Introduction

The recent economic crisis has certainly raised a number of questions about the conception of free markets and the neoconservative economic theories on which the capitalist nations have relied. Free marketeers like former Federal Reserve Chairman, Alan Greenspan, have acknowledged that unregulated markets have enormous costs and in the end could be damaging to the welfare of our citizens, the financial health of our economic institutions, and to the fiscal strength of our nation states.[1] In a National Public Radio interview, Greenspan even went so far as to call this crisis a "credit tsunami," admitting that "the free market ideology may be flawed."[2] Still, despite this painful admission, Greenspan had very few suggestions for regulating or correcting the failures of the free-market system.[3] Other observers of global capitalism have been concerned for some time about the boding dangers of the free market system. John McMurtry, for example, who locates the origins of capitalism in the work of John Locke and Adam Smith reminds us that both of these thinkers developed their economic theories out of their ethical philosophies. But how has economic thought moved so far from ethical and moral considerations? Presumably, the free market was justified because it led to human happiness. As Mary Rawson states in her review of McMurtry's *Unequal Freedoms: The Global Market as an Ethical System*, the question is: "If the market system was to bring a better life to all, why can we find everywhere armaments, killing fields, malnutrition, brown water, and the disappearance of species? Why do we find, not life, but death?"[4] Citing Robert Lane's *The Loss of Happiness in Market Democracies*, McMurtry argues that, although most current economic theory would not agree, "human satisfaction actually declines as income and commodity consumption rise beyond need."[5] Furthermore, since our government leaders are tied to large corporate interests, the public interest is completely ignored.

As Governments decline into 'the best democracies that money can buy' there is no public authority left to protect the common interest. Our political leaders assume market growth is essential to society's development. So public welfare is sacrificed to 'more global market competiveness' – and more life-system depredation. To name the causal links remains taboo.[6]

Additionally, recent economic theory has claimed that the market is "objective," "value-free." Some have complained that we have made the market into a god. As George Soros argues, however, "by claiming to be value free, market fundamentalism has actually undermined moral values."[7]

In February, 2009, George Soros, founder of Soros Fund Management LLC and a philanthropist, claimed that the current global economic problems, sparked by the mortgage crisis, have "damaged the financial system itself."[8] Extremely pessimistic about the success of the Obama administration's attempts to respond to the crisis, by October, 2009, he cautioned his audience that the recovery from the current crisis "may run out of steam"; and he feared a "double-dip" in 2010 or 2011.[9] While he distinguishes the current crisis from the collapse of the Japanese economy because the current problems are not confined to one country, Soros distinguishes it from the "Great Depression" because the world economic system has not been allowed to collapse completely; it has been propped up by various national governments. Soros predicts that a "new world order … will eventually emerge" and it "will not be dominated by the United States to the same extent as the old one."[10] Summing up his position, Soros maintains that "a global economy demands global regulations. … Regulations must be global in scope." Echoing these concerns, Joseph Stiglitz asserts that "the truth is, most of the individual mistakes boil down to just one: a belief that markets are self-adjusting and that the role of government should be minimal."[11]

Obviously, those who have suffered from this crisis are angry; many want to know: Who is going to jail? For how long? And when? While those who have been personally affected by this recession have suffered loss of jobs and homes with foreclosures, taxpayers have been bailing out the large Western banks that, according to John Lanchester, have been allowed to become "Too Big to Fail."[12] Indeed, this was "the most important lesson" of the failure of Lehman Brothers – these institutions are "Too Big to Fail." Truly, we are living with a "monstrous hybrid," Lanchester continues, "in which bank profits are privately owned, but are made possible thanks to an unlimited guarantee against losses, provided by the taxpayer." He agrees with German Chancellor Angela Merkel, "No bank should be allowed to become so big that it can blackmail governments."[13] If capitalism is about assuming risk, i.e., "about 'creative destruction,' and the freedom to fail," then we no longer have free market capitalism, but an economy dominated by the "banksters"; or, to speak precisely, Lanchester concludes "the most accurate term would be 'bankocracy.'"

Others argue that the recent crisis is not an exception to the rule, but that these kinds of crises are endemic to the nature of capitalism; they belong to the logic of the capitalist system because once a means of exchange, money, when it becomes capital, becomes an end in itself. In other words, the economic system no longer serves to produce various products required to make human beings happy, but the system serves to produce one commodity, i.e., capital, and the problem for the corporations and the banks is how to produce, control, and accumulate capital. There are two questions here. The first is the historical question: when in the development of the capitalist economic system was there a concentration of production and the emergence of monopolies that led to the enormous accumulation of capital in the hands of a few large banking concerns? Citing the German economist, Otto Jeidels' *Relation of the German Big Banks to Industry with Special Reference to the Iron Industry*, (Leipzig, 1905), V. I. Lenin answers this question: "Thus, the twentieth century marks the turning-point from the old capitalism to the new, from the domination of capital in general to the domination of finance capital."[14] Clearly others would answer this question differently; most would probably go back to the beginning of the twentieth century, but would look more specifically to contemporary problems relevant to the current capitalist system. This paper, however, is not concerned with these historical questions; rather, this essay is concerned with a second question: how, according to the logic of capitalism did money which served as a means of exchange become capital? My paper will address this question by examining Karl Marx' argument in the *Grundrisse*.

Written during the winter of 1857-58, the *Grundrisse*[15] was authored by Karl Marx between the 1848 publication of the *Manifesto of the Communist Party* and the 1867 publication of the first volume of *Capital*. The text is a series of seven notebooks in which Marx strives to gain conceptual clarity on a number of fundamental economic concepts, including production, distribution, exchange, consumption, and money. Although the *Grundrisse* was not published during his own lifetime ? indeed, the work was not even published in the nineteenth century[16] ? this work is essential for our understanding of the nineteenth century, because in it Marx articulates one of the most important transitions for modern bourgeois capitalism, namely, the transition from money as a medium of exchange to money as a commodity. In this paper, I shall examine Marx's argument for this transition under the heading of the transcendental character of money. To achieve this end, I have divided my discussion into three parts. The first part is a brief consideration of what Marx calls "the scientifically correct method" of political economy (*Grundrisse* 100). Before exploring the concept of production in general, I shall consider how Marx justifies beginning his reflection with this concept. Then, I shall reconstruct the way in which Marx understands the concepts of production, distribution, exchange, and consumption in his "Introduction" to the *Grundrisse*.[17] Finally, I intend to identify the conceptual moments of money as it moves from a mere medium of exchange to a commodity necessary for the productive process.

"The Method of Political Economy"[18]

Reflecting on the method of political economy, Marx distinguishes two approaches to this science: the historical method of the seventeenth century political economists and "the scientifically correct method," i.e., "the theoretical method." Marx criticizes seventeenth century political economists for beginning scientific reflection with an indeterminate abstraction like "population." For if we begin with population, we must "move analytically towards ever more simple concepts [*Begriff*], from the imagined concrete towards ever thinner abstractions until [we reach] the simplest determinations." In other words, if we begin with population, we shall have to consider the classes that constitute the given population. But according to Marx, the concept of "classes" has no content unless we understand "the elements on which they rest" such as "wage, labor, capital, etc." And since "these concepts in turn presuppose exchange, division of labor, prices, etc.," those political economists who start with the concept of "population," make the mistake of beginning with "a chaotic conception [*Vorstellung*] of the whole."

Rejecting this confused approach, Marx claims that "the scientifically correct method" of political economy is one that begins by sorting out "a small number of determinant, abstract, general relations" ? and here Marx is thinking of "labor, money, value, etc." ? which he calls "the simplest determinations" (*Grundrisse* 100 and 101). These determinations, however, are not yet concrete. Once "these individual moments [have] been more or less firmly established and abstracted," Marx writes, "there [begin] the economic systems, which [ascend] from the simple relations, such as labor, division of labor, need, exchange value, to the level of the state, exchange between nations and the world market" (*Grundrisse* 100-01). This is not the mistaken historical method of the seventeenth century political economists that begins with the "*imagined concrete*" (e.g., population); rather, according to the scientifically correct method, the concrete is something to be attained. "The concrete," Marx argues,

is concrete because it is the concentration of many determinations, hence unity of the diverse. It appears in the process of thinking, therefore, as a process of concentration, as a result, not as a point of departure, even though it is the point of departure in reality and hence also the point of departure for observation [*Anshauung*] and conception.[19]

Reality is not transparent to the understanding; it is not immediately accessible to political economists. To attempt to comprehend reality in terms of the most immediate determinations only serves to confuse; reality is over-determined, i.e., as having so many determinations that we cannot sort them all out in theoretical discourse. Instead, reality must be understood. Beginning with the simplest determinations, the political economist brings to conceptual clarity chaotic conceptions by identifying "a small number of determinant, abstract, general relations" which "lead towards a reproduction of the concrete by way of thought" (*Grundrisse* 100 and 101). Hence, political economists do not produce reality as the product of thought; rather, they proceed correctly by conceptualizing reality in thought.

Reconstruction of Production, Distribution, Exchange, and Consumption

Production in General

Marx employs this scientifically correct method in his own work when he takes up the concept of "production" (*Grundrisse* 85-88). In any reflection on production, we always refer to "production at a definite stage of social development — production by social individuals" (*Grundrisse* 85). Because of this, Marx argues, there would seem to be two possible ways to speak of production. If we are to "talk about production at all we must either pursue the process of historic development through its different phases, or declare beforehand that we are dealing with a specific historic epoch such as[,] e.g.[,] modern bourgeois production." But to start in this manner would once again lead us down the thorny path of the historical method; beginning with "the chaotic conception of the whole," we would have to search for the simplest determinations that constitute production.

Alternatively, Marx suggests that we can begin with "a rational abstraction," i.e., "*production in general*" because "all epochs of production have certain common traits, common characteristics." The difficulty, however, is that production as it appears has many determinations. In fact, it could be characterized in its specificity as being over-determined. Furthermore, not all of these determinations belong to every epoch as identifiable moments. "Some determinations belong to all epochs, others only to a few. [Some] determinations will be shared by the most modern epoch and the most ancient." If we are to develop this kind of theoretical discourse, Marx argues, we must allow certain determinations to be stripped away and removed from this process of abstraction, the residuum, albeit an abstraction will not be an *indeterminate* abstraction; rather, it will be a *concrete* abstraction. And the scientifically correct method demands that we begin our theoretical reflection with a concrete abstraction, i.e., a concept of production which includes just those clearly articulated, essential moments that all specific instances of production have in common. Consequently, we shall begin the present discussion with the concrete abstraction of production in general.

If we simply consider the concept of production in general, it appears in the first instance to be the making of products. In production, human beings appropriate nature "within and through a specific form of society" (*Grundrisse* 87).[20] Production in its immediacy, however, assumes the three following moments: 1) human activity, i.e., work; 2) the subject of the work, i.e., the material worked on, and 3) the instruments through which the work is accomplished, i.e., the instruments of production.[21] Moreover, the products of production belong to someone; they are property which fulfill human needs. "An appropriation which does not make something into property," Marx writes, "is a *contradictio in subjecto*" (*Grundrisse* 88).[22] "In production the members of society appropriate (create, shape) the products of nature in accord with human needs"; Marx calls this "the obvious" or "trite notion" of production. Furthermore, "production, distribution, exchange, and consumption," according to Marx, "form a regular syllogism: production is the generality, distribution and exchange the particularity, and consumption the singularity in which the whole is joined together" (*Grundrisse* 89). However, this does not mean that "production, distribution, exchange, and consumption are identical, but that they all form the members of a totality, distinctions within a unity. Production predominates not only over itself, in the antithetical definition of production, but over the other moments as well" (*Grundrisse* 99). What then is the relationship of each of these determinations ? distribution, exchange, and consumption ? to production?

"Consumption and Production"[23]

Marx distinguishes three "identities between consumption and production" (*Grundrisse* 92): (1) "Production is consumption, consumption is production." And he calls this first identity "*immediate identity*";[24] (2) Production "appears as a means for" consumption and consumption "appears as a means for" production. [25] (3) "Each of them … creates the other in completing itself, and creates itself as the other." [26] Marx does not name the last two mentioned identities. In keeping with the Hegelian vocabulary he employs here, however, I shall refer to the second and third identities as *mediate identity* and *self-mediated identity*, respectively. Let us consider each of these identities in turn.

The Immediate Identity of Production and Consumption

"(1) *Immediate identity*: Production is consumption, consumption is production."[27] Production which appears immediately as consumption, Marx maintains, is "twofold consumption"; it is both "subjective and objective" (*Grundrisse* 90). It is subjective because the producer "develops his abilities in production"; it is objective because the producer also "expends" these abilities ? "uses them up in the act of production." In producing the product, "the means of production" are consumed; they "become worn out through use" in the productive process. To illustrate his point, Marx appeals to the image of combustion. While fire and heat are produced in combustion, the material that supports combustion is consumed. Similarly, in production "the raw material" surrenders "its natural form and composition by being used up." "The act of production," Marx argues, "is therefore in all its moments also an act of consumption. Production as directly identical with consumption, and consumption as directly coincident with production, is termed … *productive consumption*."

At the same time, "consumption is also immediately production." Drawing an image from nature, Marx argues that just as a plant produces itself by consuming certain nutriments, so too a "human being produces his [or her] own body" by consuming nourishment. And this, Marx continues, "is true of every kind of consumption which in one way or another produces human beings in some particular aspect" (*Grundrisse* 90-91). Consumption that is immediately production, according to Marx, is "*consumptive production*" (*Grundrisse* 91). Consumptive production, however, is "secondary" because it involves the "destruction of the prior product" in the productive process. In production, "the producer objectified himself"; in consumption "the object he created personifies itself." Hence, productive consumption is to be distinguished from "production proper." For although production is immediately consumption and consumption is immediately production, their "immediate duality" remains unaltered; each process retains its unique character and is independent of the other.

The Mediate Identity of Production and Consumption

"(2) [In the sense] that one appears as a means for the other, is mediated by the other."[28] According to Marx, a "mediating movement" occurs between the two processes ? production and consumption. These two processes are "related to" and "indispensable to one another"; Marx insists on "their mutual dependence" that "still leaves them external to each other" (*Grundrisse* 93). Each process is "a means for the other" ? each "is mediated by the other." "Consumption," Marx argues, "mediates production" because "it alone creates for the products the subject for whom they are products" (*Grundrisse* 91). "Without production, no consumption; but also, without consumption, no production; since production would then be purposeless." Indeed, "consumption," Marx argues, produces production in two ways. First, consumption produces production because it is only by being consumed that a product "becomes a real product." A product achieves its "'last finish' in consumption." A product that is not consumed is not *actually* a product at all; it is only *potentially* a product. For example, "a railway on which no trains run, hence which is not used up, not consumed," Marx insists, "is a railway only *???????* [potentially], and not in reality." This means that a product is quite different from a natural object. While a natural object simply is what it is, the product "*becomes* a product only through consumption." "Only by decomposing the product," Marx maintains, "does consumption give the product the finishing touch; for the product is production not as objectified activity, but rather only as object for the active subject."

Second, consumption produces production "because consumption creates the need for new production, that is it creates the ideal, internally impelling cause for production which is its presupposition." In other words, consumption produces production by creating "need" that will be satisfied by production. As the object of production, however, need is not external to the productive process; rather, need is understood "as internal object of production, as aim"; the goal of production is to fulfill need created by consumption. Hence, according to Marx, consumption is understood as "the aim of production"; consumption motivates production by creating "the object which is active in production as its determinant aim" (*Grundrisse* 93 and 91). If it is true that production "offers consumption its external object," then it is equally true, Marx contends

that consumption *ideally* posits the object of production as an internal image, as a need, as drive and as purpose. It creates the objects of production in a still subjective form. No production without a need. But consumption reproduces the need (*Grundrisse* 92).

At the same time, Marx identifies three ways that production mediates the process of consumption. First, production "produces the object of consumption." In production, products are produced for no other reason than to be consumed; "production creates the material, as external object, for consumption" (*Grundrisse* 93). Without an object to be consumed, consumption would not be consumption at all. It is by supplying the material to be consumed that "production produces consumption" (*Grundrisse* 92).

Second, production produces "the manner of consumption." Previously, we observed that only in consumption does the product achieve its final finish. Similarly, production does not merely create a product for consumption; rather, it "also gives consumption its specificity, its character, its finish." Production does not create any object or "an object in general." In the productive process, specific objects are produced. Because production produces the product, and because the product is the product that it is, i.e., a specific product, production also produces the way in which the product is to be consumed. Hence, "the object," Marx argues, "is not an object in general, but a specific object which must be consumed in a specific manner." Marx appeals to an example of satisfying one's hunger. The need to gratify our hunger is the same in any context. After all, "hunger is hunger." But there is a difference between our "bolt[ing] down raw meat with the aid of hand, nail, and tooth," and our satisfying our hunger "by cooked meat eaten with a knife and fork." Since production produces a specific product, and since production produces the manner in which the product is to be consumed, Marx argues that "production thus creates the consumer."

Finally, production produces "the motive of consumption." Motivated by need, production creates the material to satisfy need. But production also "supplies a need for the material." As it first appears, consumption exists in its immediacy ? "a state of natural crudity." However, consumption is "mediated as a need for the object" produced by production. Hence, production not only creates the *material object* for consumption, and it not only creates the *manner in which the material object is to be consumed*, but it also creates the *need* for the material object. In other words, production creates "the perception" of need. Borrowing an example from the arts, Marx maintains that in this there is no difference between an "object of art" and any other product. For just as an artifact produces "a public which is sensitive to art and enjoys beauty," so too, in the creation of every other product, production produces a perceived need. "Production thus not only creates an object for the subject, but also a subject for the object," i.e., the consumer.

The Self-Mediating Identity of Production and Consumption

In addition to the two previous identities ? the *immediate identity* of production and consumption and the *mediate identity* of production and consumption ? production produces consumption and consumption produces production, and in so doing "each of them … creates the other in completing itself as other" (*Grundrisse* 93). For its part, consumption creates production because in consumption the product is consumed. If the product were not consumed, it would not be what it is, namely, a product. In the activity of the product being consumed, consumption not only brings the product to completion, but it also produces the need for production and re-production. Insofar as the process of consumption brings the product to completion, and insofar as the process of consumption produces the inclination for production and reproduction, consumption completes the process of production by producing the producer. “Consumption,” Marx argues,

accomplishes the act of production only in completing the product as product by dissolving it, by consuming its independently material form, by raising the inclination developed in the first act of production, through the need for repetition, to its finished form; it is thus not only the concluding act which the product becomes product, but also that in which the producer becomes producer (*Grundrisse* 93).

Hence, consumption creates production by bringing itself to completion; and in this way consumption is distinguished from production.

For its part, production completes the productive process by producing consumption. Insofar as production produces both “an object for the subject” and “a subject for the object,” production creates consumption

(1) by creating the material for it; (2) by determining the manner of consumption; and (3) by creating the products initially posited by it as objects, in the form of a need felt by the consumer. It thus produces the object of consumption, the manner of consumption and the motive of consumption (*Grundrisse* 92).

Furthermore, besides producing the material or object, the manner, and the motive for consumption, “production produces consumption … by creating the stimulus of consumption, the ability to consume, as a need” (*Grundrisse* 93). In other words, when Marx writes that production produces the subject for the object of consumption (*Grundrisse* 92), he means that production not only produces the product that is to be consumed, but it also produces the consumer that needs the product (*Grundrisse* 92 and 93). Production thus creates consumption by bringing itself to completion; and in this way production is distinguished from consumption.

Marx, however, stresses that while each of these moments ? production and consumption ? “creates the other in completing itself, and creates itself as the other,” still the moments articulated here *belong to production in general*. Production and consumption “appear as moments of a single act” (*Grundrisse* 94). In other words, production must be understood as "one process" to which all of the identities and the moments constituting them belong. Hence, production in general is the "predominant moment."

With a single subject, production and consumption appear as moments of a single act. The important thing to emphasize here is only that … they [production and consumption] appear in any case as moments of one process, in which production is the real point of departure and hence also the predominant moment. Consumption as urgency, as need, is itself an intrinsic moment of productive activity. But the latter is the point of departure for realization and hence also its predominant moment: it is the act through which the whole process again runs its course. The individual produces an object and, by consuming it, returns to himself, but returns as a productive and self-reproducing individual. Consumption thus appears as a moment of production. (*Grundrisse*, 94)

"Distribution and Production"[29]

Marx begins his discussion of distribution with the following question: "Does distribution stand at the side of and outside production as an autonomous sphere?" Although he will answer this question in the negative, by arguing that production does indeed include distribution, there are a number of reasons to think that distribution does not belong to the sphere of production. From the standpoint of the individual, distribution seems to be prior to production because it establishes his or her place in the process of production. According to this point of view, Marx writes, "distribution appears as a social law" because it fixes the individual's place in the social system, i.e., "the system of production" (*Grundrisse* 96). Since the individual's place within this system is determined prior to his or her participation in the process of production, it would stand to reason that distribution does not belong to the sphere of production; rather, distribution would seem to precede production. "To the single individual," Marx argues,

distribution appears as a social law which determines his [or her] position within the system of production within which he [or she] produces, and which therefore precedes production. The individual comes into the world possessing neither capital nor land. Social distribution assigns him [or her] at birth to wage labor. But this situation of being assigned is itself a consequence of the existence of capital and landed property as independent agents of production (*Grundrisse* 96).

The individual comes into this world without capital or land; he or she possesses only his or her own body which may be sold in the form of the individual's labor power for wages. But Marx emphasizes that it is the mode of production that determines the individual's place in the system of production. Hence, distribution is not an autonomous sphere existing outside of production; rather, distribution belongs to the sphere of production.

From the standpoint of whole societies, Marx mentions four historical examples that provide reasons to think that distribution precedes production, i.e., "that distribution is not structured and determined by production, but rather the opposite, production by distribution." When one nation or people, for example, conquers another and divides the land among themselves, they force a certain mode of "distribution and form of property in land" on those who have been defeated; thus, production would seem to be determined by distribution. Again, if a conquering nation enslaves those it has defeated, and if, as a result, production were founded on slave labor, distribution would appear to be both prior to production and to determine the mode of production. Or, in the case of a revolution when a people revolts against the land owners or the landed gentry and redistributes the land by dividing their holdings into smaller tracts of land, distribution would appear to change the features of production. Similarly, in a caste system in which a legal system distributes, as a result of "a hereditary privilege," property to some, land to others, and still others are restricted to the caste of laborers, distribution would seem to be prior to production, to determine production, and, hence, to stand outside of production as an entirely autonomous sphere.

Marx, however, rejects the notion that distribution belongs to an autonomous sphere; rather, he argues that "in all cases, the mode of production … is decisive" (*Grundrisse* 97). While the process of production involves appropriation, i.e., involves making something into property, "the producer's relation to the product, once the latter is finished, is an external one"; in other words, the producer does not take possession of the product immediately (*Grundrisse* 94). In production, the producer does not intend the immediate appropriation of the products; the producer does not produce products for his or her own personal consumption. Rather, the producer can only take possession of the product insofar as the product is distributed to others. Distribution depends on the producer's relation to other individuals. Hence, distribution, Marx argues, like consumption, belongs to the sphere of production.

Distribution steps between the producers and the products, hence between production and consumption, to determine in accordance with social laws what the producers share will be in the world of products (*Grundrisse* 94).

At the most immediate level distribution and production appear independently of one another. Distribution seems to be the mere distribution of products according to certain social laws which first appear as natural laws. However, "this distribution of products" is a moment in production realized as:

1. "the distribution of the instruments of production, and …
2. "the distribution of members of society among the different kinds of production" (*Grundrisse* 96).

For its part, production produces distribution, and different modes of production require different forms of distribution. "The structure [*Gliederung*] of distribution," Marx writes,

is completely determined by the structure of production. Distribution is itself a product of production, not only in its object, in that only the results of production can be distributed, but also in its form, in that the specific kind of participation in production determines specific forms of distribution, i.e., the pattern of participation in distribution (*Grundrisse* 95).

In other words, while the structure of distribution appears as the naturally determined distribution of products, actually, the distribution of products is the result of this structure of distribution which is in turn the result of production as it changes the natural determinants to "historic determinants." "At the very beginning," Marx continues,

these may appear as spontaneous, natural. But by the process of production itself they are transformed from natural into historic determinants, and if they appear to one epoch as natural presuppositions of production, they were its historic product for another (*Grundrisse*

97).

Thus, distribution, belongs to the sphere of production and Marx calls it "production-determined distribution"; as production-determined distribution, distribution appears as one moment of production.

"Exchange and Production" [30]

Exchange appears as a moment mediating "production with its production-determined distribution on one side and consumption on the other …" (*Grundrisse* 99). Because of this mediation, exchange makes a threefold appearance, each level of which is either determined by or appears in the sphere of production:

1. It is within production "that exchange of activities and abilities [division of labour] takes place" (*Grundrisse* 99]. This moment of exchange is the essential constitutive moment of production.
2. Exchange as the "means" of bringing a product to its concrete reality, i.e., exchange preparing the product for consumption, is also determined by production. It is exchange that brings the product to consumption wherein the product is completed. In other words, production determines the way in which consumption receives its object by means of exchange (*Grundrisse* 99).
3. The form of exchange, i.e., the way in which exchange is organized "between dealers and dealers …," is "itself a producing activity" while at the same time being "entirely determined by production …," i.e., the mode of production (*Grundrisse* 99). In other words, the organization of exchange which is determined by production determines the intensity and extensity of exchange. And, only in this last instance "where the product is exchanged directly for consumption" does exchange begin to appear separately from production (*Grundrisse* 99).

Thus, exchange, like distribution and consumption, appears not as an autonomous activity, but "as either directly comprised in production or determined by it." Each of these concepts: production, distribution, exchange, and consumption, exists as moments within a complex whole where each mediates and is mediated by the others, but the determinate concept is that of production in general. Thus, distribution, exchange, and consumption always return us to production.

The Transition of Money as Exchange to Money as Commodity

Thus far, I have sketched out the concepts Marx presents in the "Introduction" to the *Grundrisse* (85-100). The question that must now be answered is: what are the conceptual moments of money as it moves from a mere medium of exchange to a commodity necessary for the productive process? Marx provides us with a clue to answer this question when he writes "circulation itself [is] merely a specific moment of exchange, or [it is] also exchange regarded in its totality" (*Grundrisse*, 98). One of the specific moments of circulation, however, is money that in turn exists in its concreteness in so far as it is seen in its determinate nature, i.e., as having certain specifiable determinations. Money can be understood to have the four following moments:

The properties of money as (1) measure of commodity exchange; (2) medium of exchange; (3) representative of commodities (hence object of contracts); (4) general commodity alongside the particular commodities, all simply follow from its character as exchange value separated from commodities themselves and objectified (*Grundrisse* 146).

Money as the "measure of commodity exchange." If commodity A and commodity B are to be exchanged, then there must be an existent measure or standard to which both A and B may be related or compared in order to determine the feasibility of exchanging A for B. This process of quantification takes place in thought as "both commodities to be exchanged are transformed … into exchange values and are thus reciprocally compared" (*Grundrisse* 144).

Money as the "medium of exchange" (*Grundrisse* 146). Money takes on a character of its own independent of the products to be exchanged. In other words, in order to obtain commodity B, we no longer need to exchange commodity A for commodity B. All that need be done is to exchange a socially determined representation, i.e., exchange value, which, as it is attached to commodities A and B, appears as the price of these commodities, for commodity B. This socially determined representation, i.e., symbol (money as it appears as coin or paper) of the price of commodity B, may be obtained by exchanging commodity A for money. Thus, at this moment money mediates exchange because money may be exchanged for commodities, or commodities may be exchanged for money.

Money as the "representative of commodities." Money comes to represent commodities as it attains a character of its own. When this happens it is no longer necessary to think in terms of exchanging one commodity for another, i.e., exchanging commodity A for commodity B. At this moment it is simply possible to purchase either commodity A or commodity B, or both commodities A and B for that matter, with a socially determined amount of money. Or looking at this purchasing process from another point of view, it is possible to sell commodities A and B for a certain amount of money. Hence, commodities are said to have an exchange value that appears as a price in terms of a specific quantity of money. At the same time, money has an exchange value that appears as a price in terms of commodities. In short, a commodity is said to have a price that is attached to the commodity in terms of money.

Money as a "general commodity along side particular commodities" (*Grundrisse* 146). Thus, as money takes on a character of its own, it becomes an object, i.e., a thing-in-itself. It becomes completely separated from specific commodities while taking on the characteristics of a commodity. It is in its commodity character that money is borrowed and lent, and generates interest. Hence, money has the capacity to produce money and money *qua* commodity takes on the character of capital.

By virtue of its property as the general commodity in relation to all others, as the embodiment of the exchange value of the other commodities, money at the same time becomes the realized and always realizable form of capital; the form of capital's appearance which is always valid (*Grundrisse* 146).

Therefore, money in its four moments appears as a process in which the exchange value of a product *qua* commodity "obtains a material existence separate from the commodity" and in so doing becomes a commodity itself (*Grundrisse* 145); money is produced not for its use value, but for its exchange value.

At the same time, certain contradictions corresponding to this fourfold development arise.

Firstly: The simple fact that the commodity exists doubly, in one aspect as a specific product whose natural form of existence ideally contains (latently contains) its exchange value, and in the other aspect as manifest exchange value (money), in which all connection with the natural form of the product is stripped away again – this double, *differentiated* existence must develop into a *difference*, and the difference into *antithesis* and *contraction*. The same contradiction between the particular nature of the commodity as product and its general nature as exchange value, which created the necessity of positing it doubly, as this particular commodity on one side and as money on the other – this contradiction between the commodity's particular natural qualities and its general social qualities contains from the beginning the possibility that these two separated forms in which the commodity exists are not convertible into one another (*Grundrisse* 147).

In other words, the commodity exists *qua* commodity and *qua* money. In that money has now attained a character of its own, it exists independently of the commodity. At the same time the commodity exists independently of money. As money comes to exist independently of the commodity, the commodity is no longer *necessarily* exchangeable for money because, as Marx writes, "the exchangeability … is abandoned to the mercy of external conditions … which may or may not be present." Thus, exchangeability becomes "something different from and alien to the commodity, with which it first has to be brought into equation, to which it is therefore at the beginning unequal; while the equation itself becomes dependent on external conditions, hence a matter of chance" (*Grundrisse* 148).

Secondly: Just as the exchange value of the commodity leads a double existence, as the particular commodity and as money, so does the act of exchange split into two mutually independent acts: exchange of commodities for money, exchange of money for commodities: purchase and sale (*Grundrisse* 148).

There is no necessary correspondence between purchase and sale which often appear "temporally and spatially separate" and for this reason their "immediate identity ceases."

Thirdly: With the separation of purchase and sale, with the splitting of exchange into two spatially and temporally independent acts there further emerges another new relation.

Just as exchange itself splits apart into two mutually independent cts, so does the overall movement of exchange itself become separate from the exchanges, the producers of commodities. Exchange for the sake of exchange separates off from exchange for the sake of commodities (*Grundrisse* 148).

Exchange for the sake of exchange, according to Marx, is commerce. The purpose of exchange is the object for which the exchange exists, but "the purpose of commerce is not consumption, directly, but the gaining of money, of exchange values" (*Grundrisse*, 149).

Fourthly: Just as exchange value, in the form of money, takes its place as the *general commodity* alongside all particular commodities, so does exchange value as money therefore at the same time take its place as a *particular commodity* (since it has a particular existence) alongside all other commodities (*Grundrisse* 150).

In other words, money, as it comes to exist independently of commodities, becomes a commodity itself. On the one hand, money is a commodity just like any other commodity. But on the other hand, it is different from other commodities: "it is not only the general exchange value, but at the same time a particular exchange value alongside other exchange values" (*Grundrisse* 151). Therefore, money exists in contradiction with itself. But "money does not create these antitheses and contradictions; it is, rather, the development of these contradictions and antitheses which creates the seemingly transcendental power of money" (*Grundrisse* 146).

In conclusion, money is a specific moment of circulation which in turn is "a specific moment of exchange, or ... exchange regarded in its totality" (*Grundrisse* 98). From the point of view of production, we see that production no longer produces products for consumption, i.e., products that are to be complete in consumption, but rather, production produces exchange values. Consumption seems to slide out of the picture. Production comes to be determined by exchange values as money which first appeared as a means of exchange comes to be the end of exchange (*Grundrisse* 146 and 151).

[1]See, for example, Edmund L. Andrews, "Greenspan Concedes Error on Regulation," New York Times, , October 23, 2008 (http://www.nytimes.com/2008/10/24/business/economy/24panel.html).

Almost three years after stepping down as chairman of the Federal Reserve, a humbled Mr. Greenspan admitted that he had put too much faith in the self-correcting power of free markets and had failed to anticipate the self-destructive power of wanton mortgage lending.

"Those of us who have looked to the self-interest of lending institutions to protect shareholders' equity, myself included, are in a state of shocked disbelief," he [Greenspan] told the House Committee on Oversight and Government Reform.

[2] See Brian Naylor's October 24, 2008 interview with Alan Greenspan, "Greenspan Admits Free Market Ideology Flawed," in which Greenspan said, "We are in the midst of a once-in-century credit tsunami. Central banks and governments are being required to take unprecedented measures." (Transcript at http://www.npr.org/templates/story/story.php?storyId=96070766).

[3] Edmund L. Andrews, notes "despite his [Greenspan's] chagrin over the mortgage mess, the former Fed chairman proposed only one specific regulation: that companies selling mortgage-backed securities be required to hold a significant number themselves." At the same time in the same article, Greenspan expresses his continued belief in the market: "Whatever regulatory changes are made, they will pale in comparison to the change already evident in today's markets … . Those markets for an indefinite future will be far more restrained than would any currently contemplated new regulatory regime." "Greenspan Concedes Error on Regulation," *New York Times*, October 23, 2008 (http://www.nytimes.com/2008/10/24/business/economy/24panel.html).

[4] Mary Rawson. "Review of *Unequal Freedoms: The Global Market as an Ethical System*, by John McMurtry, Toronto: Garamond Press, (1998). *Peace Magazine* 15, 3, p. 31 (http://www.peacemagazine.org/archive/v15n3;31.htm).

[5] John McMurtry. "Myths of the Global Market." *New Internationalist*, issue 301 (June

2007) (http://www.newint.org/columns/essays/2007/06/01/essay/).

[6] John McMurtry. "Myths of the Global Market." *New Internationalist*, issue 301 (June 2007) (http://www.newint.org/columns/essays/2007/06/01/essay/). One cannot help thinking of the recent United State Supreme Court ruling that gave corporations the right to contribute unlimited funds to political campaigns; thus the pseudo-democracy has officially become a plutocracy.

[7] George Soros. "The Way Forward," *Financial Times*. October 30, 2009. (http://www.ft.com/cms/668e074a-bf24-11de-a696-00144feab49a.html?_i_referralObject=11135588&fromSearch=n).

[8] Walid el-Gabry. "Soros Says Crisis Signals End of a Free-Market Model (Update 2)," *Bloomberg.com*, (February 23, 2009). (http://www.bloomber.com/apps/news?pid=20670001&sid=aI1pruXkjr0s).

[9] George Soros. "The Way Forward," *Financial Times*. October 30, 2009. (http://www.ft.com/cms/668e074a-bf24-11de-a696-00144feab49a.html?_i_referralObject=11135588&fromSearch=n). "I regret to tell you that the recovery is liable to run out of steam and may even be followed by a 'double-dip' although I am not sure whether it will occur in 2010 or 2011."

[10] George Soros. "The Way Forward," *Financial Times*. October 30, 2009. (http://www.ft.com/cms/668e074a-bf24-11de-a696-00144feab49a.html?_i_referralObject=11135588&fromSearch=n).

[11] Sean O'Grady. "The Money Man: Super-economist Joseph Stiglitz on How to Fix the Recession," *The Independent*, (February 9, 2010) (Http://license.icopyright.net/user/viewFreeUse.act?fuid-NzA3MDM4NQ%3D%3D).

[12] John Lanchester, "Bankocracy," *London Review of Books*, 31, 21 (November 5, 2009): 35-36. (http://www.lrb.co.uk/v31/n21/john-lanchester/bankocracy/print).

[13] John Lanchester, "Bankocracy," *London Review of Books*, 31, 21 (November 5, 2009):

35-36. (http://www.lrb.co.uk/v31/n21/john-lanchester/bankocracy/print). Lanchester cites Merkel comments after her fall, 2009, meeting with the French president Nicolas Sarkozy.

[14] V. I. Lenin, *Imperialism, the Highest Stage of Capitalism* in: *Selected Works*, Moscow: Progress Publishers, 1963. (http://www.marxists.org/archive/lenin/works/1916/imp-hsc/).

[15]Karl Marx, 1973. *Grundrisse: Foundations of the Critique of Political Economy*, translated with a forward by Martin Nicolaus, New York: Vintage Books. For the particulars regarding the writing and publication of the *Grundrisse*, see Martin Nicolaus, "Forward," 7-66.

[16]Martin Nicolaus, 1973. "Forward," in: Karl Marx, *Grundrisse*, n. 1, p. 7. Nicolaus reports that a limited edition consisting of two volumes (one published in 1939, the other, in 1941) was published in the twentieth century.

[17]Marx, 1973. *The General Relation of Production to Distribution, Exchange, Consumption*. In *Grundrisse*, 88-100.

[18]Marx, 1973. *The Method of Political Economy*. In *Grundrisse*, 100?08.

[19]Marx, 1973. *Grundrisse*, 101.

[20]Marx, 1973. *Grundrisse*, 87. Compare *Capital*, I, pp. 177-78.

[21]Marx, 1973. *Grundrisse*, 87. In *Capital*, I, Marx calls these "the elementary factors of the labour process" (*Capital*, I, p. 178).

[22]Since production (i.e. bourgeois production) involves property, since property assumes a distinction between "mine" and "thine," and since there is a need for a mechanism whereby "mine" can be made "thine," according to Marx, bourgeois economists have assumed that the introduction of property demands certain specific legislative and juridical frameworks to protect private property. But "history," Marx notes, "shows *common property* (e.g.[,] in India, among the Slavs, the early Celts, etc.) to be the more original form, a form which long continues to play a significant role in the shape of communal property" (*Grundrisse*, 88;

italics added.) Furthermore, Marx argues, "every form of production creates its own legal relations, form of government, etc." (*Grundrisse*, 88). "All the bourgeois economists are aware of," he writes,

is that production can be carried on better under the modern police than[,] e.g.[,] on the principle of might makes right. They forget only that his principle is also a legal relation, and that the right of the stronger prevails in their "constitutional republics" as well, only in another form (*Grundrisse*, 88).

[23]Marx, 1973. *Grundrisse*, 90-94.

[24]Marx, 1973. *Grundrisse*, 93.

(1) *Immediate identity*: Production is consumption, consumption is production. Consumptive production. Productive consumption. The political economists call both productive consumption. But then make a further distinction. The first figures as reproduction, the second as productive consumption. All investigations into the first concern productive or unproductive labour; investigations into the second concern productive or non-productive consumption.

[25]Marx, 1973. *Grundrisse*, 93.

(2) [In the sense] that one appears as a means for the other, is mediated by the other: this is expressed as their mutual dependence; a movement which relates them to one another, makes them appear indispensable to one another, but still leaves them external to each other. Production creates the material, as external object, for consumption; consumption creates the need, as internal object, as aim, for production. Without production not consumption; without consumption no production. [This identity] figures in economics in many different forms.

[26]Marx, 1973. *Grundrisse*, 93.

(3) Not only is production immediately consumption and consumption immediately production, not only is production a means for consumption and consumption the aim of

production, i.e. each supplies the other its object (production supplying the external object of consumption, consumption the conceived object of production); but also , each of them, apart from being immediately the other, and apart from mediating the other, in addition to this creates the other in completing itself, and creates itself as the other. Consumption accomplishes the act of production only in completing the product as product by dissolving it, by consuming its independently material form, by raising the inclination developed in the first act of production, through the need for repetition, to its finished form; it is thus not only the concluding act in which the product becomes product, but also production produces consumption by creating the specific manner of consumption; and, further, by creating the stimulus of consumption, the ability to consume, as a need. This last identity, as determined under (3), [is] frequently cited in economics in the relation of demand and supply, of objects and needs, of socially created and natural needs.

[27]Marx, 1973. *Grundrisse*, 93.

[28]Marx, 1973. *Grundrisse*, 93.

[29]Marx, 1973. *Grundrisse*, 94-98.

[30]Marx, 1973. *Grundrisse*, 98-100.