CHAPTER Z

Marx's objections to credit theories of money

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Marx criticised credit theories of money with which he was familiar. This is significant because recent attention to Marx's concept of money includes sympathetic revisions and reconstructions substituting Marxian credit theories of money for Marx's theory of the money commodity. The first part provides a context: distinctions between the two streams of thought, commodity and credit theories of money. The second part identifies credit theories of money familiar to Marx and discusses his objections to them. The third part focuses on Marx's theory of the money commodity. The fourth part argues that Marxian credit theories of money sympathetically improve theorisations of abstract labour, money and socially necessary labour time.

1. Background

Monetary theory concentrates on functions, use and management of money. Economic historian Joseph Schumpeter points to distinct approaches as far back as Aristotle and Plato. Aristotle focused on the medium of exchange function of money but decided that money needed to be a commodity with an intrinsic value and noted that the most suitable was metallic. In contrast Plato's writings indicated a credit theory of money in which money was a symbol and derived its value from its conventional use as money. Schumpeter classified Aristotle a 'metallist' and Plato a 'cartalist'. (Schumpeter 1954: 62–3, 56.) These roughly translate to commodity and credit theories of money respectively. Marx often referred to credit theories of money that he was familiar with as 'nominalist'.

Schumpeter classified Marx a theoretical metallist because Marx argued a logical derivation for the value of money from a commodity. In contrast, Schumpeter's practical metallist simply advocated an ideal association and convertibility between the currency and a commodity, for instance, as an aspect of policy. He noted that the classical political economists and Marx were theoretical and practical metallists. It follows that, for the opposing credit school of thought, a theoretical position claimed that there was no logical link between the convention of money and the value of any commodity and a practical one argued against any policy to associate the value of money with a commodity. (Schumpeter 1954: 288–9.)

Marx did not present an ideal theory of money. He developed concepts to explain capitalist money. In this way the theoretical and practical dimensions were collapsed in Marx. He gave priority to social actions and their combined results to derive systemic tendencies described by his labour theory of value. However, his political position was that a just social system would have no place for money. Indeed money was implicated in the deceptive nature of capitalist exploitation, commodity fetishism. Marx argued that utopian socialist proposals assumed that the role and value of money could be altered at will. Instead Marx's monetary theory was embedded in his concepts of the commodity and capital and he argued for revolution rather than reform.

In his critique of capitalism — a critique that served equally well against the theories of bourgeois economists and utopian socialists — Marx developed an unusual commodity theory of money. This theory incorporated certain aspects of credit theories of money into the secondary function of money as a means of circulation where Marx located the practical functions of credit money. Marx went so far as to state that in circulation money became a mere symbol of value and that capitalism would not be imaginable without credit or credit money. At the same time he insisted that the primary function of money as the measure of value demanded a money commodity, typically gold. Thus Marx has been identified first and foremost in the tradition of commodity theorists of money. Indeed he was seriously sceptical of what he termed a nominalist position.

Right through the nineteenth century commodity theories of money held sway, predicated on the prevalence of the gold standard. International balances were made and measured in gold and in crises market confidence settled on the metal. Marx offered this as evidence that hard cash lay at the basis of the system and that the value of money depended ultimately on costs related to producing the money commodity. Also Marx seemed to regard his theory of the money commodity as crucial to the credibility of his labour theory of value.

Baldly stated Marx's theory of value claimed that the exchange of commodities implied the exchange of the various labours involved in their production. A commodity was objectified labour and its value derived from the socially necessary obvious because commodities were exchanged according to prices in a common monetary unit. This standard of price was also a measure of value; it was a money commodity, say gold. This universal equivalent was produced like all other commodities and obtained its value from the socially necessary labour time involved in its production.

As the gold standard collapsed during the twentieth century credit theories of money became fashionable and now dominate monetary theory. In recent decades, Marxian credit theories of money that preserve a determining role for a labour theory of value have developed. Marxians are divided in their loyalty to Marx's concept of the money commodity and its place in his analysis. Some regard the current functioning of credit money within capitalism as a peculiar historical conjuncture, a quasi suspension of the money commodity that nonetheless does or will ultimately dominate. Others regard Marx's attachment to commodity money a natural result and simple limitation of the historic moment of his analysis. For them revisions and reconstructions are straightforward and defensible exercises for Marx's followers.

Interestingly Marx's perspective on money fitted comfortably with certain aspects of credit theories of money in ways he did not explicitly acknowledge, for instance: his concept of money as the value-form; his political and social appreciation of commodity fetishism; the circuit of money capital; and the critical place of investment and the associated rationale for credit money in circulation. While commodity theories of money dominated monetary analyses in Marx's time, even some labour sympathisers had developed credit theories of money and Marx engaged with these ideas and writings in his works, giving them a limited credence in the sphere of circulation. His main objections related to uncertainties that this approach raised in terms of the function of money as a measure of value. Today these criticisms are worth revisiting because recent revisions offer credit theories of money that are consistent with essential elements of Marx's concept of abstract labour and address certain challenges to his concept of the money commodity (Lipietz 1994; Belliofiore 1989; Foley 1982).

2. Marx's objections to credit theories of money

Marx's commodity theory of money is best referred to as a 'theory of the money commodity'. Marx did not present a rigid or crude commodity theory of money but way, in philosophical or social terms as an alienated product of human labour. The ultimate cost and source of capitalist production was waged labour. Marx avoided gold fetishism, the crude materialism of theoretical metallists who argued that money in effect co-existed with gold. But he resisted developing a credit theory of money and even propounded a monetary theory of credit (de Brunhoff 1973: 72ff).

Numerous authors that Marx criticised elaborated on characteristics associated with credit theories of money. According to these authors, money could only be compared to certain aspects of a commodity or was best conceived as contrary to a commodity. They included Henry Dunning Macleod and Berkeley Bishop. Schumpeter (1954: 718) has judged Macleod the only contemporary of Marx's to make a systematic advance towards a comprehensive credit theory of money. While these credit theories of money were neither very clear nor complete, they provided Marx with ideas for contemplation and possible development. However, he had explicit as well as implicit reasons for including some of their insights while objecting to their overall approach.

2.1 Henry Dunning Macleod

Henry Dunning Macleod's use of the term 'currency' jarred on Marx (1986: 255n). Like most credit theorists Macleod focussed on the medium of exchange. According to Macleod (1855: 29), currency arose as a symbol of debt, as a general social obligation. The primary quality of currency was its 'negotiability', i.e. 'its general reception as the visible symbol of transferable power' (Ibid: 45).

Currency did not represent or embody the use-value of commodities but was 'an abstract right, or the power of demanding services in general, which may, or may not be commodities' (Ibid: 35). The most advanced form of such transferable debt had no intrinsic value, typically paper, so the intrinsic value of silver or gold as money was 'secondary' (Ibid: 45). Gold and silver were only the most civilised of a lineage of representatives of labour, including shells and chocolate — clearly ideal symbols in contrast to Marx's material emphasis.

For Macleod, currency referred to or acted as a necessarily variable measure of value. He emphasised that barter involved a numeraire. Citing historical instances where the measure was distinct from the currency, Macleod saw no necessary correspondence between the material and value of currency. On this latter point he

However, while Macleod defined ‘exchangable value’ in terms of the relative value of the labour involved in production (Ibid: 22), he derided Ricardo’s notion of cost of production (1856:lix). Marx (1859: 61–2) in turn defended the association Ricardo made between exchange-value and labour-time from criticisms of bourgeois economists, including Macleod. Macleod (1855: 78) regarded price as the result of a struggle between suppliers and purchasers. His obscure and simplistic formulas equated: 1) ‘Exchangable value’ with ‘Labor’ divided by the ‘Quantity’ (of the product of labour) multiplied by ‘Utility’, and 2) ‘Price’ with the ‘Intensity of Service Rendered’ divided by the ‘Power of Buyer over Seller’ (Ibid: 50, 77). While such views clearly put Macleod beyond the pale for Marx, he made other references, for instance to labour and the circuit of capital, that were more consistent with Marx’s models in *Capital II* (1885).

Macleod (1855: liv) insisted that money was ‘the symbolical store of unexpended labor’ in contrast to commodities, ‘the produce of expended labor’. He (1856: xliv) was adamant that buying to consume depended on ‘past skill, judgement, and industry’ whereas buying to sell or to invest implied credit or ‘future skill, judgement, and industry’. Macleod (1856: lii) accused Ricardo of mistaking credit for capital and capital for commodities: ‘so long as a man believes that Capital or money represents commodities, he can have no true idea of monetary science’.

Macleod (1855: 262) argued that currency became capital. In his terms:

> The primary, genuine, and exclusive meaning…of Capital, is the accumulated savings of Labor, and its symbol is money.
> (Macleod 1856: xlv)

Such points are likely to have interested Marx, who integrated various ideas of how labour related to capital and money into his circuits of capital (P–C–M…) even though the money commodity had a place in the *Capital II* reproduction schemas.

Schumpeter has stressed that despite Macleod’s advances as a theortical cartallist, he remained a practical metallist (Skaggs 1997: 113). Macleod (1855: 261) argued that bank credit was based on bank capital and that this capacity was critical for capitalist development. However, Macleod (1856: 337) criticised Lawism and the Bank of England’s real bills doctrine because he believed that currency could not be created in unrealistic amounts but must, in terms of its value, refer back to a substance correspondence for convertibility and he suggested that competing banks would conveniently limit the quantity of paper currency circulating (Macleod 1855: 402–5). Given his own theory reflected reality, Marx probably regarded this practical qualification a deficiency.

Given the obscurity and unpopularity of Macleod's ideas and the hyperbole of his text it is understandable why Marx found his works spurious and commended them little. Superficially there was a correspondence in the practical views of Marx and Macleod regarding the ultimate function of, say gold, to anchor the system. However, Marx developed a complex concept of a money commodity that was associated with his labour theory of value while Macleod remained adamant that the primary quality of money was as a valueless claim to future products or services.

The main direction of Macleod's analysis did not escape Marx (1859: 143n) who averred that 'he misinterprets the most elementary economic relations to such an extent that that he asserts that money in general arises from its most advanced form, that is means of payment'. The inference was to Marx's ordered presentation: primarily money was a measure of value; secondarily money was a means of exchange that included state currency; and combining these functions in at a tertiary level enabled a universal material of contracts or means of payment including credit monies.

2.2 Bishop George Berkeley

In *The Querist* (1735–37), Bishop George Berkeley asked questions at the base of credit theories of money, i.e.:

> [Query] 35. Whether power to command the industry of others be not real wealth? And whether money be not in truth tickets or tokens for conveying and recording such power, and whether it be of great consequence what materials the tickets are made of?

His vision for the Irish was to achieve modest self-sufficiency by hard work and frugality (Queries 421, 542). He proposed that labour was 'the true source of wealth' and that human industry provided money with value (Queries 4, 38). In fact money was singularly useful in developing industry that implied trade (Queries 5, 30).

Berkeley doubted the benefit of external trade and argued for a national bank and mint to develop an Irish monetary system for domestic circulation and investment. His approach to price and value focussed on the superficial level of market demand and supply and exchange values (Query 24). As such, he related monies of account to exchange value, asking:

> 25. Whether the terms crown, livre, pound sterling, etc., are not to be considered as exponents or denominations of such proportion? And whether gold, silver, and paper are not tickets or counters for reckoning, recording, and transferring thereof?

Therefore material gold or silver was unnecessary to the equation (Queries 27, 29–35). He considered paper, bills of exchange and bank notes money, its primary function being ‘credit for so much power’ to employ labour, promote industry and record profit (Queries 426–7).

To support this case Berkeley presented a desert island model. Producers of surplus initially exchanged by way of credit, giving way to a convention of ‘tallies, tokens, tickets, or counters’ (Queries 46–7). Social convention was at the base of the value, or rather exchange-value, of money. Berkeley queried, then:

> 440. Whether paper doth not by its stamp and signature acquire a local value, and become as precious and as scarce as gold? And whether it be not much fitter to circulate large sums, and therefore preferable to gold?

He (Query 445) concluded by defining progressive stages to perfection: 1) simple exchange, 2) utilising an amount of a metal as an exchange medium, 3) use of coin, and 4) creation of publicly authorised paper currency.

Berkeley argued for greater popular knowledge of the significance of the central power of money as a market medium (Queries 278, 441). At the same time he suggested that altering the denomination of coins was ‘a public cheat’ (Query 28). Berkeley, like Marx, gave market actors and productive activities the greatest legitimacy when it came to the measure of value function of money. However, Marx’s sophisticated analysis embedded productive relations within a satellite sphere of circulation within which labour appeared rather like a proton, the product/commodity a neutron and money/capital an electron. From this perspective Marx (1859: 79) charged Berkeley with conflating value and price, a characteristic flaw of idealist concepts of money as well as the analyses of bourgeois economists.

Whereas Macleod adopted a narrow, empirical and pragmatic banker's view, Berkeley had a moral, philosophic and holistic framework more akin to Marx. Berkeley, like Macleod, was wary of and distanced his proposals from Lawism (Queries 254, 281ff). However, while Berkeley appreciated money for oiling the wheels of industry, he was wary of selfish greed and conspicuous consumption (Queries 217, 304–12). Berkeley believed money ought to be responsibly controlled by banks strictly to promote industry to provide work and incomes. In contrast to Marx, who developed models independent of state support or interference, Berkeley had more faith in a well-managed bank to benefit industry than in a free market with a gold mine (Queries 281–9). Here Berkeley's hopes that a national bank would adequately provide for economic development merged with utopian socialist dreams that Marx regarded disturbing and fallacious (Queries 277, 289ff).

No doubt associating Berkeley's notions of money with the proposals of Proudhon, Gray and others, in *A Contribution* Marx expressed great irritation with his nominalist concept of money. He scathingly reduced Berkeley's 'abstract concept of value' to a perspective of money as tokens of value that represented '*nothing*' (Marx 1859: 79). Similarly Marx (1867:200n) criticised Lassalle's explicitly idealist theory of money — wherein he referred to an analogy attributed to Heraclitus between fuel and fire and commodities and gold — because he 'erroneously' presented money as 'a mere symbol of value'. In conclusion, Marx (1859: 78) called Berkeley 'the advocate of mystical idealism in English philosophy' charging him with confusing the standard of price with the measure of value and metallic money with paper tokens.

2.3 Nominalist and utopian misconceptions

In Marx's view, a focus on national monies of account misled theoreticians towards a nominalist position and Sir James Steuart had advanced most in this direction. In a quote reproduced by Marx in *A Contribution* (1859: 80) Steuart referred to the monetary unit as 'an *ideal scale* of equal parts', a proportion like a degree or a minute, independent of a specific commodity. Steuart viewed money as price. In contrast Marx (1859: 68) had a multi-dimensional approach arguing that capitalist commodity production and exchange had transformed the measure of value into a standard of price: 'it is only the commensurability of commodities as materialised labour-time which converts gold into money'. For Marx bank notes and state monies had a superficial existence dependent on fundamental dynamics related to producing and circulating commodities.

In the deliberately brief and select history in *A Contribution*, Marx (1859: 76–86) singled out John Gray for similar attention. He identified Gray—via his proposal for a central bank to issue notes according to expended labour—the progenitor of the theory of labour-time as a direct measure of value and standard of price. Marx criticised such reforms and the associated arguments of Thompson, Bray and Proudhon for their unsatisfactory analyses of money. He pointed to the Birmingham school too for falsely assuming that 'labour-time is the substance and the inherent measure of value' and that 'labour-time is the real standard of money'.

Indeed Gray (1848: 195) went so far as to suggest that money was 'an instrument of destruction, compared with which gunpowder is harmless, and the sword a toy'. Money was purely a government creature and ill conceived as any kind of measure at all (Ibid: 196–7). At the same time Gray (Ibid: 198) argued for a bank to institute and manage money that was a '*true* measure of value'. Marx was irritated by the theoretical naivety underlying such suggestions. He argued that production for the market by labour demanded the existent money that was irreplaceable. Further, money was merely the value-form and not the source of the contradictions to which it gave form.

In a letter to Weydemeyer, sent 1 February 1858, Marx boasted that in *A Contribution*:

> …the Proudhonist socialism now FASHIONABLE in France — which wants to retain private production *while* organising the exchange of private products, to have *commodities* but not *money* — is demolished to its very foundations. (1983: 377)

Thus Marx intended to make clear irreducible associations between commodities and money (and capital) in the key concepts, his money commodity and value-form. In the process Marx reduced the nominalist position to a narrow circulatory function that made the commodity dominant and even had the effect of obliterating it:

> The exchange-value of commodities regarded as a particular, exclusive commodity, constitutes *money*…Money is not a symbol, just as the existence of a use-value in the form of a commodity is no symbol. A social relation of production appears as something existing apart from individual human beings,

and the distinctive relations into which they enter in the course of production in society appear as the specific properties of a thing — it is this perverted appearance, this prosaically real, and by no means imaginary, mystification that is characteristic of all social forms of labour positing exchange-value. (1859: 48–49.)

3. The money commodity

Marx's theory of the money commodity in Chapter One of *Capital I* (Marx 1867) argued that the exchange of commodities necessarily led to money and conversely that money had to be a commodity, the money commodity. Its value was simply recognised in circulation. The value of money was neither imaginary nor symbolic except in as much as all commodities were symbols as bearers of value. Marx's money was the 'necessary form of appearance of the measure of value which is immanent in commodities, namely labour-time' (Ibid: 181, 184-6,188). In a theoretical sense money could be any commodity; in a practical sense gold or silver had clear advantages.

An obvious answer to the question, 'What is common between commodities?' is that they are all sold for money. While nominalist and utopian views treated money like a black hole or vacant space, Marx presented money as a fundamental aspect of the commodity world ruled by his law of value. The money commodity provided a clear and direct route to labour to support his labour theory of value. To ground his theory of value and demonstrate how waged work energised capitalism, Marx made value, socially necessary labour time, distinct from price while exchange-value was expressed in terms of money, i.e. an amount of a (money) commodity. Once elaborated, this dialectical approach revealed processes that were exploitative and deceptive.

Marx argued that the purchasing power of money was determined for, as well as by, the transactors as a combined effect of market forces that integrated relations of production with circulation. Neither an individual nor any collective authority could determine the value or purchasing power of money within capitalism. The function of money as a measure of value had primary significance in parallel, at one remove, with the conceptual distinction between value (production) and price (circulation). Marx's critiques of credit or nominalist theories of money made clear his belief that money functioned to create a specific version of labour-time as the measure of value. His ‘money’ straddled the interrelationships between production and circulation.

For Marx, credit money was a commercial instrument like a bill of exchange. State currency, legal tender, was distinct from credit money, and simply a token of value. Most significantly, Marx (1859: 116) defined state-issued paper legal tender as ‘an advanced form of the *token of value*, and the only kind of paper money which directly arises from metallic currency or from simple circulation itself’. In Marx’s view:

> the exchange-value of money can acquire again an existence separate from its material, from its substance, as in paper money, without, however, abolishing the privilege of this particular commodity, since the separate existence must continue to receive its denomination from the particular commodity.
> (1986: 104)

In circulation, money validated products as commodities, a qualitative process distinct from the quantitative, i.e. the price as an amount. Price was determined socially in the broad sphere of market transactions. Certainly transactors calculated, deciding to or not to sell or buy and setting limits in price negotiations. However market prices resulted from an elaborate series of activities. Therefore Marx argued that price was not calculated via mental measure or thought form in either personal or social senses. While money was simply a ‘material sign’ and ‘conscious token’ of exchange-value, it was ‘not the execution of a preconceived idea’ (Ibid: 82). In Marx’s framework the function of money in circulation reduced to simple validation while the quantitative aspects of value were determined by a much more complex process that related back to the measure of value, to production and labour-time.

4. Abstract labour and credit theories of money

The main claim of a nominalist, sign, credit, or symbol theory of money is that money is valueless in itself; the value of money is determined by its purchasing power and formed ‘in and by’ the minds of vendors and buyers. Marx opposed this idealism, as he saw it. Indeed the credit theories of money he had before him were weak, incomplete and unsatisfactory from many angles. Marx made logical associations too between nominalist approaches and quantity theorists even though this was not, for instance, how Macleod saw it. Most significantly Marx reasoned that credit theories of money ignored or warped the process whereby socially necessary labour-time evolved as the substance of the value-form.

Formulations of labour-time were central to Marx's criticisms in *A Contrbution*. According to him (Marx 1859: 54–55) Boisguillebert had correctly associated labour-time with the measure of value but crudely conflated exchange-value with concrete labour-time. Benjamin Franklin had more accurately associated exchange-value with abstract labour but had incorrectly deduced that money was 'the direct embodiment of this alienated labour' (Ibid: 57). For Marx (Ibid: 65) the universal equivalent arose in the circulation of commodities as 'the direct reification of universal labour-time'. The measure of value and standard of price were tied together in the money commodity. The social relations of production were expressed in labour accounting in abstract labour-time (pure activity), but the exchange of commodities (past labour or objectified labour) took place in ratios of prices or equivalent amounts of a specific commodity. According to Marx (1862:138) the 'immanent' and 'external' measures of value united in an amount of the money commodity, say in an ounce of gold. The ounce of gold was the product of a definite amount of the socially necessary labour time, as well as being the universal form of exchange-value, a standard of price.

The nature of the numeraire, the quality of money and its quantitative value dimensions are key to distinctions between commodity and credit theories of money. Challenges to the way Marx theorises abstract or socially necessary labour with respect to the money commodity are located here too (Nelson 1999: 187–207). Foley (undated: 9–10), for instance, has charged Marx with conflating the value of the money commodity and the value of money. To maintain the general association Marx made between money and 'embodied labour' — which is 'central to the idea that money is a form of value and that the substance of value is abstract social labor' — Foley (1982: 41) has argued for a Marxian credit theory of money in which the value of money is defined in terms of 'the ratio of aggregate direct labour to aggregate value added'. Similarly Bellofiore (1989:9) has theorised money as 'an institutional representation of abstract labour, i.e. it is essentially a symbol — though sometimes a use value can be its support'.

Some conflicts between interpretations of Marx's labour theory of value and his four-fold presentation of the value-form arise because the detail and complexity of his dialectical analysis all too easily suggests evolutionary developments, spatial layers analysis to some key transition or relation continues. However, money and value are abstractions like ‘weather’, involving sensual and logical levels of knowledge. The more robust reading indicates that Marx deliberately presented his examination in a multi-dimensional manner, i.e. dialectically. Like those we live in, these dimensions exist as a compact unity, only independent in abstraction and even then only partially.

In Marx’s theory of the money commodity, the value-form evolved along with the development of three dimensions that effectively formed a fourth. Marx’s value-form(s) advanced from quality to quantity to qualitative quantum and then consciousness in parallel with individual validation or determination of value per se to the social establishment of relative value and the implication of a money commodity. In as much as theoretical inconsistencies and weaknesses have been identified with Marx’s concepts of abstract value, socially necessary labour-time and a money commodity, it is the concept of the value-form that has proved more robust and permitted the development of Marxian credit theories of money.

At the time Marx wrote, commodity theories of money held sway. This influenced Marx’s (1983: 396) analysis even though at hand commodity theories were not robust. Marx developed his concepts of money in opposition to Ricardo’s theory as well as crude fetish analyses that conflated gold and money. Popularly commodity theories of money seemed to fit with reality. In a superficial sense money was, ultimately, gold. The association between currencies and gold, the gold standard and the international standard of payments were offered as evidence of commodity theories of money in general and, by Marx, for a theory of the money commodity in particular.

However, while the gold standard linked currencies arranged and managed on a state-by-state basis, the purely metallic money of Marx’s analytical models never existed. Ganssmann (1988) is not alone in observing that the notion of a money commodity seemed ‘at odds with everyday experience already in Marx’s times’. Similarly Vilar (1969: 344) has argued that it would ‘be quite wrong to counter-pose some imagined age of metal currency, presumed to cover the whole of previous history, to a period of modern currency which began at some point in the 1920s’. Indeed even Marx referred to the Bank of England’s reserves as ‘a mere phantom of the mind’ and was equally pressed to find ‘something solid’ in his Alice in Wonderland discussions of crises (Marx 1894: 603 and Nelson 1999: 148–52).

Marx's analysis tended towards a credit theory of money in more ways than he admitted, i.e. in his discussions of a 'notional' price and 'symbolic' coin. The insubstantial value of Marx's hoard and associated development of money capital, reified in its abstract form as money of account in the circuits of *Capital II*, indicate a credit theory of money too. Most importantly the 'value-form' seems compatible with theories highlighting the purchasing power of money. In these theorisations money is only superficially independent of the values of circulating commodities. In short, credit theories of money using Marx's labour theory of value as scaffolding are feasible without damaging, indeed even enhancing, theorisation of socially necessary labour-time. This is what the best of the recent reinterpretations have shown, i.e. how easily Marx's analyses can be revised by substituting a credit theory of money.

The authors of these reconstructions benefit from more advanced credit theories of money and life experience that suggests credit theories of money are plausible. Thus, Bellofiore acknowledged that Schumpeter's work informed his revisions of Marx's theory of money and Duménil and Lévy (1999) similarly stress the parallel interests of Marx and Schumpeter in crises, cycles and structural change. Writing sixty years after Marx's *Capital I* was published, Schumpeter (1917–18) argued that money had no use-value, i.e. no intrinsic value in the way a commodity does, 'not even when it happens to consist of a valuable material' and integrated money in a dynamic theory of capitalist development. This and later works developed on, rather than departed from, directions indicated in Macleod, Berkeley and other works familiar to Marx. Following Macleod, money looked to the future as a 'claim ticket' rather than as a 'receipt voucher'; money qua money only had an exchange-value because of its purchasing power and as a wage served as 'pure credit' (Schumpeter 1917–18: 161–2, 206).

Marx's analysis was designed to show how collective behaviour, not simply calculating thoughts, produced the laws of value that described the nature of the market and production for the market. His labour theory of value and theory of the money commodity demonstrated a more general claim that:

> It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness.
> (Marx 1859: 21)

Neither a singular nor a state (public) authority had made money a commodity. Rather it evolved from commodity circulation and production for exchange as an obdurate social fact. Money, like capital, arose as an economic category from a complex of social relations. It was a social institution but not amenable to reform because it was only part of a complex system. It was not even the key aspect of that system but rather the focus for social reform and revolution lay with waged labour.

It is clear that Marx coupled his criticisms of nominalist and utopian socialist approaches with idealist and reformist dangers. He intended to demonstrate that language associated with money implied or reproduced popular misconceptions implicated in capitalist exploitation and deception. Instead he sought to demonstrate that a peculiar version of labour-time was expressed through market transactions via money. Although the money commodity seemed a logical extension of his labour based analysis and provided a medium for his labour theory of value, in retrospect it seems he overstated his case. In as much as revisions preserve the central scaffolding of Marx's labour theory of value, substituting credit theories of money for Marx's money commodity seem legitimate. Here other important consistencies with Marx include recognition that the market circumscribes state action with respect to money so it cannot influence the value of money. In this way the materialist analysis remains intact along with the revolutionary implication of Marx's profound analysis that social justice and human development require a world without state and money.

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