Ideology, Fetish, and Social Scientific Method in Karl Marx’s *Capital*

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Introduction

Karl Marx’s *Capital* was and continues to be regarded as a monumental effort in the history of economic theory. Indeed, Marx’s stated aim in writing his “Critique of Political Economy,” as disclosed in the 1867 Preface to Volume 1, was to elucidate the “laws of motion of capital” that, as he maintained, the classical political economists either misunderstood or (unconsciously, though, in other instances, consciously) misrepresented – and that the experience of living within the capitalist mode of production itself obscured. Yet while his textual conversation with Smith, Malthus, Ricardo and their disciples has been carefully scrutinized to the last detail, the role that Marx attributes to the “laws” in the production of their own mystification has received significantly less attention, an oversight that, in turn, has blurred the extent to which *Capital* is laden with a theory of ideology that is just as robust as its primary analysis of economic categories. In his presentation of the so-called “Trinity Formula” in Volume 3, Marx states, in effect, the outline of this theory of ideology:

Vulgar economics actually does nothing more than interpret, systematize and turn into apologetics the notions of agents trapped within bourgeois relations of production. So it should not surprise us that precisely in the estranged form of appearance of economic relations [die entfremdete Erscheinungsform der ökonomischen Verhältnisse] that involves these prima facie absurd and complete contradictions – and all science would be superfluous if the form of appearance of things directly coincided with their essence – that precisely here vulgar economics feels completely at home, these relationships appearing all the more self-evident to it, the more their inner connections remain hidden, even though they [the forms] are comprehensible to the popular mind. [Emphasis added.]

In unpacking this passage, which, despite its importance, is included only in the closing chapters of *Capital*’s last (unfinished) Volume, there surfaces a particularly radical conception of

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the “concealment” of capitalist social relations, insofar as Marx asserts that the concealment he is targeting in his analysis is not imposed externally, but rather is part and parcel of the proper functioning and form of these relations themselves. “Vulgar economics,” and the vulgar economists who in a doctrinaire fashion peddle its doctrines, is not “vulgar” because it fashions a mask for the capitalist system that is ultimately foreign or inapplicable to the system’s “essence.” Rather, for Marx, the mistake of the vulgar economists is that they take capitalism at its word, so to speak; vulgar economy “interprets” and “systematizes” what the agents of production within the capitalist edifice already take to be self-evident from their own relationship to the capitalist world economy, translating day-to-day experiences into truisms that “are comprehensible to the popular mind.” Ideology, that is, is a self-concealment of a social reality that is inseparable from that reality’s “normalcy.” The mental constructs formed by those ensconced within this reality (the aforementioned “agents of production”) serve not to elucidate the significance behind their actions, nor the historicity and social nature of their actions, but rather to ensure that their perceptions of their own actions are in line with the necessities of the system that these actions perpetuate. The task of Capital, and of a “scientific” analysis of capitalism in general, is thus revealed as being three-fold. In addition to bridging the gap between “the outward appearance and the essence of things,” the social scientist must explain the reason for that incongruence. Finally, he or she must determine what purpose the incongruence fulfills.

This conception of “concealment” is notably distinct from a commonly-supposed “Marxian” definition of ideology, which takes as its point of departure Marx’s treatment of the necessities of societal superstructures in The German Ideology. In this interpretation, ideological formations constitute a “false” picture of reality that is actively foisted upon the lower (oppressed) echelons of society by its ruling elements, largely to preserve the latter’s dominant
stature.\textsuperscript{2} Ideology, as such, is a veil that is accommodated to a socially-constructed reality but not an inherent part of it, one that is preserved and promoted by a collection of agents that is fully conscious of its falsity. While the theory that I claim is immanent to \textit{Capital} does not entirely discount the existence of such a “false picture,” the portrait that it paints is far more complex -and, arguably, more sinister. The illusions by which the capitalist edifice naturalizes itself in the minds of its inhabitants are not a “veil” of reality, but that reality itself. The “appearance,” in other words, necessarily emerges from the “essence.” Marx is even stronger on this point: the appearance is what “activates” the functioning of the “essence of things” and what, as a result, allows the social imperatives implied by this essence (the “laws of motion” of capital) to assert themselves in actuality. In a society in which the sum processes of social production are carried out by property-owning individuals (or corporate bodies) independent of one another, to take an example, the form that the products of labor \textit{must} assume is the commodity-form. The accompanying fetish (to use Marx’s term, elaborated on below) of the commodity-form, hence, cannot be theorized out of existence. The analysis of \textit{Capital} can only deduce the specific social conditions by which this mystification (and others related to it) obtains.

Though I have highlighted Marx’s comments on the “Trinity Formula,” this is hardly the only instance of that which I have hitherto labelled as an incipient theory of ideology.\textsuperscript{3}

Throughout the course of the three Volumes of \textit{Capital}, Marx regards each of his discoveries as “the solving of a mystery,” “the discovery of a secret,” “the unfurling of a riddle,” etc.,

\begin{itemize}
\item \textsuperscript{2} Recall the pithy formulation found in the \textit{Manifesto of the Communist Party}: “The ruling ideas of each age have been the ideas of its ruling class.”
\item \textsuperscript{3} The commentary on the “Trinity Formula” is, in several respects, the culmination of all of Marx’s earlier descriptions of capitalist-specific fetishistic illusions. From the already-excerpted quote, Marx continues: “[In] this economic trinity… completes the mystification of the capitalist mode of production, the reification of social relations, and the immediate coalescence of the material relations of production with their historical and social specificity: the bewitched, distorted and upside-down world haunted by \textit{Monsieur le Capital} and \textit{Madame la Terre}, who are at the same time social characters and mere things.” (\textit{Capital Vol. 3}, 969)
\end{itemize}
accompanying his description of the commodity-form, the money-form, the origin of surplus-value, the tendency toward a wider division of labor, the impetus for mechanization, “revolutions in the production process,” etc., with the concealment that each of them impresses upon the minds of the agents of production (and that, unsurprisingly, the vulgar economists reiterate).

These instances of concealment, however, all share a similar structure. They consist in the attribution to a form of appearance, which exists and is sustained by a specific set of social relations, of natural properties that are, in fact, social. The relations that underpin these forms of appearance are thereby shrouded, while the forms themselves are fetishistically taken to be things that, by their own (supra-historic) design, possess socially-directive traits. Nonetheless, the fetishisms are concordant with the way the forms present themselves to those who “are trapped,” or find themselves positioned, in these mystifying social relations. They are, so to speak, objective illusions. Though their illusory character can be divulged through the work of the analyst, the misleading appearance of these forms can only be removed by the restructuring the ensemble of social relations of which they are ultimately a reflection.

An adequate comparison to the “objective illusions” in Capital, as well as a useful point of reference, is the Kantian conception of a “transcendental illusion.” In the Critique of Pure Reason, Kant, while introducing the “Concepts of Pure Reason,” makes a critical distinction between what he calls “logical illusions [logische Scheine]” and “transcendental illusions [transzendentale Scheine].”4 For Kant, logical illusions originate from a misapplication of the faculty of reasoning, which results in a false apprehension of reality. Once this “attentiveness to

4 Immanuel Kant, Critique of Pure Reason, trans. and ed. by Paul Guyer and Allen W. Wood (Cambridge: Cambridge University Press, 1999), 386. Marx, too, uses the German word “Schein” when referring to the objective illusions of capitalist society. I shall point out instances of the word that crop up in his writing in subsequent footnotes.
the logical rule” is refocused, the logical illusion “entirely disappears.”5 The transcendental illusion, by contrast, is a deceptive portrait of reality that is rooted in the “fundamental rules and maxims” of the faculty of reason, from which reason simply cannot suitably remove itself.6 This category of illusions is intrinsic to the very fabric of reasoning: “What we have to do here is with a natural and unavoidable [type of] illusion which itself rests on subjective reasons and passes them off as objective….7 Kant assuages his readers by informing them that his exposition on the “transcendental dialectic” will be able to “uncover the illusion[s]… while at the same time protecting us [him and his readers] from being deceived by [them],” but he adds that such an uncovering will not and cannot “bring… about that transcendental illusions… cease to be illusion[s].”8 The parallels between what I have described as Marx’s objective illusions and Kant’s transcendental illusions are striking. Both involve a categorical confusion on the part of the subject (natural instead of social, objective instead of subjective), and both can be understood but not abolished by critical inquiry. The dividing line between the two, however, is the site of origin of these illusions. Marx’s objective illusions emanate from the structure of the social world the subject inhabits. Kant’s transcendental illusions are reproduced within the subject. For this reason, objective illusions can in theory be dispelled by a restructuring of the social world, while transcendental ones obtain under any societal arrangement.

In this thesis, then, I will endeavor to selectively reconstruct the argument of the first six chapters of Volume 1 of Capital, which cover Marx’s analysis of the commodity as the “elementary form” of capitalist society all the way to his unveiling of the origin of capitalist

5 Ibid.
6 Ibid.
7 Ibid. Emphasis in the text.
8 Ibid.
profit in the exploitation of labor-power, in order to (i) highlight specific and important instances in which his theory of socially objective illusions comes into play, (ii) examine the social scientific method that Marx employs over the course of these sections, and (iii) draw out the connection between the method and the excavation of the “fetishisms” that, as I will contend, are deeply interrelated. My claim, as such, is not just that Marx himself held this sophisticated “theory of ideology” to be true, but that the methodology of Capital is what permitted him to detect and, to borrow Kant’s phrase, “not be deceived” by the ideological mantle that is constituted by the necessary illusory “appearances” of social and economic phenomena under the regime of capital. I will, moreover, discuss whether such a method is suitable only to investigate capitalist social formations, or whether Marx’s approach is applicable to all historic economic structures. (Is there something specific to the capitalist mode of production that renders the task of the analyst more difficult than, say, the “feudal” mode of production?) I have chosen this set of chapters in particular because in them the operation and uniqueness of Marx’s dialectical method is most clearly visible, in addition to the fact that the results of these six chapters form the foundation of the rest of Capital’s comprehensive critique.

My hope is that such a project can enrich future readings of Marx’s opus, as well as inform a sharper evaluation of the text’s tentative conclusions. More broadly, if this project is successful, the theory of ideology in Capital could potentially provide new parameters for the scientific analysis of all social systems. (To what extent are political formations pregnant with instances of “concealment” that are inseparable to their functioning? What “fetishes” accompany the “imagined community” of the nation-state, for instance?) After all, as the 1872 Preface to Volume 1 advises: “There is no royal road to science, and only those who do not dread the
fatiguing climb of its steep paths have a chance of gaining its luminous summits. “

**Part I: The Commodity-Form and Value**

The Commodity as the “Elementary Form”

Marx inaugurates Volume 1 of *Capital* by establishing the commodity as the “elementary form” of the capitalist system:

> The wealth of all societies in which the capitalist mode of production prevails appears as an “immense collection of commodities”; the individual commodity appears as its elementary form. Our investigation therefore begins with the analysis of the commodity. [Emphasis added]

Already the wording of this introductory excerpt reveals a certain injunction regarding Marx’s choice of the commodity as the starting point of his analysis. Twice he refers to the commodity as an “appearance,” first (in the aggregate) of the “wealth” of any and all capitalist societies, then as the basic unit by which this wealth is measured. His inquiry of the capitalist system thereby commences by an investigation of a *form of presentation* that is universally acknowledged by the inhabitants of a society “in which the capitalist mode of production prevails.” There are no claims in this opening passage as to what *is*, only what *appears*; Marx’s implicit claim here is that a proper understanding of the former can only be obtained through a thorough grasp of the latter.

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10 *Capital Vol. 1*, 125.
Indeed, as he goes on to examine the “two factors” of the commodity-form, Marx confronts a second representation that is ubiquitous to capitalism’s “agents of production” but the source of which is largely unknown to the same. This is the universal exchangeability of the multifaceted commodity, multifaceted, he notes, insofar as the commodity is a “thing… [that] satisfies human needs of whatever kind.”¹¹ That the commodity is in part a use-value is an easily accepted fact, as use-values have “constitute[d] the material content of wealth” in all historical social bodies.¹² What is unique to the commodity as a form that is representative of capitalist wealth is that any commodity is simultaneously a use-value, differentiated from other commodities by its particular qualities, and the “material beare[r] of… exchange-value,” a property that is independent of the commodity’s usefulness.¹³ This universal property, which pre-capitalist embodiments of use-value did not have (or at least not at the scale that they do in capitalist society), manifests itself in a “quantitative relation… that changes constantly with time and place,” a reference to the fluctuation of prices, rates of exchange, and so forth that are endemic to the exchange of commodities under the capitalist system.

Exchange-value “hence appears to be something accidental and purely relative,” which renders its qualification as “an intrinsic [property] that is inseparably connected with the commodity… a contradiction in terms.”¹⁴ The economists’ attempt to explicate the magnitude of these quantitative relationships (prices) by movements in aggregate demand and supply fail to resolve the question of why commodities, which are so qualitatively diverse, are exchangeable in the first place; why they are the “bearers” of a property that places them into relationships that

¹¹ Ibid.
¹² Ibid.
¹³ Capital Vol. 1, 126.
¹⁴ Ibid. Emphasis added.
precisely ignore this diversity, being, as they are, purely quantitative. Mystified by this exchangeability, the vulgarists and the agents of production themselves are thus led to attribute exchange-value to the commodity (the *thing* itself) rather than the social context in which the commodity-form arises, in effect “fetishizing” the unit of wealth. Marx, by contrast, is resolved to explain the seeming contradiction between use- and exchange-value by probing into the configuration of the relationship that commodities are placed in during the process of exchange. What he will eventually conclude is that “exchange-value,” being expressed precisely through the placing of commodities in a historically specific social relationship (exchange amongst independent producers), “[is] the necessary mode of expression, or form of appearance, of” a *socially objective* characteristic, a society-regulating *real abstraction*: “value.”

For Marx, the resolution to the conundrum between use- and exchange-value, between the heterogeneity in human needs and the homogeneity in quantitative exchange, is the presence of a *third* property in commodities that countenances their equivalence. Famously, his proposal is that this property is *value*, as measured by *labor time*; that is, the fact that all use-values are created by the expenditure of human labor-power: “If then we disregard the use-value of commodities, only one property remains, that of being products of labor.” The commensurability of commodities arises, therefore, from their common origin as the endpoint of a production process undertaken by individuals (or groups of individuals) that are consciously striving to transform a set of materials into a product that fulfils a human necessity (i.e., a use-value). The relative ratios at which these products exchange are proportional to the quantity of human labor embodied in their respective production processes. As Marx himself acknowledges

15 Ibid.
16 *Capital Vol. 1*, 128
later on in Chapter 1, his “labor theory of value” is inspired by the writings of the “best [i.e., scientific, as opposed to vulgar] representatives of classical political economy,” by which he is referring to Smith and Ricardo.\footnote{\textit{Capital, Vol. 1}, 169.}

Yet while this may at first glance resolve the conundrum between use- and exchange-value, labor, too, has a “dual character” that presents difficulties in reconciling the universal exchangeability of commodities with the qualitative multiplicity of their use-values. For labor to be the “substance of value,” this labor must be “equal human labor, the expenditure of \textit{identical} human labor-power.”\footnote{\textit{Capital, Vol. 1}, 129. Emphasis added.} However, the multiplicity of forms of use-value that are exchanged in the marketplace indicate that the labor undertaken in their production is \textit{qualitatively} different. In this sense, the problem of particularity and universality embodied in the categories of use- and exchange-value is reproduced in the articulation of the concept of “value.” (This is why Marx suggests that a further examination of the form of exchange-value, “which stamps value,” must be deferred in favor of a closer examination of the “characteristics we have already found somewhat more fully.”\footnote{\textit{Capital, Vol. 1}, 131.}) Labor is both \textit{concrete} and \textit{abstract}: concrete, insofar as any given labor process necessitates a specific expenditure of human nerves, muscles, etc., and \textit{abstract}, insofar as all labor processes are but representatives of the general mediatory process by which human subjects fashion articles that are useful using the instruments bequeathed by nature (or other labor processes).\footnote{This distinction alone should discredit the premise, recently promoted by theorists such as Michael Hardt and Toni Negri, that Marx is overly “materialistic” in his conception of “labor”; that is, that his labor theory of value underappreciates the “cognitive” or “intellectual” qualities of human labor that go into the formation of “value.” Contained already within the concept of “abstract labor” are the cognitive/intellectual properties of the different forms of concrete labor. To suggest that the increasing “cognitive” composition of labor in certain sectors of the world capitalist economy (a proposition questionable in and of itself) has resulted in a shift from a regulating...} Marx considers his “point[ing] out… of this twofold nature of the labor
contained in commodities” to be his chief advancement on the theories of his predecessors, for from this revelation, he can deduce that value is a regulating property that is not generalizable to all economic formations. Only in a society in which the vast majority of the products of labor assume the form of commodities – that is, a society in which use-values are primarily produced for exchange in anonymous markets – does (i) the reduction of all forms of concrete labor to abstract labor and (ii) the objectification of abstract labor into these products of labor as the basis of their interchangeability hold as the organizing principle of economic life.

In other words, the standpoint that Marx is taking in developing the concept of value is not of labor in general, but labor within the context of a particular set of relations of production: “Only the products of mutually independent acts of labor, performed in isolation, can confront each other as commodities.”21 While “labor… is a condition of human existence which is independent of all forms of society,” “in a society whose products generally assume the form of commodities, i.e. in a society of commodity producers, this qualitative difference between the useful forms of labor which are carried on independently and privately by individual producers develops into a complex system, a social division of labor.”22 From the observation that “the wealth of all societies in which the capitalist mode of production prevails appears as an ‘immense collection of commodities,’” Marx has reached the conclusion that the prevalence of the commodity-form is indicative of an atomized system of production, one composed of actors that engage in the creation of use-values independently of one another and do so first and foremost for the stated purpose of exchanging these products with one another. Such a system

principle of “labor-value” to one of “knowledge-value” (to use Hardt and Negri’s terms) is a misunderstanding of the broad scope of Marx’s theory of value.

thereby gives rise to “value” as an immaterial, and yet socially objective property that dictates and enforces the parameters by which these exchanges take place. The commodity-form is, as such, the form of appearance of use-values that circulate within a regime in which the law of value holds. To put the point slightly differently, value is not a metaphysical or universally-valid trait of all of the useful products of human labor across history. Rather, value is a relational abstraction, a quantifier of wealth “in the abstract” that is dependent and reflective of a set of social relations of production and exchange. This abstraction then, in turn, guides the self-reproduction of the economic structure of a society that is constituted by these social relations.

Not included hitherto is the crucial qualifier that Marx includes in the concept of value as representative of abstract labor time, namely, that the basic substratum of abstract labor time is determined by “the labor time required to produce to produce any use-value under the conditions of production normal for a given society and with the average degree of skill and intensity of labor prevalent in that society.”23 For the “total labor-power of [a] society [of independent commodity producers]” to be, as explained above, related to each other as homogenous units of “identical human labor-power,” value must measure socially necessary labor time as opposed to labor time as such.24 This qualification is already included in the concept of “abstract labor.” However, the fact that the labor time regulating the ratios of exchange of commodities is based not solely on the conditions of an individual producer’s laboring, but the comparison between the conditions of his laboring and that of others like him put together (“the social average”), suggests that the magnitude and fluctuations of these ratios of exchange are not under the sole control of any single producer (or group of producers). The decentralized nature of a commodity-producing

23 Capital, Vol. 1, 129.
24 Ibid.
society allows for alterations in the amount of labor time necessary to produce any given useful article, which may arise for a variety of reasons (Marx provides the examples of increases/decreases in labor productivity or unforeseen natural disasters), to potentially dramatically reconfigure the value-content of the products of any given number of producers. They occur as part of social processes “that [go] on behind the backs of the producers” themselves. The law of value, though sustained by the established relations between the producers, thus acts independently of their will. This already intimates the fetish character of the commodity that we shall touch upon later.

For now, we shall, along with Marx, delve into the relationship between value and exchange-value with the newfound knowledge we have acquired. Satisfied with having unveiled the ensemble of social relations that underpin the commodity-form, he then returns to the “world of appearances” to observe how value expresses itself in the act of exchange – and why, as we described earlier, this expression must take the form of “exchange-value”:

In fact we started from exchange-value, or the exchange relation of commodities, in order to track down the value that lay hidden within it. We must now return to this form of appearance of value.

The Relative and Equivalent Forms: The Activation of the “Law of Value”

Based on the theory of value just elucidated, individual bearers of commodities enter the marketplace in order to swap their own use-values with a different set of use-values that carry the same value-content. Yet, precisely because value, socially necessary labor time, is determined

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27 Capital, Vol. 1, 139.
socially (‘[commodities’] objective character as value is purely social’), the act of exchange is the only way in which the value-content of different commodities can be articulated to their respective owners. The placing of commodities into a relationship of exchange “announces,” so to speak, the various ratios at which commodities are interchangeable. The extension and proliferation of networks of exchange – into what we may refer to as anonymous markets – then solidify these ratios as the points of reference under which the independent producers carry out their acts of production (though they appear as arbitrary, or, worse, as intrinsic to the use-values themselves in the eyes of the producers; herein lies the basis for the “ideological” component of the commodity-form).

The process of exchange is, as such, the setting of the law of value into motion. The form in which these exchanges take place is therefore the enunciation of the law of value par excellence; the appearance is inseparable from value itself, for value represents itself only through the forms expressed in exchange. Consequently, for Marx, the investigation into how repeated acts of exchange gradually crystallize the value-relations of commodities goes farther than explaining the significance of exchange-value. The “development of the expression of value… from its simplest, almost imperceptible outline” ultimately leads to the “origin of the money-form,” which, in turn, permits the “mystery of money” to “immediately disappear.” This particular mystery we shall take up in Part II of this work; the task at hand now is to comprehend how the forms that commodities take up in the process of exchange “activate” the law of value.

29 Capital, Vol. 1, 139.
To reiterate, for commodities to articulate their value-content, they must be placed in relation to one another. This placement compels one commodity to express its \textit{value-form} in the “natural form” (here, their objectivity as a use-value) of the other. Marx’s paradigmatic example of a coat and yards of linen is useful here. Once the coat and the yards of linen are brought up against one another, either the value of the yards of linen is expressed in “coat-form,” or the value of the coat is expressed in “linen-form.” That is, in exchange, one commodity “plays an active role… [whose] value is represented as relative value”; the other, “a passive one… [fulfilling] the function of equivalent.”\textsuperscript{30} The linen producer discovers the value-content of his product by enumerating the quantity of coats that the linen can exchange for, which represents the quantitative relationship of socially necessary labor time that went into the production of both commodities; conversely, the coat producer is made aware of the value-content of his wares by ascertaining the amount of linen he can obtain in their transaction. These two “poles of the expression of value” – the relative form and the equivalent form – are for Marx “inseparable moments, which belong to and mutually condition one another; but, at the same time, they are mutually exclusive,” insofar as a commodity cannot represent its value-content to itself, but must do so by “presupposing that some other commodity confronts it in the equivalent form.”\textsuperscript{31} The latter sheds its natural form as a use-value to assume its opposite, its value form, i.e. to become the “material embodiment of value,” in whose “body” the former can express, in its material form (here, relative form), the amount of socially necessary labor time that went into its creation. In a notable footnote, Marx compares these “two poles” of commodities to the inherently interpersonal nature of human subjectivity:

\textsuperscript{30} Ibid.
\textsuperscript{31} \textit{Capital}, Vol. 1, 140.
In a certain sense, a man is in the same situation as a commodity. As he neither enters into the world in possession of a mirror, nor as a Fichtean philosopher who can say ‘I am I’, a man first sees and recognizes himself in another man. Peter only relates to himself as a man through his relation to another man, Paul, in whom he recognizes his likeness. With this, however, Paul also becomes from head to toe, in his physical form as Paul, the form of appearance of the species man for Peter.\(^{32}\)

What is clear, then, is that value necessitates a *physical form of representation* in order to operate as a regulatory principle in this imagined society of independent producers – and one commodity, forced into the role of the “equivalent” (the bearer of the form of value in general, or, to extend the aforementioned analogy, the form of appearance of the “species Commodity”) in the presence of another, always serves as this representation in any given act of exchange. Value “can only be expressed as an ‘objectivity,’ a thing which is materially different from the linen [or any other commodity] itself and yet common to the linen and all other commodities.”\(^{33}\)

To drive the point home, this “phantom-like objectivity” that is common to all commodities (their embodiment of socially necessary labor time) is what underlies the universalistic property of exchange-value. The search, for practical purposes, for a “universal equivalent,” or a commodity on whose form all other commodities can express their value-content in relative form, gives rise to the money-commodity. Nevertheless, the answer to the dilemma that began the inquiry (use- versus exchange-value), arrives, as Marx has shown, from a clearer understanding of the relative and equivalent forms that the commodity assumes in exchange – an understanding that was achieved only by his initial “descent” from the realm of appearances into the source of value.

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\(^{32}\) *Capital, Vol. 1*, 144. Echoes of Hegel are evident in this excerpt. Note that Marx’s usage of the term “form of appearance” is not intended here to imply that the form is illusory or mystifying.

\(^{33}\) *Capital, Vol. 1*, 142.
At this point, we are prepared to launch into a description of social illusions that the commodity as an “elementary form” engenders over the course of its trajectory from the hands of one independent producer to another. Before we delve into Marx’s commentary on the commodity fetish, however, a brief digression into the method that has excavated these preliminary results is in order. The argument so far can be illustrated in the following way:

As can be inferred from Figure 1, as well as from our presentation, Marx’s analysis of the commodity-form proceeds, by and large, in the drawing out of and eventual “resolution” of dualistic properties in economic categories, properties that, for Marx, stand in apparent contradiction. The commodity is both a particular use-value with specific qualities and an item of universal exchangeability that is able to be indiscriminately priced. Labor carried out by independent producers has both a concrete and abstract component. In exchange, the commodities form “two poles” in the expression of value that, as quoted already, “inseparable moments, which belong to and mutually condition one another.” In a way, not a single one of these dualisms is “resolved” insofar as they fall away from the picture or cease to have an impact on the functioning of the system that Marx is trying to penetrate. The seeming resolution of each duality is instead more akin to a “displacement” of the encountered contradiction, inasmuch as

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the explanation of each dualism immediately gives rise to a different and more complex contradiction (or contradictory unity), which in turn carries over the original tensions onto a higher, fuller plane of analysis. That is, the search for the resolutions to these dualisms brings into view ever more aspects of the social formation in question. The structure of the “societies in which the capitalist mode of production prevails” thus gradually unfolds from this peeling away of contradictory appearances that are revealed to be reflections of the “laws of motion” brought forth by a historically specific set of social relations; the revelations, for their part, demonstrate the necessity and persistence of these “mysterious” appearances.

Two further remarks should be added to round out this initial foray into Marx’s methodology. The first concerns the “fluidity” that is characteristic of the manner with which Marx treats the categories that he brings into play. Marx’s analysis consistently refuses to take any specific object of inquiry in isolation; au contraire, Marx’s insistence is precisely that only when placed into conversation (or into a relational “motion”) do these objects gain their socially objective significance. Use-value, exchange-value and value proper are not examined entirely separately, for they, like the relative and equivalent forms, cannot properly be understood in isolation from one another. Similarly, the concept of socially necessary labor time is not conceived of as standing “outside” of or in a simple “causal” relationship with the acts of exchange that they are meant to mediate (by measuring the value of commodities), since, as Marx claims, the acts of exchange themselves bring about the calculation and reduction of all different forms of labor into human labor in the abstract. The second remark, which is related to the first, is that, from what we have garnered so far, Marx’s approach is neither a purely empirical, positivistic description of the workings of the capitalist system nor a strict logical
deduction from initial foundational premises, but rather, in some sense, *both things at the same time*. His aforementioned “ascents” and “descents” to and from the realm of appearances is indicative of this. We have seen how Marx takes certain empirical observations – the commodity as the unit of wealth in capitalist societies, in this case – and then investigates, in abstract fashion, their dualistic properties in such a way that that these observations take on a new, richer meaning when he goes back to examining actually existing human activity. The lines between logical necessity and historical factuality are thus blurred.

These initial, somewhat murky claims will become clearer once we pick the trail of *Capital*’s analysis back up in the following sections. Nonetheless, we can intiate some of these comments on method by taking a closer look at Marx’s scathing (and often humorous) attacks on the works of the “vulgar economists.” Take, for instance, the following critique embedded in his discussion of the relative and equivalent forms of value:

The few economists, such as S. Bailey, who have concerned themselves with the analysis of the form of value have been unable to arrive at any result, firstly because they confuse the form of value with value itself, and secondly because, under the coarse influence of the practical bourgeois, they give their attention from the outset, and exclusively, to the quantitative aspect of the question.\(^{35}\)

Marx’s reservations of Bailey and company tack closely to our commentary on what makes his own approach unique. According to the footnote, the “economists,” first and foremost, by and large ignore a proper analysis of the *social form* of appearance. Even when they do not, they take the form to be equivalent to the material essence, as opposed to paying closer attention to the interplay between the two. Finally, they mistakenly isolate a specific “aspect of the

\(^{35}\) *Capital, Vol. 1*, 141.
question” (here, the “quantitative” one, i.e., exchange-value) rather than embracing the dualistic aspects inherent in these “questions” and inquiring as to how they interact with one another or encounter some sort of resolution.

Unfortunately, while Samuel Bailey’s errors might have been partially motivated by political/class interests (“the coarse influence of the practical bourgeois”), in no sense are his mistakes only attributable to them. Appearances, as Marx has shown, are deceptive, and necessarily so, given the two-fold nature of the commodity (and of the labor going into their production). This is at the heart of the so-called “fetish” of the commodity, to which we shall now turn.

The Dual Illusion of the Commodity

We have observed how Marx’s dissection of the commodity has exposed properties intrinsic to the commodity-form that are both in apparent contradiction to one another and socially objective; objective, insofar as these properties are maintained (made real, made operable) by the collective activity of economic agents arranged under a specific set of productive relations. In fashioning use-values for the express purpose of market exchange, every independent producer inadvertently participates in a broader social process that transforms his or her concrete, particular labor into a quantifiable amount of abstract labor. This amount is determined in the balancing of the individual’s labor with the sum total of a society’s labor processes. Yet this comparison is achieved only in the actual act of exchange, in which the products of private producers “acquire a socially uniform objectivity as values.”

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36 *Capital, Vol. 1*, 166.
of commodities in relation to one another, their values both coalesce into an effective existence and disclose themselves to their owners. The commodities, through a momentary transmutation into relative and equivalent forms, express a value-relation that has “absolutely no [direct] connection with the physical nature of the commodity and material [dinglich] relations arising out of this.”37 (The translator uses the word “material” to stand for dinglich. A more literal, and more helpful, translation would be “thing-like.”) There in the marketplace, and only there, does the producer discover whether his or her act of laboring was socially necessary (use-value; fulfills a social necessity), and to what extent the labor time that went into the assembling of his or her product measures up to the socially-determined “average” labor time (exchange-value).

The producer, in short, is informed of his relation to other producers indirectly, through the relation of his commodity to the commodities of others. The social relations between persons and the material relations between things are, therefore, in the eyes of the commodity producers transposed into material (“thing-like”) relations between persons and social relations between things. The commodity passes from being “an extremely obvious, trivial thing” to “a thing which transcends consciousness,” a thing that, seemingly by its own “socio-natural” endowments, mystically regulates the activity of its producer.38

The illusion that arises from commodities is, as we have already intimated, a result of the social form and characteristics of the labor of their producers. Because “the private producer’s brain reflects [the social character] of his [or her] labor only in the forms which appear… in the exchange of products,” he or she perceives the value of his or her product as resultant not from

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38 Capital, Vol. 1, 163.
the socially necessary labor time expended, but *from the commodity itself*. The producers do not labor and bring their commodities to the realm of exchange because they identify them “as the material integuments of homogeneous human labor.” Rather, they, without being aware of it, equate their labors in the act of equating their products. In so doing, they *establish* the value-relations that come to then determine, in place of their own motivations, the content of their productive activity. Their production processes separated from one another, the independent producers depend instead on the market’s past list of exchange-values to decide what kind of laboring to undertake and which instruments to use. The ever-changing character of the “real abstraction” of socially necessary labor time, calculated on the basis of the varying productive capacities of the producers (skill, technological expedients, etc.), further intensifies the impression that the commodities themselves are the “natural” conveyors of all value, to which human beings must subject themselves: “The magnitudes [of value] vary continually, independently of the will, foreknowledge and actions of the exchangers.” The upshot is that the producers conceive of “their own movement within society” in “the form of a movement made by things, and these things, far from being under their control, *in fact control them*.”

Generalized commodity production substitutes direct relations between producers with indirect ones, mediated by things (“social hieroglyphics”). As such, the fetishistic attribution of value to commodities is “inseparable from the production of commodities.” Even Marx’s own account of the law of value will not “[banish] the semblance of objectivity possessed by the social

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39 *Capital, Vol. 1*, 166.
40 Ibid.
41 *Capital, Vol. 1*, 167. Notice, for instance, the tremendous proliferation over the past two centuries of financial instruments (futures, options, and the like) designed to safeguard institutions and individuals from the potentially ruinous effects of price fluctuations. Since the collapse of the Bretton Woods system of fixed exchange rates, the world foreign exchange market has ballooned as well. As of 2010, nearly $4 trillion worth of swaps takes place in currency markets *daily*.
43 *Capital, Vol. 1*, 165.
characteristics of labor,” for their social objectivity exists above and beyond the explanations of the analyst. The mystification of the commodity persists as long as the conditions for its production persist.

The commodity-form, in this respect, is akin to the spells of Goethe’s sorcerer’s apprentice. Sensuous things “which [are] at the same time supra-sensible or social,” their very existence is, as Marx has demonstrated, evidence of an economic structure that operates precisely by “[concealing] the social character of private labor and the social relations between the individual workers [producers], by making those relations appear as relations between material objects, instead of revealing them plainly.” The extension of markets, the commodification of an ever greater number of products, and, eventually, the appearance of a universally-accepted money-commodity all bury deeper the socio-historical origins of the commodity-form. At this point in his discussion of the fetish, Marx touches upon the failure of the political economists of his time to grasp precisely this point; especially relevant to our interest, he also offers a few comments on the nature of social scientific procedure in general. The “scientific” economists, for Marx, managed to apprehend a suitable (albeit truncated) theory of value: “The belated scientific discovery that the products of labor… are merely the material expressions of the human labor expended to produce them, [sic] marks an epoch in the history of mankind’s development.” The praise for Smith, Ricardo, et al. is tempered, however, by their critical inability to break through the historical specificity of the commodity. Since

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44 Capital, Vol. 1, 167. “Semblance” is the translator’s rendition of “Schein,” which, as we made note of in the Introduction, is the word that Kant utilizes to describe illusions.
46 As opposed to the “vulgar,” which, as we have already specified, reflect back the illusory forms tout court.
reflection on the commodity-form, like of “all forms of human life,” took place only after commodities had already assumed their prominent role in economic life (“post festum”), the theories of value posited by the economists inappropriately regard all products of human labor, regardless of the social environment of their producers, to derive their value from that labor.\(^\text{48}\) In doing so, they take the commodity to be a supra-historical form, the social law of value to be a “natural” law, and value itself to be a universally applicable category. This is, then, no more than a more refined version of the fetish: “The categories of bourgeois economics… are forms of thought which are socially valid, and therefore objective, for the relations of production belonging to this historically determined mode of production.”\(^\text{49}\) Marx, by contrast, wishes to indicate how “the whole mystery of commodities… vanishes… as soon as we come to other forms of production.”\(^\text{50}\) In this detour, we will also come across a second component of the illusion that the commodity-form promotes.

Classical political economy, thus, floundered in its analysis of the commodity-form precisely because it did not come to recognize it as a form of appearance, a form that is underwritten by a specific and historical social formation. Their texts “never once asked the question why this content [commodities] has assumed that particular form,” and hence interpreted exchange-value as a material, rather than social, property.\(^\text{51}\) As a corrective, Marx turns his attention to social formations the use-values of which do not assume the form of commodities, choosing, in particular, three examples that can be classified under two separate headings.

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\(^\text{48}\) Ibid. Emphasis added.
\(^\text{49}\) Capital, Vol. 1, 169.
\(^\text{50}\) Ibid.
One the one hand, he singles out the feudal-manorial mode of production of medieval Europe, in which “instead of the independent man, we find everyone dependent.”\textsuperscript{52} In this world “shrouded by darkness” (an ironic rebuttal to the bourgeois perception of commodity society as being “bathed in light”), each producer is tied by their respective social position into relations of dependence to their superiors and to one another. Their productive activity, as such, is organized and dictated by their places within the various hierarchies, whether serf, lord, vassal, suzerain, layman, or cleric. Their productive relations, to use a comparison alluded to above, are direct rather than indirect. They relate to one another economically as persons with subjective wills, not through the intermediary of commodities, anonymous markets, etc. Their labor, used to shape products that are distinguished and disbursed in kind directly to other members in the social order, assumes an immediate social form rather than a universal one as in a commodity-producing society. Since the “relations of personal dependence form the given social foundation, there is no need for labor and its products to assume a [fetishistic] form different from their reality.”\textsuperscript{53} The peasant is plainly aware of the figures (landlord, other peasants) for whom he expends labor or to whom he delivers a product of his or her labor; to church-goers, “the tithe owed to the priest is more clearly apparent than his blessing.”\textsuperscript{54} Irrespective of how we may appraise the social roles in feudal society, the reality is that the relations between the holders of these roles are not “disguised as social relations between things, between the products of labor.”\textsuperscript{55}

\textsuperscript{52} Capital, Vol. 1, 170.
\textsuperscript{53} Ibid.
\textsuperscript{54} Ibid. Emphasis added.
\textsuperscript{55} Ibid.
Similarly, a singular peasant household, or, more broadly, “an association of free men, working with the means of production held in common, and expending their many different forms of labor-power is full self-awareness as one single social labor force,” represent for Marx communal modes of production that distribute their members’ labor and the products of their labor in a direct, transparent fashion. However, the regulative processes of material production and distribution in these bodies are decided upon in a conscious, deliberative decision-making procedure, relying not on the systems of dominance and servitude of ancient or feudal society, nor on the anarchic and mystifying real abstractions of bourgeois (i.e., commodity-producing) society, but rather (in particular as regards the second of these two examples) the open and free participation of their members. There are, like in the feudal world, no incongruent forms of appearance to be found here, at least with respect to the sphere of material self-reproduction.

Taken together, these schemas can be represented by the following diagrams:

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56 *Capital, Vol. 1*, 171.
where $M$ stands for a member of the society in question, $P$ a product of labor, parallel lines the relations of dependence “in virtue of which products change hands,” and arrows the flow of the products amongst the members.\(^{58}\) With these comparisons, we can begin to countenance why, in part, the issue of fetish, objective illusion, ideology, etc. in the economic


\(^{58}\) Ibid.
sphere is unique to the capitalist mode of production, and of vital importance to the social scientist attempting to penetrate the system’s inner functioning. Market society breeds by its own structure forms of appearance that obscure itself, its own historicity, and the relations that bind together the members trapped in its web. The commodity-form is merely the first of these.

Yet both Figure 2 and Marx himself highlight another feature of commodity-producing society that we have hitherto not dealt with. For commodity production to be a society’s dominant form of laboring, there must have developed a degree of labor specialization (a division of labor) that far surpasses any found in either feudal society or in the peasant household. Instead of producing the necessities of life for himself or herself and his or her superior (as in feudal society) or for an individual household’s consumption (as in the peasant homestead), the members of market society shape products (in most cases, just one) specifically to the market and from their intercourse with other producers derive all other items they require to sustain themselves. The material foundation upon which a commodity-producing society can arise, thus, is the greater, not lesser, dependency of producers to one another than in all other previous historical “material conditions of existence.”

However, by virtue of the strict separation of the producers from one another, that is, by virtue of their indirect relations of production, the inhabitants of market society believe themselves to exist in relative independence as compared to the serf. While the latter is plainly in a state of bondage to another individual (or group of individuals), the former’s dependence is not personified at all; rather, their dependence is to the abstraction of the market as a whole, over which no single producer has

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60 We ourselves have hitherto referred to the producers in a commodity-producing society as “independent producers.” This short-hand, as should be obvious now, is in part misleading.
absolute control. There is, in other words, an *illusory perception of individual freedom* (that is, a supposed lack of constraints on individual activity by the activity of others) inherent in the fetish of the commodity. In place of the immediate (legal or otherwise) relations of bondage or subjection in feudal society, there is the ever greater dependence that accompanies such an extensive socialization of labor, which is, nonetheless held in private, “independent” hands:

The same division of labor which turns them [the owners of commodities] into independent private producers also makes the social process of production and the relations of the individual producers to each other within that process independent of the producers themselves… The independence of the individuals from each other has as its counterpart and supplement a system of all-around material dependence.61

The criticism Marx is levying in this excerpt is not at the situation of material dependence *per se*, but rather at the misleading character of such a dependence. More important, however, is the fact that the economic processes of market society are independent of the producers themselves. The exchange-value regime of commodity production fosters in its participants an ignorance of the social reality that they themselves reproduce through their actions. Indeed, “the religious reflections of the real world” – what we have referred to here as the objective illusion, or fetish, of the commodity – “can, in any case, vanish only when the practical relations of everyday life between man and man, man and nature, generally present themselves to him in a transparent and rational form.”62 That is, the ideological “veil” that blankets the minds of the independent producers “is not removed from… the process of material production until it becomes production by freely associated men, and stands under their conscious and planned control.”63 To reiterate a claim stated earlier, knowledge of the ideological nature of the

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61 *Capital, Vol. 1*, 203.
63 Ibid.
commodity-form is not sufficient to do away with its deleterious effects (or its functioning as an objective form of appearance). Only a radical break with the relations of production that are contained in the form itself can accomplish this task.

Before we continue on our path through Marx’s narrative, let us pause to assess the normative claim that he is establishing in his diagnosis of the commodity fetish.64 As the quotes from the previous paragraph indicate, there is a deep sense in which Marx regards the objective illusions of commodity-producing society, setting aside, for the moment, all the other pathologies in it that he diagnoses, to be undesirable in and of themselves. The presence of a disconnect between the social realities of men and the way they understand their position is directly antithetical to the broader aspiration for “conscious and planned control” over mankind’s material conditions of life. Not only does ideology ahistoricize and thereby naturalize what are transient modes of social existence, but the distortions in behavior that these forms of appearance induce ensnare the productive forces of society within a social structure that misrepresents them. Production for value proper, rather than use-value, is rational only in “a social formation in which the process of production has mastery over man, instead of the opposite.”65 The creation of a post-capitalist communalistic society (a communist society?) is, then, the creation of a society that properly aligns the social form of production with the actual content of production with which human beings relate to one another, to themselves, and to nature. Marx has a long way to go still in proving that the “mastery” of commodity-producing society does, in fact, run counter to the self-realization of human creative and developmental potential. Nonetheless, the

64 The following comments are partly inspired by G. A. Cohen’s own discussion on fetishism. Cf. “Communism as the Liberation of the Content,” in Karl Marx’s Theory of History: A Defence, 129-133.
fetish of the commodity already gives him, and us, an inkling that there is a greater freedom and material mode of existence than what bourgeois society has to offer.

Part II: The Money-Form and the Circulation of Commodities

The Crystallization of Money through Exchange

Up to this point, we have only peripherally dealt with the emergence of a money-commodity in the analysis of the commodity-form. That analysis, nonetheless, has brought forth an increasingly complex social landscape in its wake. We behold, at this stage, a social formation that is composed of independent, private producers, who, as bearers of commodities, relate to one another as owners of a particular form of private property. In the marketplace, they truck, barter and exchange their particular use-values (which are not useful to them) for other use-values of the same value (which are). Given the “spontaneously developed” division of labor in this commodity-producing society, their own use-values, in the form of commodities, “must be realized” through exchange “as values before they can be realized as use-values [before, in other words, they can be consumed].” They hence confront one another in a contractual relationship that is, in effect, a “relation between two wills which mirrors the economic relationship.” For each commodity-owner, every other commodity in the market is a potential equivalent for his or her own, and his or hers is, conversely, a universal equivalent to all others. Since, however, this process of exchange “cannot be simultaneously for all owners of commodities both exclusively individual and exclusively social and general,” there crystallizes out of the repeated transactions

between equivalents a particular commodity that is set apart as the universal equivalent; i.e., a commodity that externalizes the duality of use-value and exchange-value in the commodity by *embodying* exchange-value; a commodity, in short, whose use-value *is* its exchange-value. The money-commodity, thus, reflects the “broadening and deepening of the phenomenon of exchange” to the point where the “opposition” between use-value and exchange-value expresses itself in its own form of appearance.

For Marx, the introduction of a money-commodity is a momentous shift, for the gradual acceptance of a universal equivalent “does not abolish [the] contradictions [of the commodity-form], but rather provides the form in which they have room to move.” The emergence of money confirms commodity production and distribution as a “normal” social process (a socially regulating *metabolism*). He adds, in a crucial statement, that “this is, in general, the way in which contradictions are resolved.” As we have described in our first incursion into *Capital’s* methodological apparatus, to which we shall return later, this identification of contradictions in social forms and their “resolution” in other, “higher” forms is the animating dynamic of Marx’s entire enterprise. Through the careful attention to the origins of these forms, the ways in which they interact with one another, and the manner by which they influence and guide the behavior of the economic agents that operate under them, Marx is able to piece together the inner structure of the mode of production that he is proffering a critique of – and reveal the illusions that such a

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68 *Capital, Vol. 1*, 180. Alternative uses of money are by and large peripheral and are therefore ignored in this definition.
69 *Capital, Vol. 1*, 181.
70 *Capital, Vol. 1*, 198.
71 Ibid.
structure precipitates. From the “elementary form” of the commodity, he has so far built up the basic architecture of a market society.

The crystallization of the money-form refines, and greatly disturbs, this simplistic picture of independent commodity producers. The money-commodity, by becoming through the “action of society” the incarnation of “human labor as such,” or of social wealth in the abstract, transforms the “direct exchange of products” into a generalized circuit of circulation of commodities and of the money-commodity, which differs from the former “not only in form, but in its essence.” With the appearance of a money-commodity, all other commodities are only expressible and realizable through the intermediary of such a commodity. Commodity-owners must, therefore, pass through “two opposite and complementary movements,” the sale of their commodities, and the purchase, from the proceeds of their sale, of other commodities of equivalent value. No longer constrained by the occasional manifestation of a dual coincidence of wants, they are now instead obliged to change into money-form the value of their commodities, before converting that value back again into a different set of commodities. The configuration of the process of exchange is altered, with, as Marx depicts, radical ramifications. Exchange assumes the shape of two interlinked but “antithetical metamorphoses” in the form of value, first from commodity-form to money-form, then from money-form back to commodity-form.

From our initial standpoint of C-C (Barter/Direct Exchange), we come through the money-commodity to the more intricate C-M-C, made up of the two nominally independent

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72 Capital, Vol. 1, 207.
73 Capital, Vol. 1, 206.
processes of $C-M$ (Sale/Purchase) and $M-C$ (Purchase/Sale). Commodities still “first enter into the process of exchange… retaining their home-grown shape,” but the new circulation of commodities “produces a differentiation of the commodity into two elements, commodities and money, an external opposition which expresses the opposition between use-value and value which is inherent in it.” The independent producers are thereby themselves differentiated into buyers, or owners of money, and sellers, or owners of commodities. A single “movement” in any individual chain is simultaneously the complementary movement in another, as a seller’s transformation of commodities into money is simultaneously the transformation of a buyer’s money (which, as a quantifiable amount of value, originally came into being as commodities before being sold) into commodities. The passing through the chain itself requires a seller to assume the position of a buyer before he or she can finally transfer the original value of his commodities, in the form of other commodities, out of the realm of circulation and into the realm of consumption.

The weaving together of various chains of Commodity-Money-Commodity into a fully-fledged web of exchange-relations promotes the passage of commodities beyond the temporal and spatial limitations of direct exchange:

We see here, on the one hand, how the exchange of commodities breaks through all the individual and local limitations of the direct exchange of products, and develops the metabolic process of human labor. On the other hand, there develops a whole network of social connections of natural origin, entirely beyond the control of the human agents.  

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74 *Capital, Vol. 1*, 199.  
75 *Capital, Vol. 1*, 207.
Maintaining the entire net in place is the transfer of a certain amount of the money-commodity from buyers to sellers, which continues to circulate even as innumerable commodities enter and exit the marketplace. To examine more closely the impact that the induction of money has on the economic makeup of market society, Marx goes on to evaluate the different roles played by money in the circulation of commodities, roles that, he argues, can and often do come into conflict with one another.

Before considering these roles in greater detail, however, Marx distinguishes a fetish of the money-form that replicates, and strengthens, the original fetish of the commodity-form. Money, as we have already established, is but a commodity like any other, and therefore has a value concomitant to the socially necessary labor time necessary for its production. What separates the money-commodity from all other commodities, as already explained, is its socially-imposed status as the “universal equivalent”; viz., the fact that, through the tacit agreement of commodity-owners, the values of all commodities are expressed through a quantity of money. The money-form, to wit, “is merely the reflection thrown upon a single commodity by the relations between all other commodities.”76 Yet the necessity, in pecuniary circulation, for every independent producer to transform the value-content of their commodities into the shape of a sum of money, to carry out, that is, their transactions solely through the value-form of the money-commodity, leads them to mistakenly attribute the money-commodity’s capacity to universally express value as an inherent, natural property of money, rather than a property that emerges from the social relations that first led to the adoption of one commodity as the money-commodity. This “false semblance,” as Marx remarks, is not a mental fiction that has no

76 *Capital, Vol. 1*, 184.
correspondence with reality, for what indeed “appears to happen” is that “not that a particular commodity becomes money because all other commodities express their values in it, but, on the contrary, that all other commodities express their values in a particular commodity because it is money.”77 “Without any initiative on their part,” commodities confront in the marketplace, “ready at hand,” a unique commodity that apparently of its own accord tabulates their abstract-labor content.78 Silver, gold, banknotes, etc. seem to rise out from their mines, or come off the printing presses, already as the “direct incarnation of all human labor.”79 We have before us, then, another illusion that is both immanent and objective to the economic structure of market society. In the end, because the money-form is nothing else than the natural progression and proliferation of the commodity-form, “the riddle of the money fetish is… the riddle of the commodity fetish.”80

The political economists, once again, were long baffled by this form of appearance, as they proceeded “from [money’s] finished shape in order to analyze it afterward.”81 Unable to reconstruct or coherently account for the social relations that confer on money its position as the universal equivalent (not its value, but its value-form), they regarded money as either a simple symbol, or as the bearer of an “imaginary” value (born from “human reflection”), before finally apprehending money as a commodity proper, although “nothing more.”82 Marx again reiterates the importance of a social scientific method that apprehends the historicity of social forms, like

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77 Capital, Vol. 1, 187. Emphasis added. Note the repetition of the word “semblance” (“Schein”), which we first encountered in Marx’s description of the fetishistic character of labor in the commodity-form.
78 Ibid.
79 Ibid.
80 Ibid.
81 Capital, Vol. 1, 184. Compare with Marx’s earlier assertion, explicated above, that the examination of all forms of human life occur “post-festum.”
82 Capital, Vol. 1, 186.
his: “The difficulty lies not in comprehending that money is a commodity, but in discovering how, why and by what means a commodity becomes money.” Likewise, the Utopian socialists (Saint-Simon, Owen, Fourier, et al.) and Proudhon sought to rid their ideal societies of the money-form by substituting money with labor-tokens, or other similar items, unaware that they would inadvertently function as the very money they had hoped to stamp out. They did so, Marx insists, because they did not discern that money exists in commercial society not by decree, or (only) because a particular commodity has a particular set of physical properties, but because production in such a society assumes the form of commodity production. They would not be the last to do so, as countless half-baked “Grand Solutions to the Economic Problem” continue to be churned out to this day that commit the same fundamental mistake. The fetish of the money-form extends its way from the bustle of the marketplace to the hushed halls of the Ivory Tower, it would seem, with relative ease.

**Money as Measure of Value, Medium of Circulation and Privately-Held Social Power**

We now proceed to scrutinize the various roles of money.

The first and perhaps most straightforward role that money fulfills in the circulation of commodities is as a *measure of value*. By denominating the value-content of each and every other commodity in terms of itself, the money-commodity externalizes the exchange-value component of commodities into the “purely ideal or notional form” of price. Price is “ideal,” for Marx, insofar as the denomination of commodities in units of gold, silver, etc. is a referent that reduces the infinite sequences of relative and equivalent forms between commodities to a single sequence of ratios between commodities and the money-commodity. Hence, with money, “the

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83 Ibid.
endless series itself is now a socially given fact in the shape of the prices of the commodities.”

The socially necessary labor time imbued in any single commodity is expressed in the units of money that require, for their production, the same amount of labor time. Fluctuations in the labor-content of the money-commodity result in general rises or falls (depending on the direction of the fluctuation) in the prices of commodities, though the relative prices of commodities themselves stay the same. Conversely, the price-form records adjustments (through isolated improvements or deteriorations in labor productivity, etc.) in the social labor time necessary for the production of different commodities (relative prices), though the value of the money-commodity remains the same. Nothing in this explanation so far goes against or complicates Marx’s earlier exposition of the law of value: “The expression of the equivalence of a commodity with the quantity of money whose name is that commodity’s price is,” after all, “a tautology.”

The price-form, in this regard, is a mental instrument that simply facilitates the process of exchange.

The magnitude of value of a commodity, which, through the price-form, appears as the ratio of exchange between the commodity and money, is therefore disclosed to commodity-owners without the need for a comparison of their own commodities with all others in turn. Marx, nevertheless, does attend to two important stipulations that attend the price-form.

Firstly, the price-form “may express both the magnitude of value… and the greater or lesser quantity of money for which it can be sold under the given circumstances.”

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84 *Capital, Vol. 1*, 189.
85 *Capital, Vol. 1*, 196.
86 Ibid.
externalization of exchange-value in the commodity designated as money, in other words, allows for a quantitative discrepancy between value-content and price-form, a discrepancy that reflects the conditions under which a given commodity is brought to the market. This possibility, “inherent in the price-form,” is, for Marx, not a flaw of a monetized economy, but is instead “adequate… for a mode of production whose laws can only assert themselves as blindly operating averages between constant irregularities.” Equilibrium, contra the economists’ expectations, is largely an ephemeral and accidental feature of a society in which the conditions of production and exchange are not dependent on or directed by the wills of the producers themselves. However, the presentation of a fleshed-out analysis of the possible divergences between price and value is, for the time being, postponed.88

Secondly, and complementary to the aforementioned “quantitative incongruity,” the price-form can “harbor a qualitative contradiction,” insofar as prices can be attached to objects that are not, in fact, commodities (and, therefore, have no value).89 The extension of monetary valuation into spheres of activity that are not economic, strictly speaking, will play a greater role once we go on, with Marx, to consider the contradictions in the various uses of the money-commodity. What is already made clear, however, is that money, as a measure of value, can bestow on “things such as conscience, honor, etc… the form of commodities through their price,” a form, we should note, that is in some sense also illusory, for these things are not

87 Ibid.
88 This is only taken up by Marx again in Volume 3 of Capital, where “prices of production” enter into the picture. Cf. Capital, Vol. 3, Pts. I-II. An account of this discussion, in addition to the theoretical difficulties that arise from it (the so-called “Transformation Problem”), are outside of the scope of this paper.
89 Capital, Vol. 1, 197.
commodities in the way a product of labor is. The implications of such a multifaceted ability are enormous, as we shall see shortly.

Both of these digressions point to a broader dictum. The adoption of money as a measure of value renders conventional barter impossible, at least on an economy-wide scale. When exchange-value assumes the shape of a commodity called or referred to as money, the ability for other commodities to realize their respective exchange-values for their owners is inexorably tied to their ability to be exchanged for money. While the commodity-owner may establish his or her commodity’s price “in the imagination,” the commodity “must be actually replaced by [the money-commodity]… to render… the service of a universal equivalent.” Were he or she to bring his or her commodity to a different commodity-owner, the latter would not be satisfied solely with the first commodity’s price as sufficient evidence for the admissibility of trade. The price-form at the same time acknowledges the universal exchangeability of commodities with money, as well as the requirement of such exchanges. To use Marx’s trenchant phrase: “Hard cash lurks within the ideal measure of value [price].”

This, then, points us to the second fundamental role of money, namely, money as medium of circulation. For the independent producers to effectuate the value of their commodities, they must ensure that their commodities undergo the “salto mortale” of sale. Only when their useful labor “pupates into the homogenous social materialization of undifferentiated human labor,” i.e., into a specific amount of money, can they convert their useful labor into a group of commodities

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90 Ibid.
91 Ibid.
that is actually useful for them. This was already illustrated in the previous section, in which we described the circuit of exchange with the existence of money as the constant passing of buyers and sellers through “two opposite and complementary movements” (C-M, M-C) in order to effectuate the double “metamorphoses” of their value in the form of commodities into another set of commodities through the intermediary of money. Money, from this perspective, is the necessary “grease” that sustains the entire network of exchange. The amount of the money-commodity in circulation, the number of times that each quantum of the money-commodity turns over (the velocity of money), and the persistent displacement of the money-commodity from one hand to the next become essential determinants in the successful regulation of the circulation of commodities in this society of independent producers (clothed now alternatively as buyers and sellers). The “continuity of the movement” of commodities “depends entirely on [the movement] of money,” the interruption of which would result in a breakdown of the entire economic edifice.93

Concomitant to this indispensable function is, of course, yet another false impression that arises out of the nature of monetary circulation. Though commodities are engaged in two separate motions over the course of purchase and sale, money flows in a unidirectional fashion throughout the entire process, moving from a buyer to a seller and then again to a new seller from the former seller (now turned buyer). Money welcomes commodities in and sees them out of the realm of circulation, but in doing so remains in their place to repeat the process again and again, “in this way continually moving away from its own starting-point.”94 As Marx notes, “the very nature of the circulation of commodities produces the semblance of the opposite,” that is,

93 Capital, Vol. 1, 211.
94 Ibid.
that “the replacement of one commodity by another… appears not to have been mediated by its own change of form [from commodity to money to commodity], but rather by the [role] of money as means of circulation [medium of circulation].”95 Thus, although the movement of the money-commodity is the necessary consequence of the circulation of commodities, “the situation appears to be the reverse of this, namely the circulation of commodities seems to be the result of the movement of money.”96 This obfuscation, like the others we have highlighted in the course of this unfolding, projects the operation of a specific set of social relations onto the supposedly innate, material properties of an object that is, in the end, the natural offshoot of these relations. The former are concealed from view as the latter are elevated to occult, fantastical status.

Regardless, the difficulties that emerge with the use of money as medium of circulation become more obvious once we admit that the acts of purchase and sale are not, indeed, symmetrical. Commodities must all endeavor to be converted into money, but money has no such necessary obligation in return. “Commodities are in love with money, but… ‘the course of true love never did run smooth’.”97 Selling is, as such, a much more onerous task than buying. The seller may discover when bringing his or her produce to the marketplace that his commodity’s value is not what he anticipated (the labor time expended being worth less from an abstract, social standpoint), or that a new commodity has displaced his or her own in the fulfilment of a social need (the labor time expended being worthless), etc. The buyer, on the other hand, is free to dispose of his or her money in any manner that he wishes, or even not to dispose of it at all. The ability of one commodity-owner to properly reap the benefits of the value

95 Ibid. We come across here once again a crucial instance of the word “semblance” (“Schein”).
96 Capital, Vol. 1, 212.
of his or her commodity is, in pecuniary circulation, dependent on the repeated transfer of money from the hands of a long chain of other commodity-owners. Stoppages in the transit of the circulating medium thus greatly imperil the entire social process of material self-reproduction.

To belabor a point already raised, the introduction of money separates what was once a singular process (Commodity-Commodity) into two independent, antithetical processes (Commodity-Money, and Money-Commodity). This formal separation thus creates the possibility of disruption that was not present under the regime of direct exchange:

To say that these mutually independent and antithetical processes form an internal unity is to say also that their internal unity moves forward through external antithesis [sale and purchase]. These two processes lack internal independence because they complement each other. Hence, if the assertion of their external independence [äusserliche Verselbständigung] proceeds to a certain critical point, their unity violently makes itself felt by producing – a crisis. There is an antithesis, immanent in the commodity, between use-value and value, between private labor which must simultaneously manifest itself as directly social labor, and a particular concrete kind of labor which simultaneously counts as merely abstract universal labor…

The antithetical phases of the metamorphosis of the commodity are the developed forms of motion of this immanent contradiction. [Emphasis added.]

Notwithstanding Marx’s somewhat turgid language, the argument in this excerpt is not too troublesome to parse. Repeated instances of sales without subsequent purchases (C-Ms without M-Cs) represent instances of the “assertion of [the two processes’] external independence,” which, if continued up to “a certain critical point,” run up against the necessary “internal unity” of the two (C-M-C). We should also take note of Marx’s description of this crisis-inducing contradiction between the independence of sale and purchase and the necessary

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98 Capital, Vol. 1, 209. Readers may perceive in this passage the outlines of a theory of underconsumption/overinvestment that would later be expanded and formalized by John Maynard Keynes in his General Theory (e.g., “circular flow,” etc.). The relationship between Marx and Keynes is a hotly contested one, although here some basic similarities come into view. Cf. A Companion to Marx’s Capital, 66-70.
unity between the two as the “developed form” of the original, founding contradiction between use-value and exchange-value we encountered in the commodity-form (which led us to the contradiction between private labor and social labor, concrete labor and abstract labor, and so on). The coalescing of the money-form was, as we explained in the beginning of this Part, the ostensive “resolution” of this contradiction. Yet, in keeping with Marx’s method, we now discover that the money-form merely permitted this contradiction to “move” in a more complex plane of analysis. The contradiction was not done away with; the opposition resurfaces in a new, “developed” form.

We have not yet explained what, precisely, would lead buyers to hoard (or save) money to such an intolerable degree (i.e., to perform repeated instances of $C-M$ but not $M-C$). Certainly, temporal mismatches between the production and distribution of commodities could in theory accumulate to bring about the aforementioned moment of crisis. However, a more reliable answer to our question lies in an object of analysis that we have already passed over, even if we did not recognize it as such then. This is the role of money as measure of value, or, to better capture our meaning here, as store of value.

We saw that money, as the externalization of value itself, makes everything saleable and purchasable, even those things that are not, properly speaking, commodities. Money, being the socially-designated universal equivalent, the basic, abstract unit of societal wealth, the embodiment of socially necessary labor time, does away with all qualitative distinctions. Yet money, being itself a commodity, “is capable of becoming the private property of any
individual."99 As more and more objects of society are changed into commodities
(“commodified”), therefore, the power that the holder of money has over society increases:
“With the extension of commodity circulation there is an increase in the power of money, that
absolutely social form of wealth which is always ready to be used.”100 Social power becomes,
through the existence of money, the personal possession of private persons. Moreover, the
possession of money is, by its quantitative nature, theoretically limitless. To wit, “this
contradiction between the quantitative limitation and the qualitative lack of limitation of money
keeps driving the hoarder back to his Sisyphean task: accumulation.”101 Consequently, “with
more developed commodity production, every producer is compelled to secure for himself the
nexus rerum, the ‘social pledge’….With the possibility of keeping hold of the commodity as
exchange-value, or exchange-value as a commodity, the lust for gold [the money-commodity]
awakens.”102

Even if the social power of money is not attractive enough, the potentially precarious
conditions of the independent producer in market society compels him or her to hoard: “His [or
her] needs are ceaselessly renewed, and necessitate the continual purchase of other people’s
commodities, whereas the production and sale of his [or her] own commodities costs time and is
subject to various accidents… In order then to be able to buy without selling, he [or she] must
have sold previously without buying.”103 We should recall the volatile nature of social necessary
labor time, which is determined by aggregate social conditions and not by an individual alone.

100 Capital, Vol. 1, 229.
101 Capital, Vol. 1, 231.
103 Capital, Vol. 1, 228.
Hoarding (or, here, saving) is, as such, is not an aberrant form of behavior, but is rather motivated by the money-form itself.

As a universal measure and store of value, money beckons its own accumulation. As medium of circulation, it demands its consistent and regular displacement. There is, as is now plain, an acute tension between these two roles. What is to be done when “instead of being merely a way of mediating the metabolic process [Staffwechsel],” the first change of form from commodities to money (the first “metamorphosis” of C to M) “becomes an end in itself”?

Marx points out that hoards are not wholly detrimental to the operation of the economic structure, for they can act “as channels through which money may flow in and out” of the realm of exchange. In so doing, they allow the total supply of the money-commodity to expand and contract in order to meet the fluctuating needs of circulation accordingly. This does not, however, resolve the contradiction at the heart of the money-form. Marx looks for a resolution instead in a third role of money: money as *means of payment*.

**Money as Means of Payment**

The previous section highlighted the immanent opposition between money as a measure and store of value and money as a medium of circulation. We discussed, as well, the powerful incentives to hoard (or save), encouraged by both the social power bestowed by the money-commodity on its owner and the economic security that an adequate hoard can provide to independent commodity producers. The tension created by the necessity for money to flow unimpeded and for producers to hold on to money as the “social pledge” finds, for Marx, relief in

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104 *Capital, Vol. 1*, 228.
105 The modern incarnations of these “hoards” are, of course, central banks.
the widespread formation of credit relations, in which sales occur without money immediately needing to change hands. The money-form creates the high probability, if not altogether the inevitability, that a “commodity-owner... steps forth as a seller before [an]other is ready to buy.”\textsuperscript{106} The latter can, however, come to possess the use-value (in the form of a commodity) of the former in that same moment by becoming “the representative of future money,” setting a later date that delays his obligation to pay.\textsuperscript{107} The \textit{dramatis personae} of the process of exchange are therefore transubstantiated yet again: “The seller becomes a creditor, the buyer becomes a debtor.”\textsuperscript{108} Money, too, acquires a new purpose as these social relations are modified. Instead of mediating, in real time, the transfer of equivalent values from one form to the other, the money-commodity enters into circulation independently, in a temporal sense, from the actual movement of commodities so as to settle chains of payment. In short, money becomes the universally-accepted \textit{means of payment} of market society. The twin metamorphoses of Commodity-Money and Money-Commodity are further severed as money develops into “the universal material of contracts.”\textsuperscript{109}

Marx goes on a brief detour here to indicate that even as means of payment, money still carries within itself the seeds of crisis; that is, that money as a mediator of creditor-debtor relations does not completely subdue the potentialities of disturbance, but rather displaces them to a new form, namely, that of fatal interruptions in the chains of payment. When balancing accounts of payment, money “functions only nominally... as a measure of value.”\textsuperscript{110} Yet when

\textsuperscript{106} \textit{Capital, Vol. 1}, 232.  
\textsuperscript{107} \textit{Capital, Vol. 1}, 233.  
\textsuperscript{108} Ibid.  
\textsuperscript{109} \textit{Capital, Vol. 1}, 238.  
\textsuperscript{110} \textit{Capital, Vol. 1}, 236.
the obligations fall due, money “changes over” once more “into hard cash…. Profane commodities can no longer replace it.”¹¹¹ The aforementioned “unity” of purchase and sale can still “violently” assert itself if the “external independence” of the two “antithetical” processes is carried too far. The appearance and proliferation of credit-moneys is only able to stave off this possibility, not abolish it altogether. We shall not concern ourselves with this contention in any further detail, as an analysis of credit-based monetary crises is secondary to our larger goal.¹¹²

What is relevant to us is the shift in perspective, first announced by the discussion on hoards, and then given greater emphasis by the form of money as means of payment, from money as a mediator of an exchange of equivalents (C-M-C) to money as the be-all and end-all of exchange. We began this Part by assuming exchange to be motivated solely for the sake of use-value. Now, we confront the prospect of exchange being sought out for the purpose of enhancing exchange-value; that is, the prospect of the start and endpoint of a circulatory cycle being money, not commodities (M-C-M). For the creditor, after all, “the value-form of the commodity, money, has now become the self-sufficient purpose of the sale.”¹¹³ Given our description of the process of exchange as being the exchange of equivalents (equivalent value for equivalent value), we are currently incapable of properly accounting for this pattern of exchange. No producer, under the framework hitherto adhered to, can withdraw from circulation more value in the form of money than what he or she introduces. How can exchange-value, then, be the “the self-sufficient purpose” of the circulation of commodities? Exchange-value can only be the primary motor of exchange if the money withdrawn from circulation at a cycle’s end is

¹¹¹ Ibid.
¹¹² See Capital, Vol. 3, Pt. V, for Marx’s own (fragmentary, incomplete) account of finance capital, instability and crises.
¹¹³ Capital, Vol. 1, 234.
quantitatively greater than what was originally interjected ($M-C-[M + \Delta M]$). In existing market
societies, we witness, indeed, an innumerable amount of transactions that conclude with an
expansion of exchange-value, expansions that are tabulated under the index of profit. The
incidence and pursuit of profit, however, directly contravene the premises of the logical edifice
that Marx has assembled thus far. We shall follow him, in the next and final Part, as he attempts
to solve this new incongruity.

We would do well to stop momentarily to comment on the evolution of Marx’s narrative
before picking its thread back up in the sections to come. We expand the diagram of Figure 1 to
incorporate our latest findings:
Marx’s argument, as we can see more distinctly in Figure 3, continues to progress through a series of what we may refer to as “dialectical leaps.” From the examination of a given social form, there arises an analytical insufficiency, expressed as a contradiction inherent in the form, that is in need of a settlement in a new conceptual form. The contradiction, in other words, is evidence for Marx (and for us) of the incompleteness of the picture of society as the picture stands at that point in the analysis. This was the case when we delved into the intricacies of the commodity-form, and this has also been the case during our foray into the money-form. Money crystallizes out of the repeated exchanges of commodities to embody exchange-value, as a natural outgrowth of the dualism of the equivalent and relative forms of commodities. As the

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114 Taken from *A Companion to Marx’s Capital*, 109.
embodiment of exchange-value, money segregates commodity-owners into buyers and sellers, substitutes the singular process of direct exchange for two “antithetical” processes, and pits these agents and these processes against each other as both the measure of value and the medium of circulation. The social relations that strive to counteract this antagonism take the form of credit relations, but these still contain within them the antinomy of use- and exchange-value from which we initiated. The picture grows considerably more complex as the contradictions are given room to “move.”

What can now be appreciated as particularly potent in Marx’s method, and which was not as obvious before, is that through its path the sights of the analyst are never taken away from the specific social relations that underpin the various contradictory social forms. This is crucial for our study of Capital’s treatment of ideology. We come to see as we move from contradiction to contradiction that money, like the commodity, creates objective illusions because the money-commodity’s status and roles do not reveal themselves to the economic agent’s eye as contingent on a specific set of social relations, relations that could be different from what they in fact are. Money appears to be the basic unit of social wealth because of the intrinsic qualities of this specific object, not because of the necessities of the socially-sustained law of value. (Recall the error of the Utopians and Proudhon.) Commodities appear to circulate because money circulates, when the circulation of money is only possible because the vast majority of the products of labor in market society take the form of commodities; being commodities, they are destined for exchange, not direct consumption. They take the form of commodities, moving backward, because the productive processes of society are segregated: the sum of all productive forces is distributed separately amongst a population of private, independent producers, whose labor
thereby obtains a universal, abstract form. *Et cetera.* When the correspondence between forms (the “appearance”) and the social relations (the “essence”) behind them is well-established, their mystical character is revealed as such (though their appearance as mystical stays unchanged). This is what Marx is referring to when he declares his own work to be the first proper analysis of form in the sphere of economic activity.

**Part III: Capital, Labor-Power, and the Secret of Capitalist Accumulation**

“*Value in Process,*” Surplus-Value, and Labor-Power

We now come to an investigation into the origin of profit to conclude our exposition. The previous sections established a framework of production and distribution that seemingly excludes the very possibility of such a phenomenon. Market exchange, as we have seen, can only take place between commodities (including the money-commodity) that have the same value-content. Yet, at the same time, we were led by the progression of the argument to take into consideration instances in which exchange-value is the “self-sufficient purpose” of circulation. The actual prevalence of exchange-value-directed economic activity in market societies, moreover, corroborates our suspicion that the model is missing a certain decisive component. If Marx’s analytical edifice is to truly grasp the “laws of motion” of the capitalist mode of production, then “the secret of profit-making must at last be laid bare.”

We begin by scrutinizing the prototypical cycle of exchange that includes the expansion of exchange-value (*M*-*[M + ΔM], henceforth *M*-*C*-*M’). While our initial formula for exchange

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115 *Capital, Vol. 1,* 280.
started out with a value in a given commodity-form and ended with the same quantum of value in a different commodity-form, this new formula both commences and comes to a close with value in money-form. The amount of money, and thus the amount of exchange-value, received at the conclusion of the formula is greater than the amount that was thrown into circulation at the beginning: “One sum of money is distinguishable from another only by its amount… The process $M\rightarrow C\rightarrow M'$ does not [] owe its content to any qualitative difference… but solely to quantitative changes.”

Value, in apparent contradiction to the law of equivalent exchange, is therefore increased over the course of the cycle. The original sum of value, encapsulated in the term $M$, is complemented by an accretion, $\Delta M$, styled by Marx as surplus-value. Value hence appears as “the dominant subject of a process in which… it changes its own magnitude, and thus valorizes itself independently.”

Value is “dominant,” insofar as in this cycle value takes the form of commodities and the form of money in alternation in order to and only to complete the single-minded goal of its own self-expansion. In particular, money, by differing only quantitatively, serves the part of “an independent form by means of which [value’s] identity with itself [and its own valorization] may be asserted.”

In $M\rightarrow C\rightarrow M'$, to sum up, value “suddenly presents itself as a self-moving substance which passes through a process of its own, and for which commodities and money are both mere forms.” We are dealing now, as Marx notes, with “value in process.” Seemingly by virtue of being value, value hurls itself into circulation, multiplies itself, and then reemerges, only to repeat the process again and again ad infinitum. In the minds of those it encounters in the various stages of its self-valorization, value “has acquired

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118 Ibid.
the occult ability to add value to itself... or at least [lay] golden eggs."120 There is, then, an objective illusion inherent to the cycle of $M-C-M'$ that even we, and Marx, are presently unable to decipher.

Marx affixes upon value in process (or “in motion”) the all-important title of capital. Capital, as such, is both the process of the self-valorization of value as well as the objective forms that value manifests itself as over the course of the process. Money that is advanced (rather than purely “spent”) to eventually return as more money is capital. Commodities that are bought and sold as part of the broader circuit are likewise capital. He or she who initiates the process by advancing a sum of money is, therefore, as capitalist, whose purpose in buying and selling is solely and fundamentally the unceasing accumulation of value (in the form of money): “Only in so far as the appropriation of every more wealth in the abstract is the sole driving force behind his operations that he [or she] functions as capitalist, i.e. as capital personified and endowed with a consciousness and a will.”121 The capitalist does not step into marketplace in search of use-value, the acquisition of which is to be treated as merely instrumental for the securement of surplus-value. Nor is he or she motivated by a single, isolated instance of profit, but rather, as the personification of capital, by the “boundless” or limitless “drive for enrichment, this passionate chase after value.”122 Like the independent producer, buyer, seller, debtor, and creditor, the capitalist is the bearer (“Träger”) of a particular economic relation, in this case the relation created by value in process. With this addition to the picture, the contours of capitalist society start to come into view.

122 Ibid.
Yet we are seemingly no closer to unearthing the source of surplus-value with these new categories than when we first identified the “general formula of capital.” As an upstanding citizen, the capitalist, too, abides by the law of equivalent exchange in his dealings in the market. Thus we continue to be deceived, along with the members of market society, by the illusion of value as a “Golden Chicken”; or, to engage with the illusion’s crudest and most superficial form, of money magically begetting money.\(^{123}\) To drive this point home, Marx pauses to berate a group of vulgar economists for reproducing the value/capital illusion point-blank, presenting a withering critique of their assertion that surplus-value is derived from exchange and from exchange alone (as appearances would have it).\(^{124}\) He does so by momentarily relaxing, as these economists do, the necessity for exchanges to be between equivalents: “In its pure form, the circulation process necessitates the exchange of equivalents, but in reality processes do not take place in their pure form. Let us therefore assume an exchange of non-equivalents.”\(^{125}\) We can imagine a seller that, through effective huckstering, manages to sell his or her commodities to a buyer for more than their value-content. Alternatively, we can conceive of a buyer that convinces a seller to alienate his or her products for less than their value-content. At first glance, this would explain how a greater amount of value can be withdrawn from circulation than what was first introduced. The central problem with these examples, as Marx points out, is that what constitutes a gain for either of these wily figures is chalked up as a loss for their unfortunate counterparts. The total amount of value in the system is unaffected by the clever maneuverings of a select few.

\(^{123}\) This is particularly evident in the accrual of interest on financial capital, where, to the lending money capitalist, the cycle is reduced even further to simply $M \rightarrow M'$.  

\(^{124}\) *Capital, Vol. 1*, 260.  

\(^{125}\) *Capital, Vol. 1*, 262.
Merchant capital cannot, in short, be interpreted as a long-standing sequence of frauds. The surplus-value they manage must emanate from a different wellspring.

The only possible answer left for us to make sense of the capital circuit, consequently, is the existence on the market of a commodity the use-value of which is a *source of value*. That is, there must exist a commodity that, after being paid for in full, generates through productive consumption more value than it itself is worth. Since we know that value is defined by socially necessary labor time, Marx finally moves to the resolution of our conundrum: “The possessor of money does find such a special commodity on the market: the capacity for labor… labor-power [Arbeitskraft].”\(^{126}\) Labor-power is, for Marx, the ability of a human being to expend muscles, nerves, brain and the like in a given labor process. For labor-power to be a commodity, therefore, there must come into being a group of persons that are not only possess their ability to work as private property, but are also be willing to sell their “capacity for labor” for a definite period of time. As with any other commodity, labor-power has a value, which is equivalent to the socially necessary labor time necessary for its self-reproduction; here, the socially-necessary labor time needed by a possessor of labor-power to maintain him or herself in a state that permits him to once again return to the market and offer his labor-power for sale. This is “resolved into a value of a definite quantity of [] means of subsistence,” which include, alongside food, clothing, shelter, etc., the “special education or training” necessary to acquire the “skill[s] and dexterity” required in any given “branch of industry.”\(^{127}\) In general, the “number and extant” of the owner of labor-power’s “so-called necessary requirements… are themselves products of history,” as

\(^{126}\) *Capital, Vol. 1*, 270.

\(^{127}\) *Capital, Vol. 1*, 276.
needs evolve in the development of the productive forces of society.\textsuperscript{128} The value of labor-power thus depends on “moral” and historical determinants (a society’s “level of civilization”) that do not apply to other commodities. Marx nonetheless maintains that “in a given country at a given period,” the value is “a known \textit{datum}.”\textsuperscript{129}

For the capitalist’s goal of value to be fulfilled, however, this \textit{datum}, which is paid out in the form of a \textit{wage}, must be below what he or she can \textit{extract} from the owner of labor-power in a production process. Surplus-value is, then, a form of \textit{unpaid labor}, labor time that is not included in the wage bill of the owner of labor-power. The mystery of profit is thereby solved. A capitalist advances a sum of money to purchase a quantity of labor-power and means (instruments and raw materials) of production. He or she then sets the labor-power to work with the means of production in a given productive cycle to produce commodities that contain more value than his original purchases. Finally, he brings these commodities, pregnant with surplus-value, to the market, selling them to realize a profit. The formula $M-C-M'$ is revealed to be an abbreviation of the complete formula $M-C(LP, MP) \ldots P \ldots C'-M'$, where $LP$ stands for labor-power, $MP$ means of production, $P$ the productive cycle, and the apostrophes the surplus-value that is embedded in the commodities that emerge from the productive cycle.

What we have elided in our description of labor-power, however, is that the very existence of labor-power as a commodity on the market has significant implications for our portrait of market society. Since “in and of itself, the exchange of commodities implies no other relations of dependence than those that result from its own nature,” which we have covered in

\begin{itemize}
  \item \textsuperscript{128} \textit{Capital, Vol. 1}, 275.
  \item \textsuperscript{129} Ibid.
\end{itemize}
Parts I and II of this work, for a person to *willingly* offer their labor-power as a commodity implies that such a person, such a *free worker*, “instead of being able to sell commodities in which his [or her] labor has been objectified, must rather be compelled to offer for sale… that very labor-power which exists only in his [or her] living body.”\textsuperscript{130} A worker, in other words, has no avenue by which to produce value for him or herself than by serving as a commodity in the production process of a capitalist. He or she is bereft of the means of production by which he could “objectify” his or her labor, produce his or her own commodities, and by selling them earn a livelihood. His or her status as a free worker is thus a double-edged sword: “[The] worker must be free in the double sense that as a free individual he [or she] can dispose of his labor-power as his own commodity… [but] he [or she] is [also] free of all the objects needed for the realization of his labor-power.”\textsuperscript{131}

Our society of relatively equal independent producers has suddenly been transformed, through our solving of the puzzle of profit, into a *class society*, composed of owners of labor-power, workers, and owners of money and means of production, capitalists. This *class division* is the expression of the *exploitative* social relation that we have unearthed, in which the laboring class is regularly bilked out of a portion of their value-product by the capitalist class. This essential relation of capitalist society, however, carries within itself a series of illusions that conceal its exploitative character. We shall finish our reconstruction of Marx’s narrative in the next section, in which we shall also come across one last, crucial illusion perpetuated by the structure of the marketplace.

\textsuperscript{130} *Capital, Vol. 1*, 270-72.
\textsuperscript{131} *Capital, Vol. 1*, 272-73.
The Illusion of the Marketplace as the Realm of “Freedom, Equality, Prop. and Bentham”

Profit, that ubiquitous and defining feature of the capitalist mode of production, has been exposed through our analysis as the form of appearance taken on by labor time that is unindemnified. The mystical guise of the capital process (“value in motion”), as value (or money) that in occult fashion augments itself, actively obscures the origin of surplus-value in the exploitation of labor-power. The illusion nonetheless persists in spite of our legwork, as the participants in the world of commodity exchange continue to meet as equals, swapping equivalent for equivalent. We know that “the power which these persons exercise over each other is no other than the power of their commodities.” Yet in realm of circulation, one commodity is just as good as the other, provided that they import the same amount of objectified socially necessary labor time. Their owners recognize one another merely as bearers of private property, who freely dispose of their belongings so as to satisfy their privately-determined needs. The asymmetry in the positions of the capitalist and the worker is nowhere to be found in the marketplace, even though their ownership of money and means of production, on the one hand, and of the capacity to labor, on the other, establishes an acutely lopsided power structure, in which the latter must time and time again subordinate his or her will to the dictates of the former. The impartial point of original contact between the two gives no indication of the underlying class inequality that ultimately designates capitalism as synonymous with the exploitation of a large group of persons by a far less numerous one.

The disingenuously harmonious characterization of capitalist relations of production fomented by the marketplace (which is, as should be also noted, the most visible and frequented

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section of capitalist civil society) inevitably inspires grossly one-sided descriptions of the system that altogether miss the less pleasant class relation that lies at its core. Marx provides us with such a panegyric, one that could easily be mistaken as the pamphleteering of one of the vulgar economists he so cherishes belittling:

The sphere of circulation or commodity exchange, within whose boundaries the sale and purchase of labor-power goes on, is in fact a very Eden of the innate rights of man. It is the exclusive realm of Freedom, Equality, Property and Bentham. Freedom, because both buyer and seller of a commodity, let us say of labor-power, are determined only by their own free will. They contract as free persons, who are equal before the law. Their contract is the final result in which their joint will finds a common legal expression. Equality, because each enters into relation with the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his [or her] own. And Bentham, because each looks only to his own advantage. The only force bringing them together, and putting them into relation with one another, is the selfishness, the gain and the private interest of each. Each pays heed to himself only, and no one worries about the others. And precisely for that reason, either in accordance with the pre-established harmony of things, or under the auspices of an omniscient providence [undoubtedly a reference to the “Invisible Hand”], they all work together to their mutual advantage, for the common weal, and in the common interest.133

As laden with irony as this passage may be, what is important and startling to note is that the description of the realm of exchange offered is nonetheless true. (“The sphere of circulation… is in fact a very Eden….”) The buyers and sellers that frolic in this “Eden” do not entirely delude themselves when they regard the free market as a center of de jure voluntary, equitable transactions that tend toward the ostensive benefit of all parties involved. This is how the arrangement actually appears (and is) to both the capitalist and the worker from the standpoint of mere commodity-ownership. What is passed over, of course, is that their freedom to truck, barter and exchange coexists with the “freedom in the double sense” of the worker,

133 Capital, Vol. 1, 280.
whose “freedom” to sell his or her labor-power is, in fact, an obligation handed down by the silent compulsion of economic necessity; that the equality of their exchanges is belied by the “secret” that the “special commodity” of the worker shapes more value than what is received in return for its use; that the universal respect of property is predicated on the effective propertylessness of the worker; and that the utilitarian, “Benthamite” calculations on the part of the labor-directing capitalist invariably prioritize the accumulation of capital into private hands over the satisfaction of actual needs and wants of the worker and of society at large (the complete dislocation, on a societal scale, of use-value in favor of exchange-value).

However, this feature of truth embedded in untruth is precisely what makes the objective illusions in Capital so pathological, this last one being perhaps the most egregious one we have dealt with. The illusions spring from the social world of capitalism and accurately describe the appearances of that world (or at least the subjective experience of that world), but only in such a way that the world’s actual foundations (capitalism’s particular, historically specific social relations) are kept out of sight and out of mind, given that the appearances themselves, as has been tirelessly stressed in this paper, are deceptive. They nudge the world’s inhabitants to do capital’s bidding without being truly conscious of what they are doing. Bringing back a quote from Marx’s discussion of the commodity fetish: “They do this without being aware of it. [Sie wissen das nicht, aber sie tun es.]” Even when they learn to discern the fraudulence of these appearances, the illusions linger.

134 Capital, Vol. 1, 166-67
Before we move on to bring Marx’s argument to a close, I would like to briefly center our focus on one final example of an objective illusion that we are now properly equipped to probe: namely, the illusion of the wage-form. The illusory nature of the wage is best illustrated by once again engaging in a trans-historical comparison. In a slave society, the “wretched of the Earth” are painfully aware that the entirety of their labor is in the service of their masters. In feudal society, a serf is able to distinguish between the time during which he or she labors for him or herself and the time during which he or she labors for the sake of his or her landlord.\textsuperscript{135} In capitalist society, by contrast, a worker is unable to make this distinction, for the wage he or she receives bears no imprint of the surplus-value that was extracted from him or her over the course of the working day. The wage appears instead to be the full reward of a “hard day’s work” (or whatever time period the wage is meant to represent), when, in truth, the worker spends a portion of the laboring period reproducing the value of his or her labor-power and another lining the pockets of the capitalist who hired him or her. The wage, thus, is yet another \textit{necessary} form of appearance that camouflages the exploitative nature of capitalist relations of production. The experience of this illusion, thus, attests once more to the opaqueness of capitalist society, especially when placed side by side with the more “transparent” economic structures of previous modes of production. We are reminded why the study of objective illusions is in part peculiar to the study and critique of capitalism.

We return to the last chapter of Marx’s story. We saw that in the marketplace, the owner of money and the owner of labor-power encountered one another simply as buyer and seller,

\textsuperscript{135} In some historical instances, the serf’s time is literally divided by a time-table kept by his or her landlord (recall the French \textit{corvée}). In others, the distinguishing is accomplished through an examination of the portion of the total produce that the serf is forced to hand over as tribute. For the purposes of our argument, the result is the same.
respectively. Once their contract is completed, however, and they travel into “the hidden abode of production,” the now-familiar conversion of buyer and seller to capitalist and worker takes place:

When we leave this sphere of simple circulation or the exchange of commodities… a certain change takes place, or so it appears, in the physiognomy of the [buyer and seller]. He who was previously the money-owner now strides out in front as a capitalist; the possessor of labor-power follows as his [or her] worker. The one smirks self-importantly and is intent on business; the other is timid and holds back, like someone who has brought his [or her] own hide to market and now has nothing else to expect but – a tanning.\footnote{\textit{Capital, Vol. 1}, 280}

The two now face each other in a relationship that is structurally antagonistic. The capitalist has a right to dispose of the commodities he or she purchases, including labor-power, as he or she sees fit. The worker has a right to preserve his or her commodity (his or her labor-power) so that he or she may be able to suitably sell himself or herself again in the future. The capitalist has an incentive to do whatever is necessary to minimize the value of the worker’s labor-power or to maximize the surplus-value extracted from the worker, while the worker has an interest in demanding better treatment, better pay, etc. from the capitalist in order to ensure that his sole commodity comes out of the labor process intact (or improved). They are both, as commodity-owners, within their right to do so. The disagreement can only be resolved through blows, as “between equal rights, force decides.”\footnote{\textit{Capital, Vol. 1}, 344.} Hence, the analysis that started with the contradictory dualism of the commodity comes to an end with class struggle, the natural outcome of the oppositional relation between capital and labor.
This concludes the account that spans the first six chapters of Volume 1 of Capital. We fill out Figure 3 with the last stages of the exposition:

As is to be expected by this point, the final moments of the argument have a dialectical design. The contradiction between profit (non-equivalence) and the law of equivalent exchange finds a resolution in the form of labor-power as commodity. The introduction of labor-power as commodity broadens Marx’s picture considerably, adding to the plane of analysis wage-labor, capital accumulation, and class. In effect, the inclusion of labor-power as commodity morphs the

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138 Taken from A Companion to Marx’s Capital, 109.
original, somewhat idyllic “market society,” composed of private, independent producers, into a capitalist society, in which the overarching aim of production is the extraction and amassment of surplus-value. This ties up the loose end that was created, in part, by the role of money as means of payment, as the cycle of capital accumulation demonstrates how exchange-value can act as “the self-sufficient purpose” of economic activity. Yet the transition from market society to capitalist society also obliges Marx to come to terms with a new fundamental economic relation between the owner of money and means of production and the owner of labor-power, a relation that is exploitative. This is what permits him to see through the illusion of value as a “self-moving substance,” the illusion of the marketplace as the “Eden of the innate rights of man,” and the illusion of the wage-form as the full reward of labor. The tensions that have been present throughout the various stages of the argument in different forms finally culminate with the class-based antagonism between capitalist and worker.

What the method of Capital shows, then, is that this last antagonism was already contained in the starting point of the investigation, i.e. the commodity as the “elementary form” of society:

In order to become a commodity, the product [of labor] must cease to be produced as the immediate means of subsistence of the producer himself. Had we gone further, and inquired under what circumstances all, or even the majority of products take the form of commodities, we should have found that this only happens on the basis of one particular mode of production, the capitalist one.\footnote{\textit{Capital, Vol. 1}, 273.}

As I suggested in Part I, however, we should resist the temptation of treating, as several commentators have done, this pathway from commodity to capital and labor as either a historical
account of the origin of the capitalist mode of production (which can be easily disproven, and Marx himself regards as ludicrous) or as a clean-cut deduction from a given set of premises to another set of logically necessary conclusions. The method consists instead of interrogating forms that exist in the world, asking under “what circumstances” (what social relations) they can exist, and using the results of such an examination – usually in the form of contradictions, oppositions or dualisms – to weave a gradually richer, more filled-in tapestry of the social world, with the analyst shuttling back and forth from the “realm of appearances” to the social substratum below. When applied to the capitalist mode of production, as we have seen, such a method allows the analyst to identify forms of appearance as illusory in the objective sense, for he or she understands the social basis upon which they materialize.

**Conclusion**

What can we draw from our excursion into the first six chapters of *Capital*?

From the commodity fetish, to the mystification of the money-form, to the illusion of the marketplace, we see that even this relatively short snippet of Volume 1 is pregnant with a theory of structural self-concealment that is wholly different from the reductionist “false picture”/“false consciousness” paradigm so often attributed to Marx. No cabal of self-interested elites ever stepped into the frame to intentionally distort the judgments of the agents of production in market (and, later, capitalist) society. (Though, by Marx’s count, the vulgar economists have certainly tried their damnedest!) Rather, the positioning and types of activity of the agents themselves produced forms of appearance that seemed to take a life of their own, whether this happened to be value multiplying itself as if by magic in the form of capital, or commodities
mediating the patterns of production and exchange by virtue of their own physical qualities. As they did so, their origins as socially objective forms were papered over by claims to natural objectivity. The contingency and historicity of the capitalist mode of production and of the relations of production characterizing capitalist society likewise faded from view. Relationships between human beings were substituted by immortal relations between things, or, in the worst cases, their exploitative nature was noiselessly obfuscated so as to appear instead as expressions of individuality, independence, and freedom.

In the Introduction, I posited that the task of the social scientist in performing a critique of capitalist ideology (defined as I have in this work) was both to expose the forms of appearance as illusory and to explain what purpose their illusory character served. What became clear as we delved into the argument of Capital was that the objective illusions of market/capitalist society instill patterns of thought and behavior into the agents of production that are apt for the survival and maintenance of the economic system. They do so by naturalizing certain critical features of the system, habituating those carrying out their lives within its boundaries to its “way of doing things.” Their very existence is proof of the fact that we operate under a social structure that has “mastery” over us rather than vice-versa; that the conditions of our material mode of existence are largely not of our own choosing. In losing its appearance as a socially constructed entity, the capitalist mode of production instead appears as permanent and inevitable, or, if taken to be the natural fulfilment of elemental human characteristics (“a very Eden of the innate rights of man”), as the “best of all possible worlds.” The political and social imaginary is narrowed and contorted to accept the impossibility of any alternative. Even if troubled by the persistence of poverty, socio-economic inequality, environmental degradation, the selfishness of those in power, etc., a
person captivated by the illusions can shrug his or her shoulders and resign him or herself to the conclusion that the social world that is is the social world that has to be, at least in its basic design. This is not unlike the countless number of astronomers, mathematicians, and theologians who for centuries could point to the apparent movement of the Sun in the sky as irrefutable evidence of a geocentric view of the universe. From where we stand, we undeniably perceive the Sun, and not the Earth, to be the traveling celestial entity, and similarly to the objective illusions of capitalism or the Kantian transcendental illusions, the mere knowledge that the Earth is, in fact, revolving around the Sun and not the other way around does not alter that mistaken perception. (Recall as vaguely analogous to this example the illusion, explored in Part II, which holds that commodities circulate because money circulates, when the reality is that the latter circulates because the former does.) Yet unlike our impression of the Sun’s movement, or the illusions engendered by the “fundamental rules and maxims” of the faculty of reasoning, the objective illusions Marx highlights in Capital can ultimately be changed, for they are the result of our own collective actions.

The other prominent claim that I made in the Introduction, which justified my retelling of Marx’s narrative, was that the methodology of Capital was uniquely suited to root out these illusions and reveal the unreliability of appearances in capitalist society. My success on this front will have to be evaluated by how convincing we consider the dialectical progression from commodity to capital and labor to be. Nonetheless, I take it as a matter of no small consequence that throughout the entire progression Marx’s lenses are focused on the relational traits of the categories and forms he works with: how they interact with one another, how they come into conflict, how they must necessarily rest on a set of social relations, and so on. His attempt to
have a plane of analysis unfold from the movement of contradictions, dualities, etc. seems *prima facie* to be particularly fecund, although whether he is actually consistent with his definition of “contradiction” is matter that is certainly up for debate.

I will now bring this thesis to a close by reminding the reader that I have only covered a fraction of the three Volumes of *Capital*, largely due to spatial and thematic concerns. The instances of objective illusions or of fetishes that I have pointed out in the first six chapters of the first Volume are only a small sample of the total that Marx uncovers over the course of his investigation. There are incredibly complex illusions, such as the “Trinity Formula” that I referenced at the start of this paper, that incorporate the results of all three Volumes, portraying a “bewitched, distorted and upside-down world haunted by *Monsieur le Capital* and *Madame la Terre*, who are at the same time social characters and mere things.”140 My goal, however, was only to show that such a theory of ideology was present in *Capital*, to explain its problematic through concrete examples, and to demonstrate the capacity of Marx’s method to provide a critique of ideological forms. Further work on the subject will obviously require a project of a different scale.

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140 *Capital, Vol. 3*, 969.
Works Cited


