 15, 1844: The action of money on prices.—195
   —No. 57, September 28, 1844: Effect of the inconvertible currency on our foreign trade.—195
   —No. 58, October 5, 1844: The fallacy of "a fixed price of gold". Standard of value and medium of exchange.—195, 237
   —No. 215, October 9, 1847: The advocates of inconvertibility.—The Birmingham school.—237
   —No. 219, November 6, 1847: Fixed and floating capital.—78, 96, 112, 113, 162, 531
   —No. 226, December 25, 1847: On the use and functions of bank notes.—Circulation.—The Bank Act of 1844.—194
   —No. 366, August 31, 1850: Can flax be made a substitute for cotton? New facilities for flax-growing.—198
   —No. 386, January 18, 1851: The French double standard.—237
   —No. 429, November 15, 1851: The effect of California on fixed incomes.—236
   —No. 491, January 22, 1853: Connection between the rate of interest and the abundance or scarcity of the precious metals.—236
   —No. 700, Supplement, January 24, 1857: The double standard in France.—422
   —No. 754, February 6, 1858: Deposits and discounts. Effects produced on the ordinary relations of floating and fixed capital.—107
   —No. 759, March 13, 1858: Commercial Times, Weekly price current.—175, 177, 225-26
—No. 763, April 10, 1858: Commercial, and miscellaneous news.—230, 347
—No. 775, July 3, 1858: Foreign correspondence.—313
—No. 776, July 10, 1858: From whence have the accumulations of gold in the Bank of France and England been derived?—341

The Spectator

The Westminster Review, Vol. 5, January-April 1826: Effect of the employment of machinery etc. upon the happiness of the working classes.—170, 531
INDEX OF PERIODICALS

Allgemeine Zeitung—a German conservative daily founded in 1798, and published in Augsburg from 1810 to 1882; existed up to 1914.—262

Cobbett’s Political Register—a radical weekly, edited by William Cobbett; came out under different titles in London from 1802 to 1835.—333

Deutsch-Französische Jahrbücher—a German-language yearly published in Paris and edited by Karl Marx and Arnold Ruge. Only one double issue appeared in February 1844.—262, 264


The Free Press—a weekly, published in London from 1855 to 1865 by David Urquhart, opposed Palmerston’s policy; it printed several works by Marx.—177, 318

Neue Rheinische Zeitung. Organ der Demokratie—a daily newspaper of the revolutionary proletarian democrats, published in Cologne from June 1, 1848 to May 19, 1849 under Marx’s editorship, Engels was a member of the editorial board.—264

New-York Daily Tribune—a newspaper published from 1841 to 1924; organ of the Left-wing American Whigs until the mid-1850s, and later of the Republican Party. Marx and Engels contributed to it from August 1851 to March 1862.—265

Le Peuple. Journal de la République démocratique et sociale—a daily newspaper; came out as Le Représentant du peuple from September 2, 1848 to June 13, 1849; as La Voix du peuple from September 25, 1849 to May 14, 1850; as Le Peuple de 1850 from June 15 to October 13, 1850; Proudhon was its editor-in-chief.—219

Political Register—see Cobbett’s Political Register
Revue des deux Mondes—a fortnightly literary and political journal, published in Paris from 1829 to 1944.—217

Rheinische Zeitung für Politik, Handel und Gewerbe—a daily founded on January 1, 1842 as a newspaper of the oppositional Rhenish bourgeoisie and published in Cologne till March 31, 1843. Marx was its editor-in-chief from October 15, 1842 to March 17, 1843, and the newspaper acquired a distinct revolutionary-democratic character, which became the reason for its suppression.—261, 262

The Spectator—a daily literary journal published in London in 1711-14.—164, 243, 293, 391

La Voix du peuple—see Le Peuple. Journal de la République démocratique et sociale

The Westminster Review—a liberal journal published in London in 1824-1914.—170, 531
SUBJECT INDEX

A
Advanced capital—36, 137, 144
Africa—318, 456
Alienation, estrangement—64, 70, 175, 209-11, 220, 263, 285, 427, 440, 445, 461-63, 467, 470, 486, 505, 518, 522, 531
America—187, 243, 295, 312, 368, 382, 388, 440, 460-61, 476-77
See also United States of America, the
Annuity—108
Antagonism—40, 91, 94, 153, 221, 263-64, 331-32, 469, 529
Antiquity—162, 164, 194, 212, 214, 392-93, 435, 458-60, 475, 524
Art—91, 93-94, 177, 456
Asia—170, 188, 233-34, 275, 361, 368, 382, 388, 428, 436, 440, 448, 456, 460, 508
Australia—11, 342, 368, 384, 388
B
Bank notes—181, 182, 187, 195, 319-20, 337, 399-400, 404, 414, 416
Banks—10, 67, 171, 186, 224, 303, 312, 318-20, 331, 346, 379, 400, 404, 414
Barter—234, 290-91, 305, 327, 332-33
Basics and superstructure—263
Bourgeois political economy—77-78, 97-98, 100, 136-43, 210, 221, 276, 297, 302, 345, 412, 438, 448-51
C
California—222, 342
580 Subject Index

—genesis of—62-63, 120-22, 132, 481-82
—tendencies of development—38, 39, 83-84, 115
—and labour—81, 201, 209-10, 221, 503-04
—and development of productive forces—38, 84-85, 88-89, 92, 100-02, 104, 123-25, 132-35, 149-50, 157-60, 228-29, 512, 516, 522, 524, 529, 531
—and value—89, 127, 129-31, 141-44, 146, 150-51, 200, 202, 513, 526
—and profit—18-19, 23, 28, 31, 37, 55, 74, 88-89, 107-08, 126, 129-35, 138, 140-47, 151, 155, 201-03, 206, 219, 228, 244, 249-50, 516, 521, 531
—and interest—28, 68, 77, 96-97, 108, 129, 220-21, 228, 249
—depreciation of—11, 23, 53, 107, 134, 524
—and agriculture, landed property—59, 100, 102, 125-26, 132, 516, 521
—wages—63, 66-67, 71, 86, 121, 140-41
—as a commodity—7, 25, 28, 34, 68, 115, 226, 250, 416, 475-76, 497-98, 502
—necessity of increase—17, 25, 38, 48, 100, 104, 138, 512, 516, 522
—and labour capacity (power)—54-55, 64, 66, 68, 71, 87-90, 98, 121-22, 151-52, 157, 227, 502, 503-05, 511, 521-22, 528
—and production costs—14, 23, 48-49, 52, 67, 143-45, 161, 223, 522, 530
—metamorphosis of—15, 17, 26, 48, 61-62, 67, 82, 107, 113, 528
—and pre-capitalist socio-economic formations—38-39, 228-29, 505
—fictitious—49
—bourgeois theories of—52, 77-80, 87-89, 108-09, 143-45, 218, 221, 276, 390, 416-17
See also Accumulation of capital; Advanced capital; "Capital in general"; Concentration and centralisation of capital; Exploitation of the worker under capitalism; Fixed capital; Industrial capital; Joint-stock capital; Labour capacity (power); Loan capital; Money as a form of capital; Organic composition of capital; Productive capital; Reproduction; Turnover of capital; Value; Variable capital

"Capital in general"—11, 47, 84, 227-28, 247, 511

Capitalist relations of production—see Capital; Relations of production

Chemistry—111, 120, 136, 138, 149, 156

China—115, 224, 312, 313, 352, 382, 388, 460

Circuit of capital—12, 27, 65, 324, 329-32, 357


—conditions of—68, 110, 527, 528
—phases of—26-27, 29, 30, 76, 107, 113, 115-16, 122
Subject Index 581

—and relations of production—27, 28, 466
—and exchange—12-14, 19, 21, 24-25, 32, 53, 57, 116-17, 127-28, 195, 323, 361, 461, 462, 466-68, 474, 475, 521
—circulation time and labour time—8, 14-19, 21, 23, 27, 42, 56, 58-62, 68, 72, 76, 89, 104, 105, 126, 128, 150, 526, 528
—and surplus value—50, 54, 89, 495
—and turnover of capital and circulating capital—70, 72, 76, 77, 103-09, 111-14, 116-20, 122-24, 202-03, 528
—and credit—49, 62-63, 116, 526, 528
See also Reproduction
Classes—60, 74, 163, 169, 187, 196, 226-30, 261
See also Working class
Combination of labour—91, 95, 149, 154, 157
Communism (socio-economic formation)—87, 263
—prerequisites for—91-95, 253
—necessity of socialist revolution—134
—character and organisation of production and labour—12, 87, 91-94, 97-98, 210-11
—law of the saving of labour time—96-98
—development of productive forces—94-98
—wealth—93-94
—science under—97
—division of labour—21
—consumption—21, 97
—development of the individual—12, 91-94, 210
Community, commune—125-26, 233, 245, 253, 275, 290-91, 381, 438, 463, 464, 468
Concentration and centralisation of capital—49, 88, 229, 477, 527
Conquest—170, 187, 459
Constant capital—128, 145-46, 150-61, 196-97, 198-209, 512, 524, 528
Content and form—16, 19, 20, 28, 34, 38-39, 47, 49, 50, 53, 57, 61-62, 63,
<table>
<thead>
<tr>
<th>Subject</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs of circulation, of exchange</td>
<td>7, 8, 13-15, 21-24, 32, 49, 52, 61, 124, 149, 171, 229, 340-41, 375, 414, 432-33</td>
</tr>
<tr>
<td>Credit</td>
<td>12, 48-50, 56, 60, 62-63, 116, 171, 229, 340-41, 375, 414, 432-33</td>
</tr>
<tr>
<td>Credit money</td>
<td>303, 350, 399-400</td>
</tr>
<tr>
<td>Demand and supply</td>
<td>11, 35, 47, 121, 138, 163, 176, 197, 204, 226, 302, 515, 525</td>
</tr>
<tr>
<td>Dialectics</td>
<td>139, 505</td>
</tr>
<tr>
<td>Distribution</td>
<td>20, 49, 74, 97, 142-44, 169, 211, 235, 512, 516, 521, 530, 532</td>
</tr>
<tr>
<td>Dual character of labour</td>
<td>271-72, 277, 292, 472-74</td>
</tr>
<tr>
<td>East, the</td>
<td>440</td>
</tr>
<tr>
<td>Economic categories</td>
<td>34, 39, 159, 160, 163-64, 219, 297-98</td>
</tr>
<tr>
<td>Economic crises</td>
<td>10, 12, 50, 90, 91, 94, 105-07, 133-34, 153, 177, 244-46, 314, 318, 333, 374, 378, 409, 412-14, 425, 427, 433, 436, 441, 525, 532</td>
</tr>
<tr>
<td>Egyptian, ancient</td>
<td>152, 361, 399-93</td>
</tr>
<tr>
<td>—domination on the world market—</td>
<td>247, 476-77</td>
</tr>
<tr>
<td>—industry and railways—</td>
<td>105, 166-68, 197, 198, 205-08, 231, 531, 532</td>
</tr>
<tr>
<td>—foreign trade—</td>
<td>75, 115, 177, 247-48, 409, 447-48</td>
</tr>
<tr>
<td>—commercial crisis of 1857—</td>
<td>314</td>
</tr>
<tr>
<td>See also Scotland</td>
<td></td>
</tr>
<tr>
<td>Equilibrium</td>
<td>294, 333, 382, 405-06</td>
</tr>
<tr>
<td>Equivalent</td>
<td>272, 275, 276, 280, 282, 283, 284, 291, 357</td>
</tr>
<tr>
<td>Europe</td>
<td>232, 344, 368-69, 380, 382, 388, 394, 435-36, 440, 508</td>
</tr>
<tr>
<td>—development of</td>
<td>32</td>
</tr>
<tr>
<td>—between communities—</td>
<td>126, 245, 253, 290-91, 381, 438, 463</td>
</tr>
<tr>
<td>—of surpluses—</td>
<td>25, 360-61, 480-82</td>
</tr>
<tr>
<td>—in pre-capitalist socio-economic formations—</td>
<td>64, 126, 430</td>
</tr>
<tr>
<td>—simple (money-for-commodity)—</td>
<td>57, 143, 221, 282-88, 292, 324, 328, 361, 432, 445-46, 461-65, 467-68, 470-71, 476, 496</td>
</tr>
<tr>
<td>—and money—</td>
<td>289, 291, 292, 445-46, 472-73</td>
</tr>
<tr>
<td>—between capital and labour—</td>
<td>20, 25-26, 37, 59, 63-64, 66-68, 71, 81, 86, 87, 90, 111, 123, 124, 130-33, 137, 144-48, 151, 153, 156-57, 176, 201, 202, 220, 221, 244, 502-06, 522</td>
</tr>
<tr>
<td>—non-equivalent—</td>
<td>64, 144, 145, 220, 231, 244, 357</td>
</tr>
<tr>
<td>—and production—</td>
<td>8, 12, 16, 25, 63, 127-28, 466, 476</td>
</tr>
</tbody>
</table>
—and division of labour—8, 17, 21-22, 62, 299-300, 464-65
—and consumption—466
—and use value—468-69
—and value—19, 232, 468


Exploitation of the worker under capitalism—127, 134, 147, 153, 228

See also Capital; Surplus labour; Surplus value; Worker; Working class

F

Factory—66, 67, 80, 82, 198, 205, 469
Family—253, 275, 290
Fetishism—40, 77, 210, 276, 289-91, 386-87
Feudalism—120, 121, 126, 153, 211, 214, 232-34, 243, 431, 460
Formations (social)—253
See also Antiquity; Communism; Feudalism; Pre-capitalist socio-economic formations; Slavery
Free (disposable) time—22, 29, 91, 93-94, 97, 103, 158, 512, 524, 528, 529

G

General (average) rate of profit—42, 59, 74, 135, 145, 196, 530
Generality—Particularity—Singularity—289, 308, 331, 382, 492

—as the natural substance of value—223, 289-90, 304-06, 350, 357-58, 380, 385, 387
—gold standard of money—173-83, 193-95, 310-11, 345-46
—deposits and extraction of—11, 387-88, 436, 440, 451, 455-56, 459-61
—natural properties—387, 452-60
—luxury articles—243, 368-69, 428, 442-44, 456-58
—in bullion and coin—181, 183-86, 243, 342-43, 345, 368-69, 436-37, 442-43
—weight unit of—174, 175, 308
—and production—11, 386, 441, 455, 459
—and circulation—327, 338-40, 382, 414, 439, 443
—in world trade—245-47, 382-83, 437
—and economic crises—244-46, 441
—and the world market—381-84, 435-43, 508-09
—value ratio of gold and silver—313, 387-88, 459-61
—depreciation of—187, 460-61

Greece—164, 212, 361, 460

H

History—38, 40, 61, 87-88, 100, 133, 149, 172, 181, 210-11, 253, 436, 463, 465, 469, 475, 481-82, 505, 518, 522, 525
Hoarding—359-70, 379-80, 383
See also Gold and silver; Money— as a hoard
Holland—293, 342, 357-58
<table>
<thead>
<tr>
<th>Subject</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>75-76, 152, 192, 227, 233, 236, 253, 275, 313, 363, 436, 446, 448, 460, 464</td>
</tr>
<tr>
<td>—in bourgeois society</td>
<td>38-40, 98</td>
</tr>
<tr>
<td>—his social nature</td>
<td>93, 94, 464, 465, 469-71</td>
</tr>
<tr>
<td>—his historical development</td>
<td>91-92, 97, 98, 133</td>
</tr>
<tr>
<td>—relationship of individuals</td>
<td>62, 91, 97, 98, 101, 446, 461, 464-66, 473-74</td>
</tr>
<tr>
<td>—and development of productive forces</td>
<td>29, 38, 91-98, 465-66</td>
</tr>
<tr>
<td>—his reproduction</td>
<td>101, 210, 469, 470</td>
</tr>
<tr>
<td>—and free time</td>
<td>29, 91, 93-94, 97</td>
</tr>
<tr>
<td>—as “fixed capital”</td>
<td>97, 98, 133</td>
</tr>
<tr>
<td>—under communism</td>
<td>12-14, 97, 98, 210</td>
</tr>
<tr>
<td>—and nature</td>
<td>86, 91-92, 119, 455, 459, 460</td>
</tr>
<tr>
<td>—and regeneration of organism</td>
<td>60, 92, 471, 487</td>
</tr>
<tr>
<td>—his consciousness</td>
<td>92, 471, 487</td>
</tr>
<tr>
<td>Industrial capital</td>
<td>482, 515</td>
</tr>
<tr>
<td>Instruments of production</td>
<td>77, 96, 101, 110-12, 120, 124, 141, 146, 148, 149, 199, 200, 435, 455, 516, 529</td>
</tr>
<tr>
<td>Ireland</td>
<td>198, 293</td>
</tr>
<tr>
<td>Italy</td>
<td>167, 212, 214-15, 232, 234, 295, 448, 481</td>
</tr>
<tr>
<td>Japan</td>
<td>388, 460</td>
</tr>
<tr>
<td>Joint-stock capital</td>
<td>48</td>
</tr>
<tr>
<td>Joint-stock companies</td>
<td>205</td>
</tr>
<tr>
<td>—as substance of value</td>
<td>156, 174, 176, 196, 197, 271, 276</td>
</tr>
<tr>
<td>—alienation of, under capitalism</td>
<td>64, 462, 463</td>
</tr>
<tr>
<td>—alienation of conditions of labour</td>
<td>209-10</td>
</tr>
<tr>
<td>—as use value</td>
<td>503-04, 505</td>
</tr>
<tr>
<td>—private and social, individual and general</td>
<td>63, 83-87, 89-91, 95, 271-73, 275, 286, 292, 321, 334, 462, 463, 466-73</td>
</tr>
<tr>
<td>—necessary and surplus</td>
<td>15, 22, 29, 60, 83, 87, 88, 91-95, 106-08, 130-32, 134, 137, 144, 146-52, 156, 196, 200, 227</td>
</tr>
<tr>
<td>—average</td>
<td>272-73</td>
</tr>
<tr>
<td>—industrial and agricultural</td>
<td>59-60, 94-96</td>
</tr>
<tr>
<td>—simple and skilled</td>
<td>271-73</td>
</tr>
<tr>
<td>—as condition of human existence</td>
<td>278</td>
</tr>
<tr>
<td>—“co-existing”</td>
<td>86-88, 100-02, 133, 205</td>
</tr>
<tr>
<td>—scientific</td>
<td>85, 86, 89-91</td>
</tr>
<tr>
<td>—forced</td>
<td>121, 122</td>
</tr>
<tr>
<td>—in pre-capitalist socio-economic formations</td>
<td>121, 156, 229, 469, 470</td>
</tr>
<tr>
<td>—under communism</td>
<td>87, 88-92, 97, 98</td>
</tr>
<tr>
<td>—conditions and prerequisites of</td>
<td>82, 201, 202, 209</td>
</tr>
<tr>
<td>—intensity of</td>
<td>155, 156, 222</td>
</tr>
<tr>
<td>—qualification of</td>
<td>222, 456</td>
</tr>
<tr>
<td>—continuity of</td>
<td>204</td>
</tr>
<tr>
<td>—reproduction of</td>
<td>127</td>
</tr>
<tr>
<td>—as self-realisation of the individual</td>
<td>89-91</td>
</tr>
<tr>
<td>—and wealth</td>
<td>89-92, 94-95, 209, 228, 277, 294, 522</td>
</tr>
</tbody>
</table>
Subject Index 585

— and property — 64, 209, 461-63, 504-05, 510, 518, 523-24
— and labour time — 59, 271
— and labour capacity (power) — 502, 503-05, 526-27
— system of machines — 83
— and population — 147, 154
— and mode of appropriation — 461-63
— and circulation — 462-64
— and money — 466-68
See also Division of labour; Dual character of labour; Necessary labour; Productive labour; Property; Surplus labour; Wage labour

Labour capacity (power) — 63, 64, 66-68, 71, 81, 83-84, 87-88, 90-91, 111, 119, 137, 144, 147, 148, 152, 153, 157, 198, 199, 202, 210, 423, 502, 504-07, 511-13, 522, 524, 527, 528


See also Labour

Landed property, landed proprietors — 99-100, 125-26, 183, 187, 196, 211-14, 229, 516, 521

Language — 177, 195, 447

Law — 39, 261-63, 426, 445, 463, 470, 475

Law(s) — see Economic laws

Loan capital — 74, 108, 219, 220, 227-29, 240, 250

Loans, state — 183, 315

M


Malthusianism — 221

Market — 7, 9, 11, 12, 23-24, 32, 47, 57, 62, 75, 76, 114-15, 126, 128, 133, 149, 169, 204, 227, 442, 505, 516, 526, 528, 532

See also World market

Materialist conception of history — see Classes; Formations, social; Productive forces; Relations of production

Mathematics — 19-20, 219

Means (medium) of circulation — 185, 213, 220, 338-43, 354, 355, 390-91, 394, 404, 405

Means of communication — 24, 60, 62, 77, 85, 93, 108, 110, 124-26, 133, 156, 190, 204, 526, 528, 531

Measure — 174, 271-72, 320, 321, 361

Measure of value — 309-14, 317-18, 321, 354, 381, 385, 396

Mechanics — 59, 82, 89, 111


See also Monetary system

Merchants — 11, 21-22, 24, 60, 62, 65, 228, 231-34, 425, 511, 528, 532

Metallic currency — 309, 370, 389, 413

Method of political economy — 196, 261, 476, 505

See also Political economy (Marxist)

Mexico — 215, 428, 440

Mode of production — 12, 37-39, 59, 63-64, 84, 97, 100-01, 104, 112, 114-15, 121, 125-26, 134, 152, 159-60, 211, 221, 228-29, 233-34, 263, 432, 469, 470, 475, 480-81, 505, 526, 532

Monetary system — 276, 293, 378, 389-91, 399, 433, 436, 442, 447, 449

— depreciation of — 182, 183, 193, 248
— and value — 33-34, 60-61, 159, 172, 182-83, 186, 229, 232, 246, 365,
Subject Index

392, 434, 439, 449, 473, 479, 480, 483-91, 495-99
—value of—240, 241, 242, 244, 426, 428
—money relationships—7-8, 228, 431, 468, 472-74
—and exchange—290, 324, 326-27, 356-57, 445, 473
—and prices—339-40, 391, 402-03, 411-13
—and property—445-46
—and credit—50
—and production costs—14, 67, 238
—and costs of circulation—61
—and contradictions in bourgeois society—12, 332, 433-34
—during economic crises—10, 245, 332, 378, 412, 433
—in pre-capitalist socio-economic formations—62, 211-12, 214, 216, 298, 488
—quantity theory of money in bourgeois political economy—164, 185, 194, 241-43, 249, 291, 294-95, 316-17, 332-33, 375-76, 391-417
Money as a form of capital—7-8, 10, 14-15, 25-26, 34, 57, 60-61, 67-68, 109, 150, 229, 245, 247, 416, 437, 496-98, 501-04
Money of account—171-77, 179, 185, 311-12, 313, 315, 317, 378, 379-80, 393, 394, 433-34

N

Natural economy—153, 274-75, 389
Natural science—86, 90
See also Science
Necessity and chance—38-39, 71, 107, 133, 138, 210, 308, 374, 436, 463, 468-69, 528, 530

O

Organic composition of capital—131-34, 146-49, 153-59, 196, 198, 209-10, 512, 516, 524, 531
Overproduction—12, 93, 153
See also Economic crises

P

Paper money—14, 63, 181, 185, 188, 193-94, 224, 348-56, 402, 404, 421, 423
Pauperism—120-22, 512, 527, 530
Peasant, peasantry—52, 121, 153, 170, 227, 232, 252, 430, 465-66, 484, 518
Peru—211, 215, 299, 464
Petty-bourgeois socialism—35, 40, 186, 239-40, 475-77
See also Proudhonism; Socialism, utopian
Philosophy—263, 264, 316
Physiocrats—37, 187-89, 297
Political economy (Marxist)—28-29, 36-37, 40-47, 53-56, 98, 130-35, 139-49, 196-97, 227-29, 261-65, 271, 463, 505
—method of—476, 505
—historical approach of—63, 142, 463, 481, 505, 512, 518
—categories of—159, 160
—course of Marx's political-economic research—261, 264-65
Population—93, 94, 133-35, 147-49, 152-54, 157, 158, 169, 481, 512, 514, 527
Portugal—166, 310, 449
Practice—92, 323
Pre-capitalist socio-economic formations
—social relations—133-34
—character of labour—156, 469-70
—development of productive forces—133-34
—production and consumption—469-70
—forms of property—253
—handicraft labour—38, 229
—patriarchal form of production system—477
—landed property—125-26, 211, 214
—progress in agriculture—59-60
—development of money relations and of exchange—60-61, 64, 211-14, 216, 228, 487-88
—development of wage labour—153-54, 228
—commodity production—9, 12-13
—and competition—37-38
—and capitalist mode of production—430, 505
See also Antiquity; Feudalism; Greece; Rome, ancient; Slavery
Production—7, 8, 12, 40, 63-65, 85-86, 252
—social character of—16, 262-63, 446-47, 466, 467
—and individual—7, 252
—and development of productive forces—154, 263-64
—material—12, 90-92
—instruments and means of production—92-93
—"production in general"—7
—branches of—59, 100-03, 135-37, 154, 156, 222, 228, 468, 469
—industrial—477
—in agriculture—58-59, 76, 100-01, 111, 119-21, 154
—mechanised—89-91
—physical content and social form of—16, 27, 30
—conditions of—7, 8, 9, 59, 81, 111, 112, 154, 498
—and nature—85-86, 90-92, 95, 96, 100, 101
—continuity of—15-17, 32, 51, 59, 89-90, 104, 105, 127
—and science—85-86, 90-92, 97, 98, 134, 147
—and bourgeois society—97, 98
— petty-bourgeois—477
—and turnover of capital—15, 16, 41-42, 46-47
—and distribution—142, 210
—and exchange—16, 25, 64, 128, 466
—and consumption—35, 96, 97, 101, 102, 142, 448
—and needs—232, 480, 481
—and wages—49
—reduction of immediate labour—86-88
—and circulation—10, 15-17, 19, 22, 27, 129, 159, 171, 452, 466, 467, 480-81, 490, 491
—and wealth—211
—of surplus capital—8
—of means of production and articles of consumption—92-96, 120, 124
—of commodities—8, 12, 14-15, 17, 464-68
—in pre-capitalist socio-economic formations—463, 469, 470
—surplus—93, 94
—disproportions of—93, 94
—under communism—12, 91, 94, 97, 98, 210
—bourgeois economists on production and distribution—12, 142-43, 446-48

| Production costs—14, 21-23, 37, 47-49, 52, 61, 67, 97, 100, 107, 124, 144-46, 148, 151, 160, 163, 200, 435, 515, 522, 525, 530
| Productive capital—52, 69, 100, 109, 123, 135, 138, 144
| Productive forces—91-92, 97, 100, 522
| —and relations of production—38, 85, 133-35, 210, 262-64, 505
| —and development of the individual—97, 98
| —and division of labour—85, 149, 154-57, 206, 469
| —science as a productive force—83-86, 92, 100, 149
| —of bourgeois society—84, 85, 95, 96, 133, 135, 505
| —and wealth—94, 133, 134, 446-47
| —means of production, fixed capital—87-89, 92, 95, 96, 99, 100, 129-25, 133, 135, 150, 512, 531
| —in pre-capitalist socio-economic formations—37, 133
| —under communism—91-92, 94-95, 97-98, 133-34
| Productive labour—59, 86, 91, 94, 95, 101, 221-22, 516, 521, 522
| Productivity of labour—279, 281, 282
| Property
| —as appropriation—211, 461-63, 470, 518
| —and labour—461, 462
| —and division of labour—21
| —and circulation—26, 27, 462-64
| —and money relations—445
| —alienation of—70, 445
| —communal (common)—125-27, 253
| —pre-capitalist forms of—253
| —private—21, 64, 126, 127, 462, 463
| —capitalist—50
| —movable and immovable—125-27, 445
| —of a worker in labour capacity (power)—504
| —in product of labour—64
| —title to—445, 462, 463
| —under communism—21
| See also Landed property, landed proprietors
| Proudhonism—29, 35, 106-07, 139, 176, 186, 219-21, 475-76, 513, 516, 521, 524, 527, 528, 532

Q


R

| Rate of exchange—171, 172, 174, 175, 229, 246, 247
| Rate of profit—19, 29, 37, 59, 130-42, 145-48, 151, 157, 196, 208, 230, 524, 527, 530-32
| See also General (average) rate of profit
| Rate of surplus value—130-31, 137, 146, 148, 151, 196, 207-08
Realisation
— of value of commodity—14, 15, 20, 25-26, 62, 450, 463, 464
— of surplus value—54, 106-08, 128, 144, 150, 229

Relations of production—37, 39, 77, 128, 252, 291, 436, 463, 505, 521
— revolution in economic relations—263, 434
— in bourgeois society—37, 39, 91, 92, 127, 128, 134, 142, 176, 186, 228, 252, 436, 463, 464, 474-77
— of commodity producers—461, 464-69, 471-75
— and productive forces—38, 85, 133-34, 210, 262-64, 505
— objectification of—210, 276, 435, 446, 467
— and mode of appropriation—463, 464
— and process of exchange of commodities—292
— value as a relation of production—436, 462, 463
— expressed in money—60-61, 431-32, 436, 438, 446, 473-74, 479, 480, 486-87
— and gold and silver—458, 459
— employment of machinery—85-88, 198-200, 211
— in pre-capitalist socio-economic formations—37-39, 134, 252, 461, 474-75, 505
— in bourgeois political economy—474-77

Religion—149, 177, 215-16


Reproduction—31, 35-36, 47, 50-51, 57, 63-64, 106, 111-12, 114, 116-18, 125-28, 133-34, 202, 210, 221, 492, 497-99, 515-16, 525, 530
— simple—492
— of capital—7, 25, 27-29, 33-35, 37, 41, 47, 50-51, 57, 60, 65-67, 71-72, 75, 89
— of surplus value—48, 53-54, 58, 75, 89, 128
— of wages—71

of labour capacity (power)—22, 63, 64, 66, 67, 127, 133, 147, 155, 210, 514, 528
— relationship of labour and capital—66-67, 127-28
— of individuals as members of society—101-02, 210, 470
— and production—7, 41, 47, 53, 127-28, 499, 525
— in industry—104-06, 111-12
— in agriculture—28, 111, 114, 129
— time, duration of—41, 51, 53, 58, 75, 89, 104-05, 114, 127, 515-16, 530
— and circulation—102, 127-30
— and turnover of capital—53-54, 102-06, 129, 130
— under communal system—125-26, 463-65
— under communism—210
— in nature—111

See also Community, commune; Greece; Rome, ancient; Slavery

Revolution—434
Revolution, social—263, 380
Revolution, socialist—40, 85-87, 91-92, 94-95, 98, 134, 176, 210, 220
Rome, ancient—39, 187, 194, 213, 275, 348, 361, 377, 388, 393, 434, 460, 470, 475, 495

Russia—24, 197, 224, 225, 275, 312, 351, 373, 382, 428, 440

S

Science—59, 83-86, 89-94, 97, 100, 133, 136, 147, 149, 167, 297, 455
See also Chemistry; History; Mathematics; Mechanics; Natural science; Political economy (Marxist)

Scotland—164, 191, 195, 198, 206-08, 237, 293, 298, 312, 348, 424

Siberia—312

Slavery—133, 152, 162, 164, 212, 221, 252, 464, 522, 524, 531
Social formations—see Formations (social)
Social relations—92, 102, 275, 276, 292, 431, 435, 473, 487
Socialism—35, 186, 301, 323, 475, 477
See also Proudhonism
Socialism, utopian—98, 99, 473
—and relations of production—37, 39, 40, 91, 92, 134, 176, 186, 263, 264, 463, 464, 474, 475
—structure and contradictions of—40, 90-96, 134, 135, 138, 158, 221, 332, 433, 434, 469, 470, 475
—competition—37-40, 47, 115
—and law of appropriation—463, 464
—classes—187, 188, 227, 228, 469
—development of productive forces—84, 85, 133, 505
—and production—97, 98, 134, 505
—and law—39, 470, 471, 474, 475
—and pre-capitalist relations—331, 430, 505
—social needs—94, 95, 465, 466, 468-70
—and social practice—93
—and state—476
—in bourgeois political economy—22, 120, 138, 196, 210, 235, 463, 474-77
See also Social relations
Spain—295, 310, 362, 368, 448, 460
Standard of prices—308-09, 311, 345
See also Money
Stocks—11, 204-05, 242, 439, 443
Subject of political economy—16, 34-36, 158-60, 228, 252, 262, 270, 452, 455, 476-77
Surplus value—7, 9, 14, 16-17, 18, 20, 28, 29, 32, 40-42, 45-50, 53-61, 75, 89, 103-04, 106-08, 117, 118, 123-24, 126-31, 137, 140, 144, 146-53, 154, 157-60, 170, 196, 198-201, 228, 229, 494-95, 512, 517, 522-24, 526
—and source of—60, 144
—relative and absolute—131, 137, 146, 147, 152-53, 423, 513
—realisation of—54, 103-08, 128, 144, 150, 229
—distribution of—20, 49, 59, 108, 144, 169, 524
—and exchange value—75, 111, 114, 202, 494-95
—and surplus labour—53, 54, 59, 103, 524
—and profit—28, 49, 108, 129-31, 134, 137, 151, 169, 201, 202, 228, 244
—and rate of profit—130-31, 137, 146-47, 196, 516, 523
—and general rate of profit—59
—and rent—108, 169
—and turnover of capital—16-18, 31, 40-42, 45-47, 52-54, 56, 103, 104, 129, 150, 150
—and development of productive forces—29, 155, 158
—and costs of circulation—8, 50, 61, 107-08, 144
—identification of surplus value and profit in bourgeois political economy—137, 140, 144, 297, 523
Sweden—348

T
Taxes—135, 169, 437
Technology—13, 31, 84-85, 90, 459-60
See also Machinery; Production; Science
Token of value—348-53, 355-56, 391, 400
See also Coin; Paper money
Trade (commerce)—11, 23, 32, 60, 62, 65, 121, 162, 166, 174-75, 185, 191-
94, 204, 211, 215, 223, 226, 231-36, 246, 432, 433-34, 438, 439, 445, 447, 477, 480-82, 486-87, 489, 528


—substance of—156, 224, 305, 456
—as a basis for the bourgeois society—253, 300, 436, 462-64, 465-67, 476, 477, 479-82
—and division of labour—465-69
—and price—47, 144-45, 194, 195, 242, 424, 426, 431, 478, 480, 482-87, 494, 503
—and capitalist production—12, 25, 39, 63, 90-92, 95, 96, 143, 160, 176, 220, 432, 476, 477, 481-82, 527
—and surplus value and profit—59, 75, 111, 114, 196, 202, 219-20, 494-96
—real and nominal—178, 193, 194
—and turnover of capital—12, 14-19, 103, 104
—and circuit of capital—27
—and exchange value—244, 494
—and production costs—23, 48, 49, 58, 100, 144, 145, 163-64, 524-25
—and consumption—21, 22, 92, 115, 116, 479-80, 485, 491-92, 495, 497-98, 503-04
—and exchange and circulation—8, 13-15, 18-23, 25, 26, 27, 51, 53, 57, 63-65, 76, 105, 107, 114-16, 118-19, 122, 143, 144, 176, 197,
Subject Index


Variable capital—37, 145-46, 155-61, 196, 198, 512, 524, 528

Vulgar bourgeois political economy—29, 139, 476-77, 518-21

W


—legislative regulation of—121
—and capital—63, 65-67, 69, 71, 86, 121, 136, 140-41, 146, 196
—and circulating capital—29, 65, 68-69, 71, 86, 106-08, 113, 202, 208
—and production—142, 516
—reproduction of—66-67, 71
—and labour capacity (power)—63-64, 71, 119-20, 514, 525
—and necessary labour—196
—and profit—23, 136-37, 196, 207, 227, 516-17, 526
—and circulation—8, 65-67, 71, 86
—distribution of—142, 169, 516
—and consumption—524
—bourgeois theories of—29, 66, 136-37, 140, 163, 169, 512, 517, 524, 528

Wealth—14, 33-34, 39, 79, 90-96, 98, 133, 134, 142, 143, 154, 191, 201, 202, 209, 228, 229, 244, 252, 269, 389, 430, 433, 435, 437, 449-51, 479, 494-95
—social form and material content of—228, 270, 449-50, 479, 496
—production and distribution of—90, 211, 228
—and labour—90-92, 94-95, 209, 294, 297, 521-22
—passion for enrichment—365-66, 447, 495, 509
—and capital—38-39, 92, 93, 133, 134, 142, 143, 201, 202
—under communism—93-95
—bourgeois concept of—92, 211, 223, 244, 431, 446-47, 449-50

See also Working class

Working class—187, 196

See also Worker


World market—37, 261, 311, 381-84, 389, 412, 435-37, 440, 446-48, 476-77, 509, 518

World money—245-46, 381-84, 409, 435, 450, 470-71