

## **Commodity Fetishism vs. Capital Fetishism. Marx's Reflections and Marxist Interpretations**

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Marx introduced the notion of commodity fetishism in Section 4 of Chapter 1, Volume 1 of *Capital*, which is entitled “the commodity” to describe the “mysterious character of the commodity-form”, which consists in the fact that “the commodity reflects the social characteristics of men’s own labour as objective characteristics of the products of labour themselves, as the socio-natural properties of these things” (Marx 1990: 164-5).

And he continues:

“Hence it also reflects the social relation of the producers to the sum total of labour as a social relation between objects, a relation which exists apart from and outside the producers. Through this substitution, the products of labour become commodities, sensuous things what are at the same time supra-sensible or social.”

The key issue here is to understand *what are* “the social characteristics of men’s own labour” and *how* they are projected as “objective characteristics of the products of labour”.

In their pursuit to decipher this riddle, many Marxist theorists accorded fetishism a key-position in their writings, as a notion correlating the Critique of Political Economy with the theory of the state and ideology and with Marxist Philosophy in general.

However, we cannot approach the notion of fetishism unless we get to grips on the one hand with Marx’s methodology in *Capital*, and on the other with his value form theory, i.e., his monetary theory of value and capital.

Marx analyzed value as an expression of relations exclusively characteristic of the capitalist mode of production. Value registers the *relationship of exchange* between each commodity and *all other* commodities, appears in the form of money<sup>1</sup> and expresses the effect of the specifically capitalist homogenization of the labor processes in the capitalist mode of production [CMP], (production for-the-exchange and for-profit).<sup>2</sup>

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<sup>1</sup> The product of labor “cannot acquire universal social validity as an equivalent-form except by being converted into money” (Marx 1990: 201).

<sup>2</sup> ‘*The value form of the product of labour* is the most abstract, but also the *most general form* of the bourgeois mode of production as a particular kind of social production of a historical and transitory character’ (Marx 1990:

To reach these conclusions, Marx follows in *Capital* a twofold methodology: (a) an analysis on *different levels of abstraction*, which aims at (b) a process of *gradual concretization*, starting from an easily comprehensible definition of the concept under discussion and reconstructing it *step by step into a new (Marxian) concept*. It is in this sense that his theory constitutes a *Critique* and not a correction (or a version) of Classical Political Economy.<sup>3</sup>

It is clear then that a comprehensive theoretical investigation of Marx's theory shall not stick itself to the introductory treatment of the notions in question, but take into consideration his whole analysis (in the 3 Volumes of *Capital*, the first draft of which Marx had completed in 1865).

Marx commences with developing his theory of value (and of the CMP) from an analysis of *commodity circulation*, which he regarded as the "outer husk" of the overall process of capitalist production, stating: "we are talking about the surface of bourgeois society on which are made manifest the deeper functions from which it emerges".<sup>4</sup>

Marx's theory shall not be identified with the classical (Ricardian) simplistic view, according to which value is the tangible, i.e., directly measurable quantity of labor expended for the production of a commodity.

Value is determined by abstract labor; however, abstract labor does not constitute an empirical magnitude, which could be measured by the stopwatch. It is an abstraction, which is constituted (it acquires a tangible existence) in the process of exchange:

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174). 'The concept of value is entirely peculiar to the most modern economy, since it is the most abstract expression of capital itself and of the production resting on it. In the concept of value, its secret is betrayed. [...] The economic concept of value does not occur in antiquity' (Marx 1993: 776 ff.).

<sup>3</sup> The point of departure shall always be a 'simple', i.e. easily recognizable form, which though may lead to the 'inner'-causal relationships: '*De prime abord*, I do not proceed from "concepts", hence neither from the "concept of value", and am therefore in no way concerned to "divide" it. What I proceed from is the simplest social form in which the product of labor presents itself in contemporary society, and this is the "*commodity*". This I analyse, initially in the *form in which it appears*' (MEW 19: 368).

<sup>4</sup> Marx puts forward this idea more clearly in a letter to Engels, dated April 2, 1858: "This simple circulation taken in and of itself, and we are talking about the surface of bourgeois society on which are made manifest the deeper functions from which it emerges, does not reveal (zeigt) any difference between the subjects of exchange, with the sole exception of some obvious formal differences. This is the realm of freedom, equality and property that is erected on the basis of 'labour'" (MEW Vol. 29: 317).

“Social labour-time exists in these commodities in a latent state, so to speak, and becomes evident only in the course of their exchange. [...] Universal social labour is consequently not a ready-made prerequisite but an emerging result” (Marx 1981: 45).

The Marxian analysis does not therefore entail reproduction of the barter model (of exchanging one commodity for another), since it holds that exchange *is necessarily mediated by money*. Money is interpreted as an *intrinsic and necessary element in capitalist economic relations*.

“Commodities do not then assume the form of *direct mutual exchangeability*. *Their socially validated form is a mediated one*” (MEGA II.5, 1983: 42).

In Marx’s theoretical system there cannot be any other form of appearance of value. The essential feature of the ‘market economy’ (of capitalism) is thus not simply commodity exchange (as maintained by mainstream theories) but monetary circulation and money:

“The *social* character of labour appears as the *money existence* of the commodity and hence as a *thing* outside actual production” (Marx 1991: 649).

The fact that even the most straightforward act, that of exchanging two commodities must be understood as a procedure consisting of two successive monetary transactions, a sale followed by a purchase allows the comprehension of a main inherent trend of the “market economy”: the propensity of money to become independent from its role as a *means* of exchange or a measure of value, its tendency to become an “*end in itself*”.

Nevertheless, “money as an end in itself” is Marx’s first, yet theoretically immature, definition of capital. It is a form of appearance of capital: money capital. And Marx’s main endeavor is to provide an answer to the decisive question: “Why does this content take this form?” (Marx 1990: 174). And as he stated in the 3<sup>rd</sup> Volume of *Capital*: “We are only out to present the internal organization of the capitalist mode of production, its ideal average, as it were” (Marx 1991: 970).

As capital is, according to Marx, a “self-valorising value”, it acquires the “occult ability” to “add value to itself”. Marx writes in Vol. 1:

“as the dominant subject of this process [...] value requires above all an independent form by means of which its identity with itself may be asserted. Only in the shape of money does it possess this form. Money therefore forms the starting-point and the conclusion of every valorisation process [...] By virtue of being value, it [money] has acquired the occult ability to add value to itself. It brings forth living offspring, or at least lays golden eggs” (Marx 1990: 255).

Here we practically have the introduction of *a new dimension of fetishism: Money fetishism!* Money, prima facie a “thing”, acquires “the occult ability to add value to itself”, i.e., it reifies social relations, it “reflects the social characteristics” of production “as objective characteristics” of the “thing itself”.

At this point of Marx’s analysis, money is no more just the means of exchange in commodity circulation, but it is already capital, money capital. The “thing” has *reified the capital relation itself*. So, what we have here is actually *capital fetishism*.

Nevertheless, *we had to do with capital fetishism from the very beginning*.

In the course of his analysis, Marx clarifies that the commodity has been produced as output of a capitalist enterprise and is initially part of capital, commodity capital. It is obvious then that the concept of fetishism *pertains first and foremost to capital* (and so to the commodity and money as forms of capital), i.e., to the *capital relation* and all the forms under which it makes its appearance.

It is, therefore, necessary to take into account the often-ignored analyses of the *fetishism of interest-bearing capital* in the third volume of *Capital*, where we have the fully-developed account of capitalist relation that enables us to see the full range of theoretical prerequisites for the concept of fetishism.

In Vol. 3 of *Capital*, Marx acknowledges that *the place of capital* is in general occupied by more than one subject: a *money capitalist* and a *functioning capitalist*. This means that a detailed description of capitalism cannot ignore the *circulation of interest-bearing capital*, which depicts the structure of the financial system.

The development of credit and the split of profit into business profit (which accrues to the capitalist entrepreneur) and interest (which accrues to the lender, the money capitalist) has the following consequence, according to Marx:

“One portion of profit, in contrast to the other, separates itself completely from the capital-relation as such and *presents itself as deriving* not from the function of

exploiting wage-labour but rather from the wage-labour of the capitalist himself. As against this, *interest then seems independent both of the wage labour of the worker and of the capitalist's own labour; it seems to derive from capital as its own independent source*. If capital originally appeared on the surface of circulation as the *capital fetish, value-creating value*, so it now presents itself once again in the figure of interest-bearing capital as *its most estranged and peculiar form*” (Marx 1991: 968, emphasis added).

According to Marx, interest bearing capital is *fictitious capital*. Fictitious capital takes the form of a bond or a company share, that is to say, it is a financial security *priced on the basis of the income it is expected to yield in the future*. It is *the concrete form of capital in the shape of a sui generis commodity*. The pure (and most developed) form of appearance of capital is its fictitious form. It is “fictitious,” not in the sense of imaginary detachment from real conditions of production, as is usually suggested, but “fictitious” in the sense that it reifies the capitalist production relations. Marx writes:

“Money – here taken as the independent expression of a certain amount of value existing either actually as money or as commodities – may be converted into capital on the basis of capitalist production, and may thereby be transformed from a given value to a self-expanding, or increasing, value. It produces profit [...]. In this way, aside from its use-value as money, it acquires an additional use-value, namely that of serving as capital. Its use-value then consists precisely in the profit it produces when converted into capital. In this capacity of potential capital, as a means of producing profit, *it becomes a commodity, but a commodity sui generis*. Or, what amounts to the same, *capital as capital becomes a commodity*” (Marx 1991: 459–460, the trans. compared with the German original and slightly altered, see MEW 25: 350–351).

Marx shows that this interest-bearing capital which has become a commodity, is the “capital-fetish” per se:

“Interest-bearing capital displays the conception of the *capital fetish* in its consummate form, the idea that ascribes to the accumulated product of labour, in the fixed form of money at that, the power of producing surplus-value in geometric progression by way of an inherent secret quality, as a pure automaton, so that this accumulated product of

labour [...] has long since discounted the whole world's wealth for all time, as belonging to it by right and rightfully coming its way" (Marx 1991: 523-24, emphasis added).

And he adds:

"Capital appears as a mysterious and self-creating source of interest, of its own increase. *The thing* (money, commodity, value) is now already *capital simply as a thing*; the result of the overall reproduction process appears as a property *devolving on a thing in itself* [...]. In interest bearing capital, therefore, *this automatic fetish is elaborated into its pure form*, self-valorizing value, money breeding money, and in this form it no longer bears any marks of its origin. *The social relation is consummated in the relationship of a thing, money, to itself*. Instead of the actual transformation of money into capital, we have here only the form of this devoid of content." (Marx 1991: 516, emphasis added)

Marx's formulations leave no room for ambiguities on this issue.

To sum up, capital, i.e., the capital relation, capitalist exploitation, appears as a "thing," as a sui generis commodity, as a financial security. This appearance is a representation of the capitalist reality comprising ideas, perceptions, and theoretical schemes which do not originate in agents' minds but arise from, and are held in place by social and economic relations. In other words, *fetishism is not a subjective phenomenon based on illusions and superstitious beliefs. It refers to an economic reality mediated by objects (commodities), which are always already given in the form of a representation.*

Interest-bearing capital does not describe a particular fraction of capital but is rather the most general and developed form of capital. Every capitalist enterprise has a Janus-existence, as production means and as financial securities. Chrysler is not only the factories producing cars, but also the financial existence of the enterprise, its shares and bonds.

The price of capital is not imaginary, aleatory or psychological: it is fictitious. It does not owe its existence to the "costs of production" and obviously is not equal to the "amount of money that changes hands" or to some principal value written on the IOU. It is an outcome of a particular representation of capitalist exploitation, which translates into quantitative signs the results of class struggle. From this point of view, the notion of fictitious capital can only be fully grasped in the context of *Marx's materialist theory of fetishism*. This also explains

the puzzle of why Marx associated so closely and carefully his discussion on finance with the issue of fetishism.

The reification of social relations and their transformation into financial products make them given as objects of experience that are always already-quantifiable in the context of a misrepresentation, which is combined at the same time with the norm of behavior they call forth.

Everyday financial calculations and estimations is an outcome of the complex practices of market agents and institutions immersed in the world of financial commodities and backed up by cutting edge financial research. These practices deform and misrepresent capitalist class reality, imposing upon market participants a particular kind of consciousness and a certain specific strategic behavior.

In this context, financial risk is calculated on the basis of particular fetishistic representations of the events and outcomes of class struggle. Risk is the way capitalist agents perceive the future from an ideological point of view. Risk is the anticipation of future trends (usually expressed in probabilistic terms) on the basis of the *fetish mystification of capitalist reality*. We can understand that without this intermediation of risk, it is absolutely impossible for capitalization, i.e. the pricing of securities, to take place. Capitalization as a pricing process presupposes a mode of representing, identifying, arranging, and ordering certain social events, which are first “distinguished” and then objectified as risks. In other words, capitalization is not possible unless there is some specification of risk, that is to say, unless *specific events are objectified, accessed and estimated as risks*.

It is a forward-looking process, which assesses and evaluates in advance, future events of the class struggle as risks. Since the inner workings of an enterprise constitute a political terrain, the production of surplus-value, as a battlefield situation where resistance is being encountered, is never something that can be taken for granted. Therefore, risk evaluation carries out an intermediation, which is absolutely crucial to the organization of capitalist power. It translates into quantitative data the dynamics of class power relations. It is a *fetishistic process* which does not simply mystify capitalist reality but also embeds social behaviors and strategies proper to the reproduction of class exploitation.

The “secret” of financialization is to be found in the risk valuation aspect of modern finance, an aspect that is deeply rooted in the circuit of capital. From this point of view, finance can be also understood as a technology of power, which organizes capitalist power relations. Techniques of risk management, associated with the functioning of the “deregulated” money markets, are indeed a critical point in the management of resistance

from labor. We can fully understand these processes only if we rely on Marx's theory of fetishism.

It is therefore problematic to regard that Marx *completed* a theory of fetishism in the first part of Vol. 1 of *Capital*, i.e. prior to introduction of the concepts pertaining to the capitalist mode of production.

However, a number of Marxist approaches to fetishism has ignored Marx's whole analysis *beyond* Chapter 1 of Vol. 1 of *Capital*, and have interpreted fetishism as a theory of alienation of humankind, presupposing an essence of humanity and assessing the social relations as in contradiction with that essence.

Trapped in this apperception, Louis Althusser and Etienne Balibar rejected Marx's introductory approach in Chapter 1 of Vol. 1 of *Capital* as based on the bourgeois ideological bi-poles of law and political economy (person/thing, freedom/coercion, natural/social, plan/market). As a consequence, the authors reject the notion of "fetishism", since they interpret it as the automatic consequence of the circulation of commodities, with the commodity represented as the Subject or the "reason" for the ideological misinterpretation.<sup>5</sup>

Opposite to Althusser and Balibar (1997) who reject this alienation approach, the most characteristic example of fetishism conceived as a theory of alienation, is Georg Lukács's famous *History and Class Consciousness*. In this case, commodity fetishism is treated as the matrix of a structure of alienation which reifies social relations.

Lukacs claims that

"the chapter on the fetishistic character of the commodity contains all of historical materialism, all of the self-knowledge of the proletariat as the consciousness of capitalist society" (Lukács 1988: 297-298).

This leads to a "perpetually increasing rationalization, to an ever-intensifying exclusion of the qualitative, individual-human characteristics of the worker" (Lukács 1988: 176-7). The human being is rendered "a mechanised component of a mechanical system" (Lukács 1988: 179). Everything subjective has the appearance of an "element of error" (Lukács 1988: 178). The activity of the worker becomes a "*contemplative stance*" (Lukács 1988: 179) in relation to the closed system of machines. The person incorporated into this system becomes a

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<sup>5</sup> Althusser 1984 theorized the manner of emergence of socially necessary misrecognitions (socially necessary in the sense that they underwrite those practices that reproduce capitalist relations of production) and integrated it into a broader theory of ideology (and so of Ideological State Apparatuses).



“helpless spectator” (Lukács 1988: 180), “a cog in the wheel of economic development” (Lukács 1988: 296 and 313). “The human being is objectified as a commodity” and her consciousness becomes “*the self-consciousness of the commodity*” (Lukács 1988: 294-5). The totality of social phenomena undergoes a “process of transformation” (Lukács 1988: 187 and 299) in the direction of reification.

Under conditions of fetishism, according to Lukács people become things and things lose their material character, being transformed into anonymous quantities. The hope is that this descent into total ignominy will implant in the proletariat the consciousness and the spirit of revolt that will put an end to the alienation.

The Lukácsian approach adopts a pre-Marxist (rather Feuerbachian) philosophy, according to which “humankind” is being subjected to the “object world” it has created. Proponents of this alienation approach reduce all forms of ideology to commodity fetishism: “The *form* in which the state deals with subjects is structurally determined by the fetishism of the value-form” (Wayne 2005: 209).

However, fetishism is not bourgeois ideology in general. It is only *one form* of ideological concealment emanating from the capital relation: the one connected with the function of the markets and in which capitalist relations are imprinted on “things”. Bourgeois ideology is not restricted to fetishism, but pertains to the *totality* of class practices, and foremost to the functioning of the capitalist state and its apparatuses.

Marx argues that the structural elements of the ruling ideology (freedom, equality, justice...) necessarily reflect the structure of the capitalist mode of production. In the framework of capitalist class rule, the dominant ideology conceals the class relations of domination and exploitation, not so much by denying them as by imposing them through *many different practices* as relations of *equality, freedom and common interest*. Their hard core is the *juridical ideology* that is inextricably linked to the functioning of the legal system. These different practices are of course related to the basis of the capitalist mode of production, but are not identical with it. As Marx puts it:

“It is in each case the direct relationship of the owners of the conditions of production to the immediate producers [...] in which we find the innermost secret, the hidden basis of the entire social edifice, and hence also the political form of the relationship of sovereignty and dependence” (Marx 1991: 927).<sup>6</sup>

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<sup>6</sup> “The sphere of circulation or commodity exchange, within whose boundaries the sale and purchase of labour-power goes on, is in fact a very Eden of the innate rights of man. There alone rule Freedom, Equality, Property

How can one comprehend, e.g., *nationalism* (the idea and practices of national unity and national interest as opposed to class power and class interest), a par excellence ideology of the capitalist state (capitalist political power) on the basis of the Lukácsian affirmation that bourgeois ideology is being derived from the fetishism of the value form? How can one explain nationalism through the persistence on the idea of “quantification”?

Nationalism (by definition a “qualitative judgment”) is supported by the way the capitalist state is structured, as part of the overall bourgeoisie social power: a *nation-state*. The nation in its modern-day sense is an inseparable aspect of the capitalist social order, very tangibly expressing the political and ideological-cultural predominance of capital, which homogenizes every community within a political territory into an “ethnic community”. This homogenization “effaces” the boundaries between the classes, i.e. class power and exploitation or merely relativizes them (representing them as something secondary in the broader context of national unity and cohesion).<sup>7</sup>

Marxist theoreticians who have realized that the “act of exchange” does not constitute the genetic code of all ideological forms, broadened the notion of fetishism in other directions, which could incorporate the legal and nationalist ideologies.

The Soviet jurist Yevgeny Pashukanis designates as *legal fetishism* the view that citizens exist as sovereign free and equal subjects, which rule over objects and enjoy freedom in their social relations. He writes:

“The legal form [...] also finds its material foundation in the act of exchange [...], the act of exchange brings together [...] the essential elements both of political economy and of law” (Pashukanis 1929: 100).

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and Bentham. Freedom, because both buyer and seller of a commodity, let us say of labour-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 own. And Bentham, because each looks only to his own advantage” (Marx 1990: 280).

<sup>7</sup> As Poulantzas (1990: 114) put it: “National unity (...) becomes *historicity of a territory and territorialization of a history* (...) The enclosures implicit in the constitution of the modern people-nation are only so awesome because they are also fragments of a history that is totalized and capitalized by the state”.

In a convergent direction, Antonio Gramsci describes as “fetishistic history” (Gramsci 1975: 1980-81) the dominant interpretation of Italian history, i.e. nationalism. Those represented as protagonists are various mythological figures such as the Revolution, the Union, the Nation and Italy. The historical horizon ends at the national borders and the past is interpreted in the light of the present on the basis of a deterministic linearity. The historical problem of the reason for the establishment of the Italian state and the manner in which it was established is transformed into the problem of discovering that state as a Union or as People or more generally as *Italy in all preceding history* in exactly the way that the bird must exist inside the fertilised egg.

Besides the nation, Gramsci describes as fetishistic all “collective organisations” that people perceive as something external to themselves, functioning without their participation. Every such organization, according to Gramsci, “becomes a mental apparition, a fetish” (Gramsci 1975: 1769-71). This fetishistic relationship of individuals to organisations is not to be found only in coercive organisations, like the Church, but also in non-public, voluntary organisations such as parties and trade unions. By contrast, for revolutionary organisations the need for direct participation by individuals, i.e. the overcoming of fetishism even if this creates a situation of apparent chaos, is absolutely vital.

I share the view that approaches like the above, that broaden the notion of fetishism in order to incorporate other ideological forms (the juridical ideology, nationalism, sexism, etc.) are interesting, although they do not add much to a Marxist theory of ideology, social practices and the state, by the fact alone that they incorporate the term fetishism in their analyses. As I tried to show, fetishism is according to Marx the reification of *economic reality, i.e. capitalist exploitation, mediated by objects or things*, i.e., money, commodities and sui generis commodities. A reification which functions as the “truth” of the capitalist system, and imposes upon market participants a particular kind of consciousness and a certain behavior, proper to the reproduction of class exploitation.

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