

## CHAPTER 2

### MONEY AS A MEASURE, MONETARY CRISES AND THE DOCTRINE OF BEING

A dialectical exposition must begin with the way in which a subject matter first appears to consciousness. It must begin with the immediate content of knowledge, that is, the most simple, and therefore the most abstract determination of what is. Hegel calls the categories of "Being" the categories of perceptual thinking.<sup>1</sup> These categories are the principles of the real existence of its object. They are the ways in which an "organic system" first appears to consciousness. They are its immediate forms of existence. Thus, "Quality," "Quantity," and "Measure" are the determining principles of real determinate beings, and they are the concepts without which perception would be blind.<sup>2</sup>

#### 1. THE ECONOMIC QUALITY OF THE IMMEDIATE PRODUCT

Marx begins his exposition of capital in the precise manner that is recommended by Hegel. He begins with capital as it first appears to consciousness. He begins with the immediate content of knowledge, that is, the most simple, and therefore the most abstract determinations of capital. He tells us here in the *Grundrisse* as elsewhere that capital first appears, and is perceived as, a mass of exchanges of commodities.<sup>3</sup> A commodity is brought to market and exchanged for money, and the money is in turn exchanged for a commodity, which is exchanged for money, in a virtual "infinite series" of exchanges of commodities mediated by money. Marx terms the appearance of capital, or capital as first perceived, "simple circulation."

The first section of the *Grundrisse*, the "Chapter on Money," is concerned to make explicit the form and content of "simple circulation," or what is commonly known as the monetary system. It is both the historical and the logical presupposition of capital. In what follows it will be shown how Marx had organized the economic data that was to be used in the presentation of the monetary system by employing the categories of quality, quantity, and measure as taken from the SL. It will be shown that not only was Marx aided by these concepts in his understanding of money as a

measure and the monetary system, but that he was also aided in his understanding of the potentiality for crises at the level of simple circulation.

Simple circulation presupposes that money has emerged not only as a measure of the exchange value of products, but also as a medium of exchange. Money as a measure and as a medium of exchange is to be distinguished from its final determination when it emerges from simple circulation as the universal material representative of wealth. It is the latter that is both the historical and, as we will see, the logical presupposition of capital. An understanding of money in its developed form, however, presupposes an understanding of money as a measure and as a medium of exchange.

Money as a measure of exchange value presupposes the commodity form of the product. It is the commodity form of the product therefore that is the root source of simple circulation. In order to be able to understand simple circulation, one must first understand the origin of the commodity form.

Prior to Marx, no one in the history of classical political economy had completely succeeded in understanding the origins of the commodity form. No one had succeeded in deriving money as a measure of value from the particular products of human labor. Although they had recognized the problem and sought a solution, their efforts ended in failure. The classical political economists simply did not possess a scientific method that would enable them properly to address the issue. Their "crass materialism" simply prevented them from being able to grasp that which is the result of both internal and external relations.<sup>4</sup> The problem of the origin of the commodity form may be stated as follows: How is it possible that a qualitatively unique product of a naturally specified kind of labor could become quantitatively equivalent to every other like determined product? In short, what are the conditions of the possibility of the quantification of what is qualitatively unique?

Surely this is no mean task. It requires a conceptual schema that would allow one to move from the concept of quality to the concept of quantity; and, in a way that does not merely set them side by side, so to speak, but one that derives quantity from quality. Marx finds just such a conceptual schema in Hegel's treatment of the relationship between quality and quantity.

The problem of the origin of the commodity form may also be stated in terms of what Marx calls the "double existence" (*doppelte Existenz*) of the commodity.<sup>5</sup> How can a product/commodity be both qualitatively unique, yet quantitatively equivalent? The "immediate product" (*unmittelbare Produkt*) is the "specific result of a specific, of a naturally specified kind

of labor which differs qualitatively from other kinds" (N 143, MEW 78).<sup>6</sup> Each product possesses certain "natural qualities" and/or "natural properties" (*natürlichen Eigenschaften*) that are unique to itself (N 142, MEW 77). Its qualities are immanent in its "natural determinate being," (*natürliche Dasein*) in its "identity with itself" (*Gleichheit mit sich*). The set of unique, qualitative characteristics that distinguish each product from one another, make them "incommensurable" (*inkommensurabel*) (N 141, MEW 76). Each is a "measure for itself" (*Mas für sich*) (N 613, MEW 514). He states: "In its natural determinate being, with its natural qualities, in natural identity with itself, the commodity is neither constantly exchangeable nor exchangeable against every other commodity; this it is only as something different from itself, something distinct from itself, as exchange value" (N 143).<sup>7</sup>

In beginning with the qualitative determination of the "immediate product," Marx is beginning precisely where Hegel contends a dialectical exposition must begin. Quality is that without which a thing could not be what it is.<sup>8</sup> It is the most simple and therefore the most abstract determination of what is. It must be treated first. In fact, Marx's characterization of the "natural qualities" or the "natural determinate being" of the "immediate product" echo Hegel's consideration of the qualitative nature of determinate being.

Of prime importance here is the recognition that the quality of any immediate, determinate being distinguishes this being from every other. For Marx as for Hegel an "immediate, determinate being" is the result of activity. Insofar as it is the result of a qualitatively distinct activity, it possesses "qualities" and/or "properties" that are immanent to its existence.<sup>9</sup> As such, it is wholly unique and incommensurable, i.e., it is in "identity with itself." It is its own measure. But the process or activity that leads to a qualitatively unique, determinate being is also the foundation of the possibility of the quantification of this existent.

For Marx, what had been defined by its own unique qualities, acquires a quantitative determination in a process of exchange (N 143, MEW 78). It is within the exchange process that the "immediate product" realizes its exchange value. When it realizes an exchange value, and in the process becomes a commodity, it becomes what Marx terms an "equivalent" (*Äquivalent*) (N 141, MEW 76). As an "equivalent" the product no longer stands in a special, qualitative relationship toward other products. Rather, all its natural properties are extinguished (N 141, MEW 76). Once they have acquired an "exchange value," all commodities are "qualitatively equal" and differ only quantitatively (N 141-143, MEW 76-78). How it acquires this quantitative determination is indeed a complex issue; one

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