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### ***The Concept of Money***

#### *Introduction*

This paper shows that money is a philosophically interesting phenomenon. Before I treat its intricacies I first argue against naturalism in value theory. I then argue that value arises out of a peculiar social form in such a manner that the moments of its concept have to be *distributed* over money and commodities for it to be real. This social form is posited in the practice of exchange such that value exists only in commodity relations, or, rather, only when the dialectic of commodity relations results in money. I shall argue that money models Hegel's logic of the Concept, that the price form is the objective correlate of Hegel's doctrine of judgment, and the metamorphoses of commodities and money correlates with the objective concept, while capital is 'Idea'.

This discussion is part of a broader project to achieve a systematic dialectical reconstruction of the categories of Marx's *Capital*<sup>1</sup> for which it serves as a test case. *Systematic* dialectic is a method of exhibiting the inner articulation of a given whole. Science in treating such a totality must take the shape of a *system* comprising a set of categories capturing the forms and relations embedded in the totality. The ordering of the categories is in no way determined by the recapitulation of a historical chain of causation: it is articulated on the basis of purely systematic considerations. Hence the presentation of the totality in thought takes the shape of a *systematic dialectic of categories*. The relevance of Hegel's logic to this flows from the *reality* of that abstraction in exchange predicated on the *identification*, as 'values', of *heterogeneous* commodities. This 'practical abstraction' has a substantive reality quite independent of any methodological point about abstraction in theory construction. The use-value character of the commodities concerned is 'suspended' for the period of exchange. As a consequence of this abstraction the commodities acquire a new determination: the character of exchange-value. The different goods concerned play the role of *bearers* of this social determination. They become subject to the *value form*. So the value form of the commodity creates a split, between value as the *identity* of commodities premised on equivalent exchange, and their material *diversity* differentiating them from each other as use-values. Hegel's logic, too, springs from the evacuation of contingent empirical instantiations to leave the category as such. In my view a significant homology obtains between the movement of exchange, generating a *practical* abstraction from the natural specificity of

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<sup>1</sup> Christopher J. Arthur, *The New Dialectic and Marx's 'Capital'*, Brill, Leiden/Boston, 2002.

commodities, and the movement of thought, generating a system of *logical* categories. As a result, it is possible to illuminate the forms of value with the categories of Hegel's logic.<sup>2</sup>

### *Naturalism*

My approach to critical political economy claims that determinant of economic categories is *social* form, not the *natural* basis of the economic metabolism. I reject the naturalistic approach that sees in labour, its allocation, and its productivity, the natural determinations reflected in forms of social recognition such as prices and profits. Instead, I see social practice *constituting* social forms, centrally the value form, within which is inscribed productive activity. Following from this, I think value itself is not given *prior* to its forms, but is rather constituted in and through the development of exchange relations.<sup>3</sup> My 'value-form' approach to money holds that money is no 'veil' of the 'real' material content of economic relations; it is essential to value relations, not merely the shape in which an underlying matter is expressed. I argue that only money makes value *actual*. This view contrasts with that of naturalism in which money is of importance merely as a numeraire.

What is essential to commodities is not to be found *inherent* to them through some reductive abstraction. It arises only in exchange relations and hence must be discovered in the *relation* of one commodity to another, as determined in and through their *outward* forms, and especially their relation to money. So the search for value may take two routes: one route is to go *into* commodities to find in each the same substratum, for example labour time; the other route is to go *out* from commodities to their relations to see if these relations posit value as a form of their social existence.

The first procedure is characteristic of orthodoxy. It accepts that use value is negated in exchange because it is heterogeneous, while value is homogeneous, but it still finds a common feature to commodities (other than the common participation in the value form), namely origin in (abstract) labor time. To which I reply that this arbitrarily excludes non-products from commodity form, and that labour always naturally takes the form of *concrete* labour, which is as heterogeneous as use value itself. In truth the peculiar abstractness of the labour producing commodities is the *result* of the social reality of exchange, not its ground. If naturalism were correct in this context then money would be no problem for theory. Since all commodities would be seen as inherently valuable, including gold, then gold would be merely a numeraire, a

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<sup>2</sup> 'The ontology of the value form is that of an *objective ideality* which is nonetheless immanent to a *social materialism*.' P. Osborne 'The reproach of abstraction', *Radical Philosophy* 127, Sept/Oct 2004, p. 27.

<sup>3</sup> . This is known as 'value form' theory. I think Marx founds this, but he sometimes falls back into formulations suggestive of a Ricardian naturalism about value.

typical commodity in being a value, but special in its designated function as a measure of the others, and as medium of their circulation. However it makes no sense to presuppose that the commodity as such *has* value. Value has a purely social reality, and it emerges from commodity relations.

The second procedure argues that value is a form constituted by social practice. So its concept cannot be glossed in the usual way, for example by analogy with a natural feature of commodities, such as weight. If, however, value is a socially constituted form, money has a peculiar role in ensuring that the actuality of value is posited in practice. Money apparently plays the role of numeraire; but *without* being derived from a substantive identity in commodities; rather in practice *positing* such a substantive identity in them. Hence the universal aspect of commodities is secured only insofar as they posit it through their common relation to a universal equivalent, namely money. This money form does not *re-present* the presupposed 'value' of commodities, rather, it *presents* it to them as their form of social being. Once value is thus presented explicitly 'for itself' (rather than a mere immanence) in money, it posits the commodities as values 'in themselves'. Money 'posits the presupposition' that commodities count as values.

One way of thinking about my proposal to make form central is by analogy with Kant's 'Copernican revolution' wherewith he made the objects conform to their cognition. In our case the commodities must conform to how they are *practically* known through the forms of value. Instead of commodities being given as values and measured in money, money is what allows commodities to be known as values in the first place, through transcendently synthesising the commodity manifold. Money is not simply the provision of a standard of comparison for commodities already inserted in the value dimension; it *constitutes* the value dimension. Money makes the value dimension coherent. In Kantian terms, money achieves the synthetic unity of the value manifold by situating commodities in a common relation to a single point of view *on* them which is yet not *among* them, having been excluded *from* them. The monetary form is the condition of possibility of a unitary sphere of value relations. Money, posited as the universal equivalent form of value, is itself essential to the actuality of value.<sup>4</sup>

Let us turn then to examine the notion of a *universal equivalent*. From the observation that all commodities are exchangeable, directly or indirectly, in definite

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<sup>4</sup> See Christopher J. Arthur, 'Money and the Form of Value', *The Constitution of Capital*, R. Bellofiore and N. Taylor, eds, Palgrave Macmillan, Basingstoke 2004, ch. 2. And Christopher J. Arthur, 'Value and Money', *Marx's Theory of Money: Modern Appraisals* F. Moseley, ed, Palgrave, Basingstoke 2005, ch. 7.

proportions arises the postulate that all the many exchange values possessed by a commodity spring from a unitary essence, an *inherent* power of exchange.

At first sight it seems the simplest form of value implicit in commodity relations exhibits such value immediately. This form is: '*The value of A is expressed in B*'. I follow Marx in seeing the commodity in 'relative' form (A) as the commodity whose value is manifested, and the commodity in 'equivalent' form (B) merely as the material shape of the value of A.<sup>5</sup> Moreover, as Marx insightfully observes, B is present here as a *natural body*, it is not present as a value (if it were, then there would follow a theory of money as a numeraire). It is not a value, because there is not yet posited the presupposition that there is any such thing as value prior to this relation. Even if we assume this is a *value* relation, value cannot be present in the natural body of either commodity because the heterogeneity of such bodies requires the form of value to abstract such features away. In this sense value is what the commodity as a natural body is *not*. As Marx saw, if A cannot thus express value in its own body, it yet posits the body of B as the locus of the value it must exclude from itself.

Ideally value is determined in opposition to the heterogeneity of use value. But value must *appear* if it is to have any actuality. Immediately a commodity appears as a use value; but, because the value of a commodity is defined in opposition to its own use value, it cannot appear *there*. However, in the *form* of exchange-value, the value of A appears as the natural body of B. So there are here two worlds, which predicate themselves on use value in *inverted* fashion. In essence value *is not-use-value* (of A), but as appearance value *is use-value* (of B). The peculiarity of the equivalent form is that in it the commodity's natural body counts not as itself but as value. So the two worlds, the 'sensuous and supersensuous'<sup>6</sup>, are here immediately one. This is the germ of money, in which the supersensuous clearly has the upper hand albeit it takes shape as a thing.

Money as the universal equivalent is likewise present as a natural body. But outside its relation to commodities, as in a miser's hoard, it is merely a metal dump. It achieves its status as the actuality of value only by virtue of its relations to commodities, unifying them in their common relation to what they are not. The point

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<sup>5</sup> Karl Marx, *Capital* Volume 1 trans. B. Fowkes, Penguin, Harmondsworth 1976, p. 139.

<sup>6</sup> In *Capital* Marx says the commodity is '*ein sinnlich übersinnliches Ding*'. *Das Kapital* Band I, *Marx-Engels Werke* Band 23, Dietz Verlag, Berlin 1983, p. 85, 86; the Fowkes translation: 'a thing which transcends sensuousness' is wrong. *Capital* Volume 1 trans. B. Fowkes, Penguin, Harmondsworth 1976, p. 163. For the inverted relation of the two worlds see G. W. F. Hegel, *The Science of Logic*, trans. A. V. Miller, George Allen & Unwin, London 1969, pp. 507-9.

is that all commodities must exclude one commodity from the relative form in order to serve as unique equivalent.

The natural body of gold is equivalent to *value as such* according to the commodities in relative form. However, this is not like pieces of iron counting as weight as such, because iron already has weight, hence serves as representative of the class of weighty things. But gold is not yet known to have a value, rather it is posited as all commodities' value by them. We do not say the weight of a loaf expresses itself in pieces of metal as metal but in balancing off the iron *weight*. The expression 'Iron weight' is merely metonymic because weight is simply a property of iron, but in the case of 'gold money' it really is the case that gold is simply the shell of a 'social substance' posited in the relation of commodities and money, rather than gold naturally having value. In weight, weighing is secondary to the givenness of weight, but in value, the expression of value in a price is primary and the reflection of value into commodities is secondary. Everything then acts backwards as if such a 'value' may be presupposed as a given property of commodities.

Since value is not yet grounded, it is not possible to take gold as already value, hence a suitable measure for commodities. Gold can figure here only as it *immediately appears*, namely as a natural body. Its goldenness is not the utterance of its own value, but the outward manifestation of the commodities' value. So commodities can actualise their presupposed universality only *outside* them since they are not *instantiations* of a pre-given essence. Thus money is the actuality of value in that it opposes itself to commodities as their universal equivalent by appearing in a commodity alongside them to which they can relate in exchange.

#### *The concrete universal*

In the first edition of *Capital* Marx draws a very illuminating analogy to make the strangeness of the relation between money and commodities clear: 'It is as if alongside and external to lions, tigers, rabbits, and all other actual animals ... there existed also in addition *the animal*, the independent incarnation of the entire animal Kingdom.'<sup>7</sup>

This example is a reminiscence of Hegel's point:

' "Animal as such" cannot be pointed out; only a definite animal can ever be pointed at. "The animal" does not exist; on the contrary, this expression refers to the *universal* nature of single animals, and each existing animal is something that is much more concretely determinate, something *particularised*. But "to be animal", the kind considered as the universal, pertains to the determinate animal and *constitutes* its

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<sup>7</sup> Karl Marx, 'The Commodity, Chapter One, Volume One of the first edition of *Capital*' in *Value: Studies by Karl Marx*, trans. A. Dragstedt, New Park, London 1976, p. 27.

determinate essentiality. If we were to deprive a dog of its animality we could not say what it is. Things as such have a persisting, *inner nature*, as well as an outward existence.<sup>8</sup>

The peculiarity of (commodity) money is that as 'the universal commodity' it *can* be 'pointed out'.<sup>9</sup> The universal aspect uniting commodities is presupposed to be value, and in money this 'inner nature' is posited as 'a thing' *beside* them.

Mario Robles has suggested that the universal equivalent form of value must be a concrete universal, being at the same time universal and individual.<sup>10</sup> 'Concrete universal' is of course a term of art in Hegel. Let us explore this idea further. As we have just seen in the passage where Hegel discussed 'the animal', it is not necessary that the concrete universal exist *alongside* the individuals. (On the other hand Hegel himself anticipated Marx in one of his unpublished early works as follows: 'their [commodities] universal concept must become a thing like them, but one which as a universal represents all; *money* is this materially existing concept, the form of unity or the possibility of all things needed.'<sup>11</sup>) Now, for Hegel, we see that, on the one hand the universal is understood as what is essential to the singular instances, and on the other hand, this universal, as thus essential, is no mere abstract commonality, it is a *concrete universal* that comprehends within itself its particularisations.<sup>12</sup> Hegel rejects in general the analytic opposition between the universal as wholly abstract and the singular as concrete. His dialectical view is that the universal is not a mere abstraction, for it comprehends *within itself* all its possible particularisations. As we saw, it follows it is the inner essence of the singulars, making them what they are. Now, if *value* is a concept of this sort then it too comprehensively unites commodities as specifications of its concrete universality. Why, with the concept of value, if this is to be considered as such a concrete universal, is it not found *within* the commodities

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<sup>8</sup> G. W. F. Hegel, *The Encyclopaedia Logic*, trans. Geraets, T. F. *et al.*, Hackett, Indianapolis 1991, pp. 56-7; trans. amended, and italic mine.

<sup>9</sup> For 'universal commodity' see *Capital* I p. 234, p. 235, but the second occurrence replaces 'absolute' which is given in all German and French editions.

<sup>10</sup> Mario Robles-Baez, 'On Marx's Dialectic of the Genesis of the Money Form', *International Journal of Political Economy*, 27.3, Fall 1997, p. 58.

<sup>11</sup> Hegel, G. W. F. 'Fragmente aus Vorlesungsmanuskripte zur Philosophie der Natur und des Geistes' (1803/4): *Gesammelte Werke, Band 6, Jenaer Systementwürfe I*, Felix Meiner Verlag, Hamburg 1975, p. 324; Hegel, *System of Ethical Life and First Philosophy of Spirit* trans. H. S. Harris and T. M. Knox, State University of New York Press, Albany, N. Y. 1979, p. 249. For a discussion see Arthur *The New Dialectic and Marx's 'Capital'* ch. 9.

<sup>12</sup> Hegel, *The Encyclopaedia Logic*, para. 177.

but outside them, incarnate in a money commodity that counts as their universal essence? Value is *not given* as a concept of this sort because commodities as such are materially heterogeneous and share *no* inner nature. The *generation* of value as a concrete concept is secured only when money as a material existent gives commodities a common form in price. While the universal thought-form comprehends its particularisations *in thought*, the value form comprehends its particularisations through the *objective relation* in which such money stands to commodities.

In considering Marx's notion that money is 'the universal' in concrete existence, expressed in 'the animal' passage, it is necessary to distinguish between two dimensions in which money plays a universal role. As 'the universal commodity' it has immediate power of purchase of any *use value*. However, it has this only because as 'the universal equivalent form of value' it interpellates all commodities as *values*. As we have said, since this unity in essence of commodities is imposed on them through the value form their concept is externally present to them as money. The peculiar necessity for value, as a universal, to appear in a shape capable of interacting with commodities means the concept as such must take the shape of the analogue of 'the animal', namely a locus of universality *alongside* the singulars. But since the only relation commodities have is to other commodities, a single commodity must be posited in this role.<sup>13</sup> Paradoxically, in order for their universality to be differentiated from all singular commodities, it has to be incarnate in a unique commodity. Money is *absolute singularity* of value because it is not, like other commodities, a single locus of value among others; it is *uniquely* posited as incarnating in singular shape the absolute dimensionality of value.

#### *The Judgment of Price*

In what follows I explore the categorial homology between the value categories and those of Hegel's logic. To illuminate the form of money I shall draw on Hegel's Doctrine of the Concept. I begin with its initial sections that together make up the so-called 'Subjective Concept': The Concept as Such, the Judgment, and the Syllogism. First I recapitulate Hegel's presentation; then I show its relevance to money.

'The Concept as Such' has three moments, Universality, Particularity and Singularity.<sup>14</sup> Since the Concept as Such is purely formal, Hegel stresses that 'Singularity' is not to be taken to mean single things, *singulars*; (the latter appear in *judgments*, we shall see, when the formal moments split into distinctly separate finite instances.) Now an important subtlety flowing from the difference between

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<sup>13</sup> Marx talks of a commodity money such as gold, of course. To keep things simple I shall follow him in this.

<sup>14</sup> Hegel, *The Encyclopaedia Logic*, para. 163.

'singularity' and 'the singular' is that the movement of particularisation is doubled.<sup>15</sup> At a purely *formal* level the Concept particularises itself to **Singularity**, but at the level of *finitude* there are many identical *singulars*, each of them particularisations of the Concept. ( **Singularity** is the intensional particularisation of the Concept; **Singulars** are the extensional particularisation.)

Let us stay awhile with the nature of the singular. According to Hegel as the *immediate* presence of singularity it is a qualitative One which presupposes its numerical difference from other Ones, and in this way maintains the exclusivity characteristic of determinate singleness.<sup>16</sup> Yet as the implicit instantiation of a universal it is capable of relating to it, so in the sphere of reflection the single exists as a 'This' interpellated as such systematically. Hegel expands on this notion as follows:

'The singulars do not confront one another as merely immediate beings; such plurality belongs to the sphere of Being. *Singularity*, in positing itself as determinate, posits itself not in an external difference but in the difference of the Notion. It therefore excludes the *Universal* from itself; yet since this is a moment of singularity, the universal is equally essentially related to it.'<sup>17</sup>

This return into itself takes shape as judgment. The judgment is the stepping of the concept into finite determination, says Hegel, i.e. the parting of Universality / Particularity / Singularity.<sup>18</sup> But in the Judgment the separated moments of the Concept are yet related of course.<sup>19</sup> The abstract paradigm of the Judgment is 'The Singular is the Universal'.<sup>20</sup> The moment of particularity validates this judgment if the singular is in truth a determinable particularisation of the universal.<sup>21</sup> In this form the Concept achieves its complete determinacy.<sup>22</sup>

Hegel says this about the relation of the conceptual and the real:

'Everything is a concept, the existence of which is the differentiation of its *moments* in such a way that its *universal* nature gives itself outward reality through *particularity*, and in this way ... makes itself *singular*. Or, conversely, the actual is a *singular* which

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<sup>15</sup> Cf. Hegel, *The Encyclopaedia Logic*, para. 223.

<sup>16</sup> Hegel, *The Science of Logic*, p. 621.

<sup>17</sup> Hegel, *The Science of Logic*, p. 622, *Wissenschaft der Logik II*, Felix Meiner Verlag, Hamburg 1975, p. 264, my translation.

<sup>18</sup> Hegel, *The Encyclopaedia Logic*, para. 168.

<sup>19</sup> Hegel, *The Encyclopaedia Logic*, para. 165-6.

<sup>20</sup> Hegel, *The Encyclopaedia Logic*, para. 166.

<sup>21</sup> Hegel, *The Encyclopaedia Logic*, para. 179.

<sup>22</sup> Hegel, *The Encyclopaedia Logic*, para. 178.

raises itself by means of *particularity* to *universality* and makes itself identical with itself.'<sup>23</sup>

Now let us see how all this can be drawn upon to articulate the form of value.

The Concept of 'Value as Such' must be articulated formally as Universality/Particularity/Singularity we know. We have also seen that there must be a material bearer of this form. This is money. Money gives the pure concept of value a phenomenal existence. Moreover it appears concretely as *an amount* of value, because 'amount' is the only particularisation of value logically possible. So the singularity of the concept is given as *an amount of money*, for example 3 pounds. I remind you this is the *singularity* of value, not a singular *instance* of value. But singular values are posited for us in the shape of commodities.

This brings me to **the judgment**, which in our material instantiation of Hegel's paradigm is, e.g., 'This coat is valuable'. The determinate judgment 'how valuable?' can be expressed only in money. Thus the coat is shown to be valuable in virtue of selling for 3 pounds. Here the coat as a singular instance of value is validated by the universal form of value, namely money, through the particular amount of it given in the form of price.

As Hegel says of the judgment: '[We] see one and the same object *double*, first as its individual actuality, and then in its essential identity or in its Notion: the individual raised into its universality....'<sup>24</sup>

This doubling of the single (commodity) and its Notion (money) assumes in our case a *material* separation; money is really present apart from the commodity because only thus can the value of the commodity be presented to it. *Both* sides are required for the concept to realise itself.

It is impossible for value to exist only in pure form, adequately captured by money; there has to be something *to be valued* in money; hence this pure form shapes commodities as value. This material dimension of value means there are two kinds of particularisation of value. The commodity as priced is particularised ideally as a simple sum of value measured in money; but the commodity as material object is multiply particularised concretely as bodies of value. There are *multiple* similar coats of the *same* value, where there is only one coat price. In the material, commodity value exists consubstantially with use value as if, like use value, it existed naturally in this material form. There are, as it were, bits of value in the world. As tied to a material shell these values are numerically distinct and can be destroyed both materially and through revolutions in market conditions. the trick is to see how these sides of value, money and commodities, interpenetrate.

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<sup>23</sup> Hegel, *The Encyclopaedia Logic*, para. 181, my translation.

<sup>24</sup> Hegel, *The Science of Logic*, p. 630-31.

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Concept of Value 'as Such'

Universality (Money)

Particularity (amount)

Single commodity    Singularity (an amount of money)  
(A commodity    is worth    so much money)

The Judgment of Price

The value of this commodity is    x pounds

In this table the double movement of particularisation results in both the presence of money as an amount of itself and the presence of the single commodity which in virtue of the parallel particularisation is worth that amount of money. Posited in finite determination these moments are explicitly reflected against one another in that a definite commodity has a definite measure of value in terms of the standard of price (a topic we shall reach shortly).

The commodity as always materially singular seems opposed to value because of its immediacy as a natural body. Money as *pure form* of value appears opposed to use values. However, the link exists materially in the price form. Here value has particularised itself to a definite amount of *money*. Conversely, *commodities* are raised above their material singularity to the status of particular embodiments of value. But there is no immediate *identity* in these particular shapes of value, only a *relation*, because one side of the equation is the value in ideal shape, as a moment of a universal concept, and on the other value is embodied in single material shapes. Thus, when money, as the tangible concept of value, is particularised, it is not therewith constituted as a singular, it remains a **notional** particularisation. This is because money is value as 'the concept as such' which differentiates itself only notionally. Thus it cannot become *immediately* singular. Conversely the commodity *is a singular* because of its *numerical* difference from others, and it is 'a value' only because it is valued by a particular amount of money. However, as 'a value' the commodity cannot, in standard fashion, be itself *immediately* an *instance* of the universal, just because it is *not* value *outside* the mediation of the price form. Albeit it is *implicitly* value, its actual *valuation* occurs only when interpellated as such by money.

We see that the two way determination of the Concept I cited from Hegel is here present in my Table. He spoke of the universal determining itself through particularity to the singular, and said its complement is the rising of the singular by means of particularity to universality. According to Hegel everything is a concept in this way.

But the *value* concept is not inherent to a specific thing (like 'animality' is) but distributed across two poles. So to connect them money appears as a particular amount of itself while the commodity rises to value status through its equation with that same amount. The moments of the Concept are *distributed* across money and commodities. The mediating moment between money as universal and the commodity as singular is particularisation when the right amounts of value are equated in price. All commodities worth £6 are worth an identical £6, which shows that money is simply the universal concept, whereas commodities are the real world instantiations of value, each separately worth £6, and all together worth a multiple of this; (that is, another particular amount, not a *class* of separate amounts).

Money is the bearer of the concept of value as such, and as an amount of itself is its own measure; then the real determinacy of value is given in judgments of worth. To say 'x is worth so much money' presupposes x is an empirical singular e.g. a coat, and its value conceptualisation appears separately from it in an amount of money. The two-way movement from the conceptual to the real is mediated in the particularity of price. But for the coat to be elevated to a value, money must meet it half-way by appearing in an empirically applicable form; this requires a *standard of price*.

If a commodity is worth so much money, the universal *constitutes* it as value in the pure form of measure; schematised phenomenally it is the judgment of price, e.g. 'this commodity is worth 6 pounds'; price presupposes a commodity *is* an instance of value, and judging it by our standard gives its amount. Money has a peculiar dual existence. On the one hand, as 'absolute form' it sets itself against commodities as their most *abstract* determination, locating them in the value dimension, hence providing the form of measure; on the other hand actual valuations of commodities by money as it is present in their price form requires that money appear in a *concrete* shape that can be set *equal* to a commodity, as if it were simply a use value like them albeit a socially specified expression of their value.

It is important, then, that *money as the form* that makes commodities commensurable should be distinguished from the determinate *standard of price*, e.g. ounces of gold, dollar bills etc.<sup>25</sup> (Which standard obtains is a contingent matter of course.) The provision of such a standard, and the practice of its use, then generates the illusion money is just a numeraire. Money as a 'piece' of itself pretends to be something that *has value* (which may be claimed of gold, just to confuse things) rather than being the necessary *form* of value.

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<sup>25</sup> This point is stressed by Geert Reuten 'Money as Constituent of Value', in *Marx's Theory of Money: Modern Appraisals*, Fred Moseley ed., Palgrave, Basingstoke 2005, pp. 87-89.

If it is assumed that commodities as such *are* values, money supplies its common measure, and the most suitable such measure is a numeraire, a commodity like gold. But money is dramatically underestimated if it is seen simply as the measure of an existent universal property, e.g. 'power of exchange', because a commodity proves it *has* such a general power (as distinct from participating in ad hoc barter) only in so far as it is realised in price form, then it acquires inherent general exchangeability with any other priced commodity, through sale and purchase.

Implicit in the judgment of price is a measure relation which makes it look as if gold as standard of price is a numeraire rather than being *the form of measure* itself necessary because commodities have no common dimension *prior* to money. In price, money acts *as if* it were just a numeraire, and commodities acts *as if* they were inherently valuable. But in truth value achieves conceptual determinacy only *through* price.

### *The Syllogism*

So far it has been shown that the inner moments of the concept of value pass over into finite differentiation in money and commodities. The relation of these is established in price whereby the *universal* form of value (borne by money) is particularised to an amount of itself, and identified with the *particular* value of a single commodity.

We do not need to consider most of the judgment-forms covered by Hegel because we are concerned only with the quantitative determination of value, there being no qualitative difference. When we pass to the relation of judgments in the syllogism, it follows the only form relevant is that which Hegel calls the syllogism of equality.<sup>26</sup> Given in our case, it is the inference that, if the price of A equals the price of B, and the price of B equals the price of C, then the price of A equals the price of C. In modern terms this is the principle of transitivity.

Hegel argues that a self-sustaining system of truth is achieved when the premises of every syllogism are results of other syllogisms. This is obviously true if we shuffle the order of the syllogism of equality of prices. Whatever two are taken first, transitivity ensures the third. We have a consistent value space instead of a set of contingent prices, still less a mess of ad hoc barter. In the set of *complementary* prices, the concept of value is thus articulated as a unitary whole. It has universal range of reference, and singleness of form as the totality itself.

This brings me to the end of the first section of the logic of money, its 'notional' concept in the price form. Next we shall draw on the second section of Hegel's 'Doctrine of the Concept', 'Objectivity', in thematising exchange.

### *The Metamorphoses of Commodities*

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<sup>26</sup> Hegel, *The Encyclopaedia Logic*, para. 188.

When judgments of worth coincide they result in an exchange. This move from the 'subjective' conceptuality of value to its positing in real transactions corresponds to Hegel's logic of 'Objectivity'. Hegel's first category of Objectivity is that of an immense 'collection' [*Zusammensetzung*] or 'heap' [*Haufen*] of things.<sup>27</sup> He then develops the logical order of their interactions in 'Mechanism', 'Chemism', and 'Teleology'. The heap becomes a universe governed by an inherent dynamic.

In thematising the dialectic of exchange, and 'the metamorphoses of commodities' (Marx), we begin with the simple exchange of one commodity for another. This corresponds to Hegel's logic of 'Mechanism'. He begins with such a primitive notion of objective movement because this sphere is marked by the explicit difference of things from each other as mere numerical difference. The unity of the Concept is thus very much in the background until objective movements bring out and unify its moments, and a transition to 'the Idea' results.<sup>28</sup> So, in our terms, we do not begin with the social instantiation in exchange and circulation of a homogeneous sphere of value; agents may have confused ideas about judgments of worth until some objective law situates their behaviour. But just as logically correlated judgments allow a conclusion to be drawn, agreement in judgments of worth may allow a bargain to be concluded. As a dyadic transaction this may itself lack social validity; but just as the ideality of value implies the necessity of transitive prices, so in objectivity the activity of arbitrage tends to realise unity of markets (the law of one price reflects the identity of value with itself objectively).

In the exchange of one commodity for another the recalcitrance of use-value considerations impedes the realisation of transitive exchanges. The action of giving commodity A for commodity B requires the 'reaction' of giving commodity B for commodity A. The well-known difficulty of assuring a double coincidence of wants enters here as an external condition. Even if it is presupposed both commodities are of identical value and thus share common ground this 'centre of attraction' remains too implicit to have effect.<sup>29</sup> Only given the presence of money as 'value for itself' is a principle of totalisation explicitly put. In considering the bare exchange of commodities one could even follow Hegel in talking of the 'violence' done to their independence.<sup>30</sup> But as value they are essentially related and with money, as we have seen, they are brought within the the Concept. Hegel's principle of 'chemism',

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<sup>27</sup> Hegel, *The Science of Logic*, p. 711, *Wissenschaft der Logik* II, p. 360, my translation.

<sup>28</sup> Hegel, *The Encyclopaedia Logic*, para. 194.

<sup>29</sup> *Capital* I, ch 2; Arthur 'The Process of Exchange' (forthcoming; based on my ISMT 14)

<sup>30</sup> Hegel, *The Encyclopaedia Logic*, para. 196.

pertaining to the affinity of different but complementary determinations, is the parallel we require. The blind process of action and reaction in exchange is refigured as purchase and sale. This is the process by which money as the fluid universal precipitates the singularity of the purchased commodity, while the sold commodity is sublimated to value in universal shape. The function of money here is to realise objectively the amount of value it had notionally in price. The two opposite movements, sale and purchase, exist at the same time in every transaction; but if they are differentiated sequentially as a sale followed by a purchase a new logic, and a new function of money, emerge. The unity of the two transactions is present objectively as 'finite teleology'<sup>31</sup> when I sell *in order* to buy. This double movement (C-M, M-C) is the objective correlate of the syllogism of prices earlier mentioned. Marx is more specific in his 1859 *Contribution...*

'The C at the end 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; whereas particularity forms the first extreme, universality characterises the common middle term and individuality signifies the final extreme.'<sup>32</sup>

This use of the dialectic of 'the Concept' by Marx may not be immediately perspicuous unless it is thought of in terms of the point of the two exchanges. In the first C-M, the C as an individual has no interest for the exchanger who is endeavouring to gain money (which itself exchanges against *all* commodities); what interests him from this point of view is merely that the C be *some* particularisation of the universal. In the second exchange M-C, by contrast, the point is to secure, not just any C but the *one* whose individual characteristics will satisfy a certain need, and hence leaves circulation as a singular.

Slightly better than Marx's formulation is to say that in the first exchange the singular rises to the universal in virtue of its instantiation of a particular amount of value; and in the second exchange the universal particularises itself to the amount embodied in the singular.

Hegel says 'The actual is One, but it is equally the dissociation of the moments of the Concept, and the syllogism is the circuit [*Kreislauf*] of intermediation of its moments

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<sup>31</sup> Hegel, *The Encyclopaedia Logic*, para. 205.

<sup>32</sup> Karl Marx, *A Contribution to the Critique of Political Economy*, in Karl Marx and Frederick Engels *Collected Works* Volume 29, Lawrence and Wishart, London 1987, .pp. 330-31; cf. *Capital* I, p. 203.

through which it *establishes* itself as One.<sup>33</sup> Marx, of course, in *Capital* says 'this movement of commodities is therefore a circuit [*Kreislauf*].'<sup>34</sup>

Here the function of money as medium of circulation is the objective complement to the notion of money as universal equivalent in that this gives a ground for the ability of money to serve as 'the universal commodity', i.e. one with immediate exchangeability. Key to the role of money here is that in being used it is not used up. Naturally, therefore, gold and silver serve in that people have at hand a particular example of permanent 'wealth', so in the end it can serve as the incarnation of wealth in the abstract. C-M-C is an example of 'finite' teleology because the C-M serves as a means for the M-C, but with the aim here still being a use value as in simple exchange. Having served its purpose as medium money drops away. Or does it? In fact since every purchase is a sale the mediator money stays always in circulation, albeit further and further removed from the original purchase. The following diagram (adapted from K. Uno<sup>35</sup>) shows three successive exchanges, but while new Cs arrive and depart money keeps on trucking.

Circuit of agent W    M - C

Circuit of agent X    C - M - C\*

Circuit of agent Y            C\* - M - C\*\*

Circuit of agent Z            C\*\*- M

**[[arrows to be inserted between Ms downward, and between Cs severally upward]]**

We see here that money has immortality, but as medium this still appears as an emergent property of the exchange system, but it does not *direct* it. However, if this 'bad infinity' recoils back on itself in the circuit M - C - M, money makes itself origin and aim of its circuit. In this way the implicit unity of the (subjective) notion is found in the objective intermediation of its moments. Value has become 'Idea' in Hegel's terms. Selling in order to buy reverses the teleological positing of C - M - C. The mediator takes over from the extremes. This can happen because intrinsically a commodity has no 'need' for its other and the two are held together in essence as values only because money imputes this identity to them, originally in the value form itself, and then in exchange and circulation. Money was implicitly the active party

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<sup>33</sup> Hegel, *The Encyclopaedia Logic*, para. 181, my trans.

<sup>34</sup> *Capital* I, p. 210.

<sup>35</sup> K.Uno, *The Principles of Political Economy*, trans. T. Sekine, Harvester, Sussex 1980, p. 10.

from the beginning but now liberates itself from use value in setting the aim of exchange as its own. A system structured in this way is centred on the valorisation of value.

However, we jumped too quickly. For money to be the aim requires that it be posited 'for itself' rather than as mediator. The link in the argument is given in Marx's important section on money as money. This points to money's functions as means of payment and store of value, for which its real presence is required. (Measure may be merely notional, the medium may be replaced with tokens of itself.) In this form money is separated from commodities and counterposes itself to their circulation.

Marx even says that in this form it appears as value while commodities appear as use value.<sup>36</sup> Money appears here as the demiurge that gives form to the chaos of the commodity manifold.<sup>37</sup> But of course, no moment of the concept can subsist on its own. The miser thinks he accumulates wealth but his hoard is just a metal dump apart from circulation. The capitalist engaging in commodity circulation with a view to augmenting wealth is using money in its proper conceptual determination.

Only now do we have the fully developed 'derivation' of money. As Geert Reuten has pointed out, Marx's ch. 3 is just as important as ch. 1 section 3 in this respect.<sup>38</sup> All that ch. 1 section 3 developed was the formal 'subjective' notion of money as the universality of value. The objective development of exchange and circulation determines money as the genuine *presence* of value in autonomous form, finally realised in money as capital.

In M - C - M value is referred to itself, having passed through a circuit of self-reflection, particularising itself from money to a single commodity and then recovering its universal form through realising the particular value of that commodity. In this sense, posited as the *totality* of these determinations, capital is *Individual*.<sup>39</sup> Now commodities and money are *its* own determinations. Marx says 'capital is money, capital is commodities'.<sup>40</sup> The content of the circuit is 'only the presentation [*Darstellung*] the Concept gives itself.' (Hegel<sup>41</sup>)

### Conclusion

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<sup>36</sup> *Capital* I, p. 227.

<sup>37</sup> Marx, 'Original Text of the *Contribution...* ', *Collected Works* Volume 29, p. 499.

<sup>38</sup> He argues that, while ch. 1 posits the 'form' of money, and ch. 2 that of its 'prevalence' in practice, it is in ch. 3 that its 'systematic existence' is thematised. 'Money as Constituent of Value', in *Marx's Theory of Money: Modern Appraisals*, Fred Moseley ed., p. 79.

<sup>39</sup> Hegel, *The Encyclopaedia Logic*, para. 163.

<sup>40</sup> *Capital* I, p. 255.

<sup>41</sup> *The Encyclopaedia Logic*, para. 213.

I have argued that the categories of Hegel's logic may be deployed in understanding the nature of capital because material practice has generated a model of Hegel's logic of the concept. Here I have concentrated attention on just a part of this homology. I have shown how the formal moments of the Concept map onto the form of price. Now, in what I did, two mistakes were avoided, 1) the *naturalistic* reduction of form to matter, 2) the supposition that value is a *mental* fiction generated in social consciousness. Rather value is, as the second view sees, not given prior to its concept, but, at the same time, as the first view would like, 'out there', objectively present to consciousness, prior to its reflection in thought. In short, value is a concept, but not originally *our* concept. For such a concept to be really present, the moments of value have to be distributed over its material bearers, namely, commodities and money. This idea is perhaps the most novel, and difficult, of what I here proposed. There is no 'given' of which one forms a concept, namely the concept of value, rather value is a concept given to us from practice, having been generated 'behind our backs'. If value is a concept *objectively presented* to us, Hegel springs to mind as the appropriate resource for articulating its dialectic. It is not through some externally applied method that the nature of capital is identified and defined; capital defines its own identity through the circuit of the determinations of its concept that it itself produces.

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