

Prices



Within capitalism, the ‘market’ stands for a complex structure of production for the market and market exchanges, the common element being prices, monetary values. Transactions are negotiated in a state-supported currency. This unit of account is unlike a measure of distance or weight; money is a social claim. The value of money is variable because it is a claim to a fraction of current or future products made by third parties. Thus prices and the use-values of general and particular goods and services determine the value of money. How do prices evolve? What do they represent?

When economists discuss questions involving prices they often set up simplistic models and run scenarios to argue certain outcomes or tendencies. Here we start with the complex real world as observed and experienced on an everyday basis to argue that this is a social system rather than a mathematical one subject to strict scientific analysis that can be simplistically represented in formulas. However, all those who study the market acknowledge certain clear facts, such as the fact that prices reflect supply and demand, i.e. wants backed by money.

Prices are fundamental indicators and outcomes of capitalist markets. Prices represent the common terms and conditions within which capitalists plan, purchase, employ workers, produce, sell, and record their activities. In fact the processes whereby prices arise and determine capitalists’ activities are considered as sacrosanct as private property. In other words interventions to set prices have always been resisted by capitalists, who argue for processes of market competition to determine price. The processes of price formation and realisation are considered measures and proof of capitalist efficiency. However, the most significant point about prices from the perspective of environmental sustainability and social justice is that the qualities and value of a good or service is not mirrored or represented in its price.

Individual capitalists

We know that the constituent elements of a product or service have received or negotiated prices, that in order to make a profit every entrepreneur sets a price for a product which is above the sum of these costs, and that profit is based on the price of a sold product minus its constituent costs. In general, the least manageable aspect of the process is marketing, i.e. what consumers are prepared to pay and how much they will buy. However, if all goes well for the entrepreneur, whether in the form of goods or services, commodities are sold for prices that make them profits.

It is clear to see why each and every entrepreneur perpetually tries to minimise the costs of inputs, to make the techniques of production and re-production as efficient as possible in monetary (price) terms, and to maximise the selling price and amount of products or services sold. Prices include costs of production, which enables prompt or continuous reproduction. If entrepreneurs succeed, a key problem is deciding what to do with the profits. Probably they will deduct a portion for the maintenance and expansion of their personal property, although the price will include a manager's salary. Anyway, ideally they invest profits, leading to the expansion of their control and interest in private property (production for the market).

Significantly, it seems that it would be easy to be an entrepreneur without understanding any more than these requirements of this game and the effort to abide by its conditions of business survival. However, these simple conditions hide, imply and indicate further tendencies in markets and generalised production for the market that affect price, profit and money, and evolve not only from the initial conditions of the game itself but also from the social and environmental contexts within which this game perpetuates itself in so many variations. Thus economists and critics of capitalism have developed theories associated with monopolies, bull markets, economic cycles, regulation of interest rates, and so on – all of which try to make sense of what might be happening to an individual capitalist, a sector of capital, or capital in general at any particular point in history. These theories and analyses deal with figures, money and prices. However, most importantly for social analysts, prices regularly hide the use-values of commodities and services and, especially, the fact that things with prices represent so many different social and environmental categories of qualities and sources of market worth.

Prices of use-values

The ultimate social values of commodities are their multiple and various use-values, the qualities and purposes for which each one is individually sold and bought. However, commodities can be divided into categories: readily consumed goods and services; durable goods and services; waged labour; technological means of production, material inputs to production and conditions of production – all packaged together as assets, with distinctly natural and built aspects; state taxes and fees; advertising, retailing and sponsorship; and 'primitive accumulation'. These categories refer to the different ways in which priced flows and stocks enter the market and proceed to affect other prices and production processes.

Prices often appear as results of production, which is especially the case with perishable and readily consumed goods such as food, and services such as caring, both of which are continuously reproduced around us. Such prices are easily construed as the result of adding costs plus profit, as mentioned. In contrast, waged labour and assets are markedly different aspects of productive efforts and their 'price' has different constituent factors and characteristics.

The price of, the wage provided to, labour is negotiated under various influences, historical and contemporary. On the one hand, productive effort has a 'price' offered by the employer to the worker, who sometimes negotiates, collectively (through a union) or individually, on its level. On the other hand, income tends to be used to buy means of existence, which break down into readily consumed as well as durable commodities (such as housing). At best workers use or store increasing amounts of personal property and, in as much as they have further money, become capitalists directly (set up a business) or indirectly (pay superannuation or invest).

At the same time, assets, which appear as value-added nature in various degrees of artificiality, accumulate prices as if they were interest-bearing loans. Assets are referred to as stocks, which contrast with flows of consumables because they are worth the current value of the stream of services delivered from the stock. Assets are applied in production in the form of technological means of production, material inputs to production and conditions of production. The prices or worth of such capital assets, stocks, persist as imaginary estimates formally based on the reproductive potential, the market success, of the business in question.

The story goes that for a capitalist to offer assets for productive purposes they must be remunerated replacement costs plus an income (profits). Following a tradition of Marxian and socialist analyses, Karl Polanyi describes it this way in 'Our obsolete market mentality' (reprinted in *Economic Sociology*, edited by R Swedberg, 1996, Edward Elgar, Cheltenham: 146-54):

The crucial step was this: labor and land were made into commodities, that is, they were treated as if produced for sale. Of course, they were not actually commodities, since they were either not produced at all (as land) or, if so, not for sale (as labor). Yet no more thoroughly effective fiction was ever devised.

In short, the costs of replacing assets are internalised in the prices of consumables, which also deliver profits to ensure that capital is not only maintained but also expands. Capital, assets, grow like parasites or cancers, if viewed from the key values of shared governance and environmental sustainability, which capitalism prevents, ignores or abuses. Even though the structure of producing for the market relies wholly on workers, workers are kept from deciding what is produced and how it is produced, and what they receive for their contribution has to be, by definition, less than the expanding capitalist base of assets and managers' salaries.

Meanwhile the services of advertising, retailing and sponsorship, which are incorporated into the costs of commodities that everyone buys, help promote capitalists in general at the same time as supporting particular and individual capitalists.

State taxes and fees are simple and straightforward costs and results of production although the regulating players who demand them are unique in terms of power.

Again all these government charges are incorporated into costs of commodities so, say there is a rise in fuel tax, the consumer pays more but the added charge goes to the state rather than to the fuel companies. How and where the state uses such monies depends on specific cases and contexts.

The final category is goods and services that have not been produced by capitalist practices but are, in Karl Marx's words, 'subsumed' by capital and called 'primitive accumulation'. An example is goods made by peasants or slaves and are bought by traders and sold on to capitalists. Another example is capitalist investments in areas not previously or not currently organised as capitalist enterprises. As pointed out by Karl Polanyi, and mentioned above, this is just the birth or adoption of nature and labour as commodities, which is in fact a continuous process, rational only within the capitalist game.

Economists have developed 'big picture' models and formulas to explain the interconnections between these and other monetary categories, such as interest. Certainly we can see connections in the ways that prices are constituted but the pseudo-commodities, nature and labour, the unplanned character of the market, risks and profit margins, and the uncertain, speculative aspects of prices, mean that real prices, while contingent, have accidental, immediately specific and negotiated aspects. Thus theories of price are distant from real prices and histories of markets, and work instead with theoretical data, averages or ranges of possibilities within frameworks that assume ideal outcomes in successful capitalist activities. Applied economics and assessments of economic costs and benefits of future developments also rely on theoretical and speculative evaluations.

Thus real-life developments, say involving fluctuations in second-hand goods trading, have a marginal place in such frameworks. The ideal of continuously producing brand new goods using advanced technologies and up-to-date business practices dominate the literature. At the same time, from an environmental angle, enhancing second-hand goods trading and, from a social angle, understanding how vast areas of slum dwellers reuse goods might be critical issues for matters of social justice and environmental sustainability.

Other philosophical aspects of price are eschewed, or answered only in superficial terms, by most economists but have absorbed socialists (as discussed below) and other analysts of capitalism. The connections and distinctions between the use-values and exchange-values combined in commodities is a case in point. The classic example is the question: why is water often free or much less valuable than a diamond, which has no use-value in terms of sustenance? Given current sustainability concerns this example is losing its punch, but the point is clear. The other point of curiosity centres on the fundamentals of the constitution of price, specifically: what common value or substance does price represent?

People are so mystified by, yet adapted to, this now global social game it has become a seemingly natural and unalterable condition or parameter of existence to work and live within. People simply get on with it – they negotiate every day over prices for marketed goods and services, which contribute to vital activities or become elements of dreams of capitalist or non-capitalist activities. The game is so primitive that it cannot ensure the sustainability of the people who live by it or of the environment on which it relies to exist. Monetary worth, gain through competitive and risky ventures, is the only real social security. Thus, without

planning or social compacts – excepting minimal and demeaning state welfare, default, safety nets – the main rule of the game becomes to pay as little as possible for anything purchased and to charge as much as possible for everything sold. Despite the primitive, unfair and nonsensical character of capitalism it has now reached an advanced stage. The market and monetary value dominate so much that often use-values of skills and natural resources are only respected to the extent that they command a price.

Barter

Many explanations of money start with the concept of barter and slip money into the picture as a solution to its limits. The scenario starts with two people, each with a relatively useless good that they would like to exchange for another good that they really want (need or desire) and which is held by the other person. But, the storyteller asks, how likely is it that you will find someone who has what you want and wants what you have?

This scenario and the question posed imply the advantages of a good (money), that is readily exchangeable under most circumstances, to facilitate exchanges over time. There are lots of examples in history, such as rum and wheat in Governor Bligh's rule early in the colonial history of New South Wales (Australia) and cocoa beans and small pieces of cloth used by Aztecs in Tenochtitlan (located around where Mexico City is now). However, what such money goods represent and how they function in practice must be contextualised socially.

Studies by social anthropologists suggest that purely economic models of barter are deficient in as much as most non-monetary social exchange systems in practice involve aspects of barter alongside other kinds of exchange that overcome or avoid the limitations that barter implies from the point of view of the money historians. For instance, most people have skills that they can offer in exchange for a good or service that they want and in small communities the concept of credit is an aspect of many social relations. In this context credit might involve direct use-values or trust in mutual support rather than a formal agreement in terms of a good or loan in monetary units – people compare and contrast what is given with what is received over time and form a concept of what is a fair deal or reasonable in terms of custom.

Indigenous Australian social interactions within and between tribal nations provides an example of how things worked before Europeans introduced trade: a group hunted, collected and grew food in a specific country and might well share use-rights and responsibilities for another territory as well as integrating seasonal festivities with other groups, all of which provided places (boundaries) and times (ritual ceremonies) for customary and special purpose exchanges of products of nature, handcrafts and art work. Despite exchanging goods and services within and between groups, there was no reason for the evolution of money.

The story about why money arises, to solve the problems of exchanging goods directly, is deficient because it is highly theoretical and simplistic. It treats barter and money as comparable technical economic processes, social only to the extent that they involve individuals with wants. It seems like a retrospective theory developed to explain how and why trade is superior to other forms of exchange. In fact exchanging a good or service directly for another good or service might be

better conceived of as independent from monetary systems and myths about the evolution of money: barter might be quite different from monetary exchange unless it involves almost solely small and simple, sole-trading, commodity producers in a local market.

Yet the introduction of money clearly raises numerous questions about how its value and authority is constituted and maintained. Social and political pressures associated with other forms of multilateral exchanges situate the evolution of money in more complex and useful real-life contexts. This wider social and political history of money appreciates the uneven and disordered evolution of the different functions of money, as a medium and as a claim to market value, which finally united in capitalist money.

In non-capitalist societies where production and exchange are conducted on the basis of specific religious, political, cultural and social powers, the political-cum-economic authorities regulate local and foreign trade. However, while on the one hand traders and any production for trade is managed or regulated by political powers, on the other hand traders and trade have the potential to challenge territorial and other social bases of power within non-monetary societies. Meanwhile petty local trade often develops and thrives with 'primitive money', a good or symbol of credit that facilitates multilateral exchanges involving craftworks and products such as salt found in specific areas but not in others. Feudal European and the Aztec and Inca empires in the pre-Columbian Central and South Americas are examples of non-capitalist modes that integrated such limited forms of trade.

As such, trade and money often evolved in external relations so that substantially non-monetary systems still developed trade or trade-like relations as ways to extend cultural bonds and to exchange vital or surplus goods. Money evolved as a good that might as well have been a credit note and alongside relations of credit and debt involving trust or obligation. It would appear that money needs to have value not only in the eyes of and activities of the two sides involved in an exchange but also in the view of other potential trading partners. Gold and silver are examples of trading values, forms of 'treasure' that historically many people accepted as if valuable in themselves, universally and in perpetuity, quasi-money. Precious metals had certain qualities that predisposed them to represent money, a readily negotiable worth: easily stored, transported and divided, and durable.

Later, as trade came to dominate systems of production and exchange, monies backed by crowns or nation-states evolved. These currencies had the form of coins or notes and completed the concept of money as a socially accepted form of credit. As international trade developed the dominant powers and their currencies became the universally accepted forms of money. Despite the popularity of commodity theories of money, it seems most plausible that commodities representing money had always stood for an ideal, a unit of credit/debt referring to many possibilities available through markets, whether they involved closed and regulated, local and small, or open externally centred relations.

In simple commodity exchange, say where peasant farmers produced mainly what they needed and then exchanged what was left over, the money might be a bushel of wheat, which could be exchanged for a variety of goods and services valued on a customary basis, which varied too with climatic and other natural and social conditions of production and exchange. As capitalism progressed the substratum common social material of such a unit was a working hour, an abstraction concretely

comprised of many variations of skills and conditions, expressed in the production of exchange-values and the superstratum of monetary exchanges. This observation informed Karl Marx's analysis of capitalism, which is not only relevant because it included many insights particularly with respect to the social (and environmental) deficiencies of capital but also because his labour theory of labour value and his theory of money contributed to the market-based socialist tendencies in communist developments in the twentieth century.

Labour theory of value

Karl Marx and others have argued that the exchange-value of commodities is socially constructed and its source is work for money (see [References](#)). Indeed it is clear that money as capital evolves as a power only if it is produced and supported by workers who are complicit in reproducing the 'total prestation' (see [References](#)) of working for capital. This total prestation is at the centre of the ways that capitalist nations and the globalised economy work today. In political and social anthropological terms it is reasonable to state that waged labour is both the social content of capitalist economies and the social material of the ritual played out between the main two classes. Thus the qualitative side of the matter, that commodities result from waged work, seems straightforward at a philosophical or big-picture level. Furthermore Marx was acute enough to stress that this was not simply an interpretation, or a result of conscious and deliberate behaviour, but rather waged labour provides exchange-value in the form of commodities systemically as a result of set patterns in collective behaviour.

Marx's labour theory of value also incorporates quantitative aspects of the exchange-value of commodities in the form of prices. Marx tried to understand how production for exchange could sustain itself as a social system, and what the main rules and tendencies were in this system, a system that he regarded socially irrational and destructive. However, his copious writings on the reproduction of capitalism in terms of exchange-value based on labour value seem to have unintentionally contributed to confidence in establishing market socialism, developments far from the original perspective of Marx, who identified market and state as enemies of nature and humans. Indeed Marx was highly critical of utopian socialists (such as Pierre Proudhon) precisely because they entertained and proposed monetary and price reforms, which he regarded as merely tinkering with surface phenomena.

Marx's labour theory of value suggests that, through exchanging products and services created in capitalist enterprises for money, i.e. in the form of commodities, people were really exchanging the various labours involved in the production of those commodities. Not only is a commodity a kind of objectified labour but also all of its value derives from the socially necessary labour-time involved in its production. This 'socially necessary labour-time' is an abstract average and excludes non-human nature as a contributor to or source of exchange-value. In Marx's framework agricultural land derives rent akin to interest on loans for investments and is managed as private property for capitalist production, so its costs are internalised in prices. Natural materials and conditions of production are simply objects of social behaviour, social materials and conditions. Prices are versions of exchange-value, which reduces to the essential aspect, working for capitalists.

Marx's presentation of his theories is subject to various interpretations. An unfortunate dominant tendency has been to analyse and contest his quantitative elaborations relating to exchange-value and how it appears as price, which appears the weakest aspect from many angles. Yet at the most abstract and therefore fundamental level this work informed the development of market socialism in Russia, China and Cuba, which seem doomed to fail as transitions to communism because they tried to adapt the market to socialism only to find that the market adapted socialism to it in certain similar ways to state capitalist developments.

Socialist economic plans incorporated prices and money. The failure to dispense with monetary values, calculations and transactions was a key reason for the failure of the communist experiments of the twentieth century, and the values and principles on which they sustained themselves were not ultimately based on social justice or environmental sustainability. However, some issues raised in the debates surrounding the use of money during transitions to socialism are worth discussing. See [References](#), especially the collection on non-market socialism edited by Rubel and Crump 1987 (and Nelson 2001).

Discussion in the initial years of Soviet government and debates in Cuba in the mid-1960s over the same issue both centred on social justice and human needs and marginalised environmental matters. At the same time viewing production and exchange in terms of socially just and environmentally sustainable outcomes are comparable in that they both involve highly diverse incomparable qualities and capacities, sophisticated processes and difficult-to-manage outcomes.

In 1920 the Bolsheviks were faced with: fixed prices across a complex range of goods and services alongside a free market, with great gaps between official and uncontrolled prices; a growing level of rationing; and direct exchange or barter, even involving factory work (workers being 'paid' in some of the goods they had contributed to making). In this economic climate money lost its meaning, and the Bolsheviks moved to phase it out, believing that in the course of a transition to communism money would be of no functional or practical value. At the same time the government used the currency in an increasingly inflationary fashion, for instance, asking peasants to take currency in exchange for grain. And when politicians referred to eliminating money they often really meant a cashless economy, but an economy functioning on the basis of money as a unit of account nonetheless.

However, specific individuals did discuss the nuts and bolts of how to manage without money, for instance by using universal units based on labour measured in time or effort, i.e. expended 'energy' measured in hours and days, even naming such a unit '*ened/calorie*'. These units of labour hark back to Marx's socially necessary labour-time and a familiar, but not uniform, socialist concept of a unit of labour-time as well as certain popular mainstream appreciations of what money does, or should, represent. Nevertheless with the announcement of the New Economic Policy in 1921 all such revolutionary utopianism was cut short by a return to economic orthodoxy –indeed a version of capitalism – decision-making in terms of money. The Bolsheviks' experience with setting prices is a cautionary tale for environmentalists advocating the establishment of fixed prices for various goods and services to manage the economy for environmental ends because it seems a clumsy, even uncontrollable, process.

The mid-sixties saw another debate, this time in Cuba and infused with deeper questions around whether to encourage work with material or moral incentives and how to control production separated by differing units of production, production for Cubans' needs. Che Guevara preferred a centralised system of planning, which he argued would avoid bureaucratic quantification and comparisons, along with moral incentives. This package of central planning and moral incentives pointed more strongly towards non-monetary socialism than the alternatives supported by his opposition. Che argued that administered prices were unrelated to market prices or any law of value that certain comrades were bent on replicating, as if a moral imperative. Che idealised voluntary labour and denigrated monetary rewards to Soviet workers, comparing them to capitalist wages.

Interestingly Che was astounded at the lack of socialist thought into these matters of controlling production and distribution in a transition to communism. Meanwhile he settled for a model that still featured a monetary unit of account, thus enabling comparisons with international prices. Also Che idealised advanced capitalist technologies and certain aspects of capitalist organisation of production. The key similarity in both Soviet and Cuban examples was control by a central elite for whom power to the people had no bearing, thus supporting the argument that state and money make a natural marriage. Thus Bettelheim (1968) argued that, by applying monetary economic calculations, Soviet communism mirrored a state capitalist system and developments.

The values of labour and nature

Besides the social contradictions of market socialism, i.e. that this contorted version socialism reproduces managers and workers, market-based economic structures fail to address the environmental difficulties implicit in capitalist societies. The premise of private property conflicts with public or holistic planning to protect and maintain ecosystems opening the way for exploitation. Competition and growth add further anti-environmental pressures. Prices, which signal the opposing and consonant social pressures of supply and demand and reward production for the market do not necessarily represent or fulfil real and basic human needs. Market demand simply represents what people with money want and what they are prepared to pay.

The black box of capitalism involves wresting people's ethical right to a means of existence in balance with nature and continuously drawing every aspect of nature under the control of capitalist production for the market. In the last few decades this process has extended to include companies creating and purchasing the rights to patents on seeds, water use, to experiment with and genetically modify the DNA of plants and animals, to trade in people's organs, cells and blood, and to urge the use of dangerous nuclear power simply to fuel capitalism. As such, imperialism continues to intensify the spaces in which capitalism reigns while ways of expanding it have diminished.

In other words assets have been socially constructed from and with natural material to represent the kind of value that money only symbolised ideally, such as in a gold coin (see Marx's *Grundrisse*). An essential aspect of capitalist alienation is the concentration of social power in money or private property, which is socially constructed and reconstructed nature. Money evolved from and with exchange, marking the movement from non-monetary exchange to trade, as a composite use-

value settled on commodities such as gold or silver in the form of coins, or as paper symbols of credit, a claim to market values. Money lent, which gained interest for the lender, even more closely approximated productive assets, as did the stock of the trader with its purely monetary worth.

The problem with the dominance of production for the market is that prices are the common term of market negotiations and all production, and the success of capitalists depends on monetarily measured achievements, returns and profits. The other complicating factor is the dynamic between commodity flows and the prices or market valuations of assets. All the while prices eradicate the qualities and needs of human and non-human beings. Ne'er the twain shall meet. Prices evolve in the process of marketing goods and services as a result of transactions between people. As such, 'price' is a purely monetary market phenomenon. If price is to mean anything at all it evolves within monetary evaluations of commodities and services offered in a market.

A fixed price is a contradiction in terms, signalling production and exchange that is effectively non-market, non-monetary (less significant in systemic terms if only a few products are involved). If no-one wants to buy a good or service it is worth 'nothing', at least in a monetary sense: it has no price. However, not only environmental scientists but also social scientists try to evaluate the worth of non-marketed goods such as housework and beautiful vistas as evidence to support advocating for greater value to be placed on such things. These price estimations certainly highlight how much some things might be or even ought to be worth but they are as meaningless as other kinds of economic scenarios unless verified empirically through a market. They imply that a market is the appropriate arbiter of worth too, while other environmental and social scientists point to the irrationality of markets and their failure to mimic or reflect social and environmental values.

Imaginary economic scenarios fail to detail where the money comes from to pay for the marketed objects or subjects, how the insertion into the market of such commodities might alter the value of a currency and the prices of other goods and services. These efforts live in the shadows of set prices, which have also proved clumsy mechanisms with which to implement social justice, partly because they have been applied in top-down ways and because they are continually undermined by or at least 'compete' with similar goods and services in legal or black markets.

Discussions of price are relevant to arguments for dispensing with capitalism as anti-human and anti-nature and for visions and strategies for a world that is socially just and environmentally sustainable. It seems clear that the only efficient and effective method of creating more socially just and environmentally sustainable relationships and activities is to dispense with money and simply deal directly with human needs and qualities as use-values. We must start with use-values and work with use-values and end with use-values. Money artificially compares incomparable use-values. When monetary aspects are drawn into environmental evaluations of developments they muddy the picture. Yet many current debates and work on sustainability not only integrate economic factors but also use indexes that have strong parallels with money where the components of the indicator set have diverse and incomparable qualities.

Market prices, money and debt

Theories on the constitution of market prices are many and varied but focus on key observable tendencies with respect to demand and supply, substitutable commodities and services, and technological advances. A common procedure in explaining big picture dynamics is to create formulas that link main and contingent market price factors. Money often disappears or is marginalised in these theoretical models because it represents a flow between players.

Price itself involves questions related to money as a unit of account, because the purchasing worth of money depends on the general and particular contexts of the individual product or service to which it refers. For example, the price of a toy in a shop is determined by local as well as more general conditions of production associated with opportunities and constraints on trade, and prices of a range of other products and services offered on the market as well as wage rates.

A common theme is to stress the equalising aspects of the market, the familiar refrain of the free marketer for the removal of constraints on an erstwhile level playing field. At the same time theorists generally acknowledge the tendency for monopolies and oligopolies to 'contort' prices. Marxian analyses, such as those by David Harvey, stress the significance of a series of geographic factors while deeper analyses, such those by Luxemburg, Amin and Emmanuel, raise issues associated with trade (unequal exchange) between countries with different levels of technological and working conditions (such as wage rates), and money (see [References](#)).

All these works associated with money suggest the great difficulties involved with theorising mathematical models of essentially social processes. The economic models and formulas are simplistic and removed from the real world, where most capitalists benefit from a range of advantages and can be crippled by factors outside their control, including market-based factors. One factor is that prices are constituted through social negotiation and include flow-on effects from bank lending and money supply. Prices involve, in terms of the purchaser, a claim to a tiny fraction of the total social product (money) and, in terms of the seller, the sale is the only way to realise their product, to prove its monetary worth. Yet this money is not homogenous in source, constitution or uses. Explanations of the strength of the United States currency cannot be wholly economic but rather rely strongly on political and cultural rationales, especially given that nation's debt to the rest of the world.

Nothing is equal, only monetary exchange makes it seem so. In the market, during monetary exchange, money equates incommensurables in price. One can theoretically equate the remuneration gained for an hour of work with a proportion of every other product or service available to purchase. Even so, as everyone purchases and sells according to numerous decisions based on needs and wants, and as entrepreneurial activities alter, the conditions of supply and demand change and prices vary. In this contest, money acts as a claim, valueless in and of itself. All that is valuable is the use of the products and services that money gives access to as a social exchange.

At the same time a fraction of money generally arises as a loan from bankers, having no initial source in physically and socially organised capital but, if all goes well, is complemented by such. Indeed, if we consider the prices of assets simply as a

multiple of the expected income generated, we see that all physical and financial capital exists in an imaginary and forever future way and relies on workers' fulfilling the expectations of managers as well as consumers to buy the results of production. (See works by Joseph Schumpeter and Riccardo Bellofiore in [References](#).) In this way money is a carrot and stick for those who work to support capital. 'Stick' because, when a recession or depression hits, people are put out of work and, when economies fail to grow, international monetary institutions that support them and need to receive interest payments on money lent will insist on the implementation of anti-social policies in such countries to support the interests of capital.

It is possible, even probable, that overproduction in one country will pressure entrepreneurs to seek outlets for their goods and services elsewhere, a permanent feature of relations between developed and underdeveloped countries. This process is generally facilitated by foreign investment and foreign debt from the overproducing country to the, say, underdeveloped country, where entrepreneurs are only able to afford to buy the products and services on offer if they accept foreign investment and foreign loans as well. Under these conditions the prices necessary for a continued level of and profitable production for the products and services exchanged are maintained by loans from the producing country, where the conditions of prices formed by mutually adjusting demand and supply are relieved by an artificial outlet. Money, profit and sales are created all at once. Thus imperialism not only represents a field for foreign investment but a way of keeping production, prices and profits artificially high in the overproducing country as well.

In this contest campaigning for 'trade justice' seems an elusive ideal or a contradiction in terms. Clearly it is absurd that subsidies to overproduce in developed nations amount to around \$1 billion per day while developing nations only receive agricultural aid at a level of \$1 billion per annum (United Nations Development Program data cited in Vanessa Baird's 'Trade justice', *New Internationalist*, April 2006: 2-4). However, it seems that even if subsidies in developed nations were eliminated to produce a level playing field for developing countries to sell their goods more easily that would not end world poverty.

Profits

Prices include profits. When assessing what businesses might do to support environmental improvements, it is important to remember that their financial resources are derived wholly from income received from commodities sold. In other words a certain fraction of prices demanded for commodities that we buy, say from food and drink companies, is channelled into setting up and maintaining community and environmental funding bodies, which are not altruistic so much as advertising. In other words private companies decide the extent to which distinct community and environmental activities are supported according to personal whims and political bias.

Money that we might have retained to support certain activities directly, or monies that companies might have given by way of taxes to governments to be redistributed through public bodies, is collected through artificially inflating prices of commodities that we regularly purchase. It is weird to hear people lauding sponsorship, donations or other support from businesses as if the companies used their personal wealth for environmental or community benefit. Such company support represents a significant

form of privatisation of erstwhile public funds and community-based activities; we pay in the purchase price for businesses to reserve some of the profits to distribute to community activities or charities that they select to support. Companies receive tax deductions for supporting philanthropic activities. Currently companies are intervening into vital areas of human life including education, sports, health and so on. In as much as this tendency expands, the state, as a space of community governance and community-benefiting activities, withers.

There are social centres and limits to negotiations, especially say over wages, as well as environmental ones, such as the limit of non-renewable resources. However, brute force and subtle ideological pressure have also had the effect of pushing people and landscapes well beyond the limits of human endurance and physical potential. At the same time states and markets, both relying on monetary processes, have worked in unison to suppress and control anti-market, anti-capitalist revolutionary activities that question the rule of the market as an artificial and social one that advantages small elites to the detriment of masses of workers. Communism was interpreted as the big threat to the market in the twentieth century. Today anti-capitalist forces are treated suspiciously, even like terrorists, terrorism being the new treason against state or market.

The discussion in this section on prices eschewed quantitative aspects of capitalism in favour of a more qualitative appraisal and tried to show the deficiencies of market socialist and communist experiments of the twentieth century. It presents capitalism as a social system that is disorganised and devoid of the social and environmental values that western democracies often laud and pride themselves on. Contemporary analyses as well as histories of capitalism suggest that much that we revere in our communities has happened despite capitalism, not because of it, as a result of controlling and subverting or working against, rather than encouraging, free market forces.



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