Money as a capitalist form

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Abstract

This paper analyses and compares the Chartalist and Marx’s approaches to money. The Chartalist approach succeeds in illuminating the connections between the market and the state, denouncing the mythical character of the neoclassical construct of the barter economy, and revealing the historical specificity of economic systems based on market exchange. Yet, it has two important shortcomings: first, it does not explain what causes instruments which previously functioned as units of account only in limited social spheres to be transformed into general equivalents; second, it does not explain what leads monetary functions which previously were separately performed by different instruments to be unified by a single monetary object. The paper maintains that, by differentiating the logical from the historical developments of money, and by establishing a clear distinction between the capitalist and the non-capitalist forms of money, Marx laid the basis for a more complete understanding of the phenomenon of money. In particular, it contends that Marx’s approach can explain why, in societies where production relations take on a capitalist form, money necessarily becomes the general means of exchange and payment and the measure and store of value, while at the same time incorporating the Chartalist insights regarding the pre-capitalist origins of money.

Keywords: Money, chartalism, Marx

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