If we are to understand the present crisis we need to grasp the decaying relationship between money, production and value. Hillel Ticktin discusses the growth of fictitious capital and impossibility of getting money to make money.

The problem when looking at Marx’s analysis of money is not simply whether he does it accurately, where. Right from the beginning in the Economic and Philosophic Manuscripts (1844) there is a detailed discussion of money, though in completely different terms from what we see later. In the Grundrisse (1857) we have another discussion, which goes on right the way through. And, of course, in Capital itself (1867-83) this is contained in the argument of the first chapter. In other words, a huge volume of space would be needed to do justice to all that Marx writes about money. It is not as though he can be accused of repeating himself in all these works. So the most I can do here is give my own understanding on what he did write and piece together various statements as an introduction to the subject.

It begins with the Economic and Philosophic manuscripts, where money is examined from the point of view of power. ‘Power’ is a word that Marx hardly ever uses in his work, but he uses it here in relation to money. As soon as one thinks of it, it seems very obvious that what he is talking about is that which makes money, seemingly, can transform the human being from A to B - if the process can be paid for. You can pay to look like somebody else, you can pay to look lean and lovely, you can pay for scripture writers, so people think that you are a great orator coming famous phrases (such as “military-industrial complex”, which, of course, was not invented by Dwight D Eisenhower, but the president’s speechwriter).

So money has this amazing ability to transform the apparent form of things a notion that anticipates the development of the idea of ‘fetishism’. The peculiarity of money is its seeming ability to do almost anything that is connected with exchange. In the Economic and Philosophic manuscripts, when he quotes Shakespeare and Goethe - it is interesting that he links literature very closely to the idea - and in the case of Shakespeare the source is The Life of Timon of Athens, which is supposed to be Shakespeare’s most ‘leftwing’ work. If it is possible to say such a thing.

The power of money lies in its ability to become the driving force within the society. It is from this point of view that Marx tries to understand it. It is a metaphor, which is based on how it is employed. The point, of course, is the form of the commodity - as an exchange-value it becomes dominant within the society. When we say ‘form’, we are talking about the way in which society changes the way to produce wealth. In pre-capitalist modes of production there were different forms, but in capitalism it is exchange-value in the form of the commodity.

Universal equivalent

Money is defined by Marx as the “universal equivalent”. Now just think about what this means. He uses this term only in the first chapter of his manuscript, as he goes through the different forms of exchange. The “universal equivalent” argument is based on the fact that the exchange-values of commodities interrelate through money. Of course, this can only apply to modern society, because before this it is quite obvious that in ancient societies or under feudalism or the Asiatic mode of production there was no commodity that could interchange with everything else, as there is under capitalism. In other words, from this point of view, money only fully comes into being with capitalist. The term ‘exchange-value’ can only be usefully employed in a society where it is dominant - where there is a universal equivalent.

It is not that there were no gold coins before capitalism. It is not that there were no forms of exchange or personal credit. But clearly it all existed on a lower scale and was not universal. The unique feature of capitalist money is its ability, in principle, to exchange with everything. Its final form is described by Marx as “world money”, which he says comes into being in the 16th century. It certainly did not exist before.

There is a difference between the universal equivalent and the “general equivalent”. The general equivalent implies there is a measure of exchange, but that it is not generalised to the whole of society and all possible commodities. To a degree one can always find exceptions even within capitalism itself, but where certain commodities are excluded from potential interchange the term might apply. So, for instance, one could imagine a Stalinist society where the means of production were nationalised but everything else was not - in which case there would be commodities, but the production of nationalised industries would be regarded differently. In such circumstances one might say that ‘money’ fulfilled the role of ‘general equivalent’. So in China today one might argue that money functions in this way.

Another example one can take which makes very clear the nature of the universal equivalent is the Soviet Union. Some people have tried to argue that there was a general equivalent, but I think that even this is very hard to sustain. When the Soviet Union collapsed, the economists who had praised Stalin and said how wonderful the system was then declared that the USSR had never had money - which was quite correct. If you had a rouble you could exchange it for some object if you were prepared to stand in a queue. Which was more important: handing over the rouble or standing in the queue? The latter, of course. So what does it mean to have the rouble under those conditions? It could not be used as a means of planning and, if, say, a member of the elite wanted a car, they would get it by direct order, similar to how they received their grocery supplies. The rouble might have looked like money, but it was no use when it came to quality. It might suffice to fulfill the role of universal equivalent. It has to be able to command commodities.

If one takes the apogee of capitalism as 1914, money at that time could, in general, exchange throughout the world. Insofar as there were countries where that did not apply, it was because there was no exchange-equivalents at all in those societies. It is the same with China today. On the one hand, China is used by the bourgeoisie and, on the other, it is regarded as a problem. Why? It is not because the Chinese are not pro-capitalist. It is because China is outside the capitalist system to the degree that practically all the main means of production are owned by the state. Countries that partially or wholly fall outside the world market must be opposed because its nature capital has to expand through money and to the extent that money is not there is a problem for the world market, for capitalism.

Since capitalism’s apogee, one could argue that money has been in decline. One can speak of certain commodities being excluded from the world market, and in that sense money is going out of being. If one thinks about it, that is what one should expect: money comes into being, over time exhibits itself in its fullest form and then begins to go out of being, as I believe is happening now.

What lies behind exchange-value is value itself and what constitutes value is abstract labour. Without abstract labour there can be no value, no exchange-value and therefore no money. That was the situation in the Soviet Union, where there was no real money. Similarly in feudalism there was no abstract labour. So the nature of money in such societies was highly restricted. One is talking more about money coming into being rather than already existing. That becomes obvious when one considers the serf who performed services, did not have to be paid and yet could be entirely within subsistence. Insofar as there was trade, it was not based on production or value at all. So one is also talking of value coming into being.

In other words, one cannot talk about value as if it has always has existed. Not even in capitalism was there value based on abstract labour from the beginning. Quite evidently, while in the early period there was factory production in, say, the Italian city-states, what existed was mainly artisan labour. Abstract labour was very limited. It is only with the industrial revolution that abstract labour can really be said to exist. The logic is that the fullest development of money only occurs with the fullest development of capitalism - and capitalism develops to its fullest only with industrialisation. Before that period money exists only in a limited sense - it is necessary to study its role as a separate historical entity. Therefore those Marxist economists who say there can be a general theory of money, covering all modes of production as some sort of abstraction, are in my view talking nonsense.

There can only be a theory of money in relation to capitalism: capitalist money.

Evolution

The next point relates to the evolution of money, which began to come into being with the end of feudalism. If you start with the proposition that money is the root of all evil, then you are not saying very much. The fact is that the coming into being of the sale of labour-power, as opposed to slavery or serfdom - that is to say, forced labour - marked a tremendous step forward for humanity. Again the comparison would be with the Soviet Union, where there was a species of forced or semi-forced labour.

It is true that under capitalism labour is indirectly forced. Marx actually does refer to wage labour.
in such terms. But it is different, in that wage labour gives the worker a commodity that no longer exists, and one that no longer exists under the directly forced labour of feudalism and slavery. When money is acquired not through ‘labor’ but through ‘socialism’ makes such statements, they have a point in relation to the particular nature of control and the relation to the present. However, it is certainly the case that the fiction of the ‘law of demand’ and the ‘rules’ of the market do not correspond to the concept of money. The possibility of the movement of labour - all that. No-one should have any problem in making this point - after all, we all know that the context of the discussion of fixed capital has now come to an end. Marx says commodities exchange for a price and that the price has come to a point in relation to the quantity of money that has been paid. In so far as it enters into the determination of the price, it provides a level of independence. From this context, the property of commodities in so far as they can sell for a money price, and that such a level of independence can be sold for a greater quantity of money. The aim of a capitalist society is to have its own value. And that, of course, is the reason why it has no effect, which is actually the case today. When the velocity of money circulation is low, then one can say, 'It is different, in so far as it enters into the determination of the price, it provides a level of independence. From this context, the property of commodities in so far as they can sell for a money price, and that such a level of independence can be sold for a greater quantity of money. The difference between the two is that price is money issued by governments and controlled by governments. It is effectively a nationalised form of money. It is not a spontaneous form, as with gold. According to the attributes of a nationalised form - it is controlled by the government and the ruling class, but is subject, in the developed countries, to the electoral process. It is not surprising therefore that there should be a propaganda drive to remove money from this uncertainty.

No reason is ever given, by the way, why money has to be controlled by the government, by the central bank rather than being subject to a democratic process. Why it has to be run by a so-called technocrat, who is, like every other technocrat, a fully paid up member of the ruling class. This has been part of the attempt to ensure that the issuing of money is under the control of the ruling class. In the absence of the gold standard there had to be a central bank and its board of governors appointed by the government in the form of a nationalised institution. But nationalised control stands in contradiction to the nature of capitalism. How can one resolve the problem by controlling money, the expansion or contraction of the economy can be controlled, up to a point.

Fictitious

However, this nationalised form means that money is not really necessary as we understood it. One cannot say that £1 is equal to so much abstract labour. It is decided by governments which is actually the case today. When the velocity of money circulation is low, then one can say, 'It is different, in so far as it enters into the determination of the price, it provides a level of independence. From this context, the property of commodities in so far as they can sell for a money price, and that such a level of independence can be sold for a greater quantity of money. The difference between the two is that price is money issued by governments and controlled by governments. It is effectively a nationalised form of money. It is not a spontaneous form, as with gold. According to the attributes of a nationalised form - it is controlled by the government and the ruling class, but is subject, in the developed countries, to the electoral process. It is not surprising therefore that there should be a propaganda drive to remove money from this uncertainty.

No reason is ever given, by the way, why money has to be controlled by the government, by the central bank rather than being subject to a democratic process. Why it has to be run by a so-called technocrat, who is, like every other technocrat, a fully paid up member of the ruling class. This has been part of the attempt to ensure that the issuing of money is under the control of the ruling class. In the absence of the gold standard there had to be a central bank and its board of governors appointed by the government in the form of a nationalised institution. But nationalised control stands in contradiction to the nature of capitalism. How can one resolve the problem by controlling money, the expansion or contraction of the economy can be controlled, up to a point.