



Volume 12 Issue 3
09 / 2014
tamarajournal.com

The Process of Exchange from Phenomenological Perspective

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Keywords

Marx
Foucault
Exchange
Phenomenology
Money
Capital
Virtual Reality
Simulation
Currency

Abstract

This short essay will be an attempt to analyze the exchange of money and commodities in terms of framework offered by phenomenology. Marx's *Capital* is an utterly phenomenological work in the Hegelian sense of this notion. Marx conceptualizes phenomenology as a method of exposing the real-world phenomena that is prior to abstract philosophical inquiry. In the first volume of *Capital* Marx introduces explanatory categories of the German Idealism to "purely" economical and social issues. This sense his analysis is close to the one found in Michel Foucault's *The Order of Things*. Foucault, who is mainly preoccupied with understanding the establishment of certain subject (in this context the modern economic subject), deals here with the notion of wealth and elaborates changing relations between money and prices between 15th and late 17th century, as well as such issues as mercantilism, utility and creation of value. There are significant differences between Marx's and Foucault's approach. Whereas Foucault's analysis is oriented towards the hermeneutics and deconstruction of the notion of exchange as a constitutive activity of the subject, Marx is mainly preoccupied with the description of the activity of exchanging and its consequences. However, even though conclusions of *Capital* and *The Order of Things* differ significantly, the method of analysis reveals many similarities. Thus, both texts operate with a structure of deeper understanding of exchange as a multi-layer process of signification, accumulation, and transformation. The essay is an attempt to briefly analyze all of these functions of the exchange process as well as to indicate a new interpretation that arises from the framework offered by both authors.

I.

There is a very hilarious Polish tale for children about an old man who spends his life exchanging precious things for those worth much less. Every time the old man notices an object that he does not know and possess, he (or she) is eager to get it by every possible means. Actually, he (she) is willing to exchange every precious thing that was dear to him before in order to have the new one. His (her) desire for something new makes him forget all other things that he desperately wanted before.

This short essay will be an attempt to analyze the exchange of money and commodities in terms of framework offered by phenomenology. Apparently, exchange may seem to be a process which, despite its elaborate practical implementation, is relatively simple to define. Unfortunately enough, even this simple Polish tale reveals its complexity. Exchange can be understood and described from different dimensions, similarly to money that is generally considered to fulfill at least three different functions (medium of exchange, unit of account, store of value). There have been many historical arguments regarding the functions of exchange, but not many of them examined this process from the phenomenological perspective. For this reason, among many others, Karl Marx's approach to this issue of exchange is so innovative, even in terms of contemporary research. *Capital* is an utterly phenomenological work in the Hegelian sense of this notion. Marx conceptualizes phenomenology as a method of exposing the real-world phenomena that is prior to abstract philosophical inquiry. In the first volume of *Capital* Marx introduces explanatory categories of the German Idealism to "purely" economical and social issues. I will mainly refer to chapters: 2 – *The Process of Exchange*, 3 – *Money, or the Circulation of Commodities*, and 4 – *The General Formula for Capital*, where Marx examines the "why?" and "how?" of the exchange by means of a phenomenological analysis of the activity of exchange commodities. In this sense his analysis is close to the one which can be found in Michel Foucault's *The Order of Things*, particularly its 6th chapter, *Exchanging*, where Foucault deals with the notion of wealth and elaborates changing relations between money and prices between 15th and late 17th century, as well as such issues as mercantilism, utility and creation of value. There are significant differences between Marx's and Foucault's approach. Foucault main aim is to answer the question of what it means to exchange and how it contributes to the establishment of the modern subject. In order to trace the establishment of subject he attempts to reconstruct orders of knowledge. Whereas his analysis is oriented towards the hermeneutics and deconstruction of the notion itself, Marx is mainly preoccupied with the description of the activity of exchanging and its consequences. However, even though conclusions of *Capital* and *The Order of Things* differ significantly, the method of analysis reveals many similarities. Thus, both texts operate with a structure of deeper understanding of exchange as a multi-layer process of signification, accumulation, and transformation. Even though Foucault is mainly preoccupied in reconstruction of episteme that leads to subjectivity of *homo oeconomicus*, and Marx is reconstructing how exchange took place and what it meant for various political and social systems, both Marx and Foucault reveal phenomenological approach to exchange. They look at it as a complex unity of phenomena that can be understood, analyzed on a deeper philosophical level as long as one suspends beliefs concerning its inevitability in social life. This phenomenological thinking about exchange will be at the center of my comparative analysis.

The aim of this essay is to reconstruct and compare some of the aspects of the process of exchange as described by Marx and Foucault and to point out new directions in which a careful analysis of their works may lead. The closing passage of the essay shall indicate an additional possible understanding the process of exchange, which is deeply enrooted in their philosophical framework, however not explicitly mentioned by either of the authors.

II.

The presented in the *Capital* overall schema of circulation of commodities is based on two opposite and complementary movements: purchase (M-C) and sale of commodity (C-M). These two movements build a basic structure of exchange which consists, as Marx claims, in transformation of commodities into money and re-conversion of money into commodities (CMC, or reversely: MCM). In the CMC structure the product becomes a commodity and hence is treated as a value. All commodities are non-use values for their owners, and use values for their non-owners (1994, p. 245). "Therefore, they must all change hands" (ibid.). This constitutes their exchange, which puts them in relation with each other as values. Hence, argues Marx, "commodities must be realized as values before they can be realized as use-values" (ibid.). As we can see, the exchange is an activity of relating different significant elements that acquire significance by means of the very process that they participate in.

Now, as underlined before, Foucault – in most of his works – focused on broadly understood subjectivity. Having that said, Foucault's reconstruction of how exchange was perceived still is, in many ways, based on the same scheme. Because of the fact that exchange utterly consists in creating and upholding relations, Foucault places it among three primal human activities: representing, speaking and classifying. Therefore, the function of representation and signifying by means of ascribing value is the first one to be investigated in the study.

Exchanging as representing

Exchanging is based on a need of possessing certain objects. These can be objects of desire, necessity, utility, pleasure or rarity (Foucault 1994, p. 175). Men seek certain things, because they consider them worth more than others. Exchange

is possible only if the other party acknowledges the good that I possess and wish to exchange as something valuable, or indispensable. If it happens to be so, the object that I possess becomes a commodity. Marx argues that what distinguishes a commodity from its owner is the fact that every other commodity “counts for it only as the form of appearance of its own value” (ibid., p. 245). Foucault’s claim, even though placed on a different metaphysical plane of subjectivity construction, is almost identical: in order that one thing can represent another in exchange, they must both, exist as bearers of a value. Yet, if the value exists only within a representation, a question of the order of things arises. What was first? If the clue of exchange is representation, then how, in the movement of exchange, can prices characterize things? Or, in other words, how can money establish a system of signs and designation between different kinds of wealth? At this point Foucault indicates that there are at least two answers addressing this dilemma. According to the first one, given by Condillac, Galiani and Graslin, the process of exchange can be compared to the role of the verb in a linguistic system. The verb relates other words to one another and renders “all the words of language on the basis of their propositional connection” (1994: 191), whereas the exchange process provides a basis for the value of the things exchanged for certain price. On the other hand, there is the physiocratic answer which rejects the idea of value being created by means of the process of exchange. And if we stick to the linguistic metaphor, then just as language could be rooted outside itself, the value can be prior to exchange, for it can be an intrinsic attribute of certain goods. However, as Foucault claims, even the physiocratic answer cannot reject the importance of exchange for the existence of values and wealth, since the value created during the exchange is not substantially different than the value ascribed to goods of nature, which can be used, but not be passed on. The value created by exchange is a marketable one, and thus becomes a component of creating the wealth. The exchange of commodities breaks through all the individual and local limitations of the direct exchange of product and develops “a metabolic process of human labor” (Marx 1994: 190). Exchange not only sets up a relation between the represented object and its value, but also a relation between those who possess and those who need. “Before exchange there is nothing but a rare or abundant reality provided by nature” – writes Foucault (p. 192). And it reminds a lot of Marx’s interesting remark on the idiocy of rural life, which itself is yet another subject to write an essay about.

Exchanging as accumulating and relinquishing

Leaving aside the ethical and moral evaluation of this process we shall focus on the matter of value, which, once the process of exchange begins, starts to present itself as a “self-moving substance” (Marx, ibid., p. 263). The exchangeable value not only represents the relations of commodities, it also enters “into a private relationship with itself”, for it differentiates itself as original value from itself as a surplus-value. Suddenly, money is worth more money and acquires value which is greater than itself. Also Foucault notices this strange balance when he argues that whereas natural history reveals squares of identities separated by differences, the analysis of wealth reveals differentials manifested as tendencies towards increase and diminution. He argues, against those who insist on common, superabundant goods as value-basis, that demand and relinquishment, are the alone capable of producing and increasing value (Foucault 1994, p. 192). The creation of value is not a means of satisfying a greater number of needs. Quite the opposite: “it is a sacrifice of certain quantity of goods in order to exchange others” (ibid.). Curiously enough, Marx and Engels saw this scheme already in their project of natural history where man struggled with the nature by making tools against it. Thus, values actually form the negative of goods. They arise where goods have disappeared and are created or increased by consumption. Exchange is therefore that which increases values (by giving rise to new utilities), but it is equally that which diminishes values in relation to one another. This leads to another point, which is crucial for Marx: ex-change as change that takes place every time we decide to pay for something.

Exchanging as transforming

“The complete metamorphosis of commodity, in its simplest form, implies four *dénouements* and three *dramatis personae*. First, a commodity comes face to face with money; the latter is the form taken by the value of the former, and exits over there in someone else’s pocket in all its hard, material reality. A commodity owner is thus confronted with money-owner. Now as soon as the commodity has been changed into money, money becomes its vanishing equivalent form, whose use-value or content exists here on the spot, in the bodies of other commodities. Money, the final stage of the first transformation, is at the same time the starting point of the second (Marx, ibid., p. 254)”.

When the circulation process is in motion, money gains absolute power to represent itself and form substitutes for itself. It is not the commodity that determines its relation to money, it is money that establishes this relation as a system of signs. Marx calls it is “the absolutely alienable commodity” (ibid., p. 252), because it covers the entire world of representation that takes place within exchange and sets all relations of equality and inequality. “From one representation to another there is no autonomous act of signification, but a simple and endless possibility of exchange” (Foucault, ibid., p. 179-180). And this exchange makes sense only when its mode of being is that of all other commodities “divested of their shape” (Marx, ibid.).

III.

Exchanging as referring to virtual reality

Virtual reality is very often described as an effect of human desire of simulation and interaction, where simulation is understood as an attempt to fool the eye and the mind, that is – to create illusions, and interaction – as a possibility to achieve an indirect contact and by means of it create as many relations with the outer-world as possible. These two desires shaped two axes. The point of their intersection is a „place” where the new, virtual medium is born. In the middle-aged scholastics the term “virtuality” referred to potentiality. Its antonym was not reality (as we would tend to think contemporarily), but actuality. In fact, “virtuality” and “actuality” were two modes of existence of reality. Henceforth, a virtual being was (and still is) able to actualize itself in many different characteristics that are – what is even more important – never ultimate and can transform themselves into something completely different and unexpected.

Now, when we look at the circulation of money and the exchange of money and commodities, we can also see that the practice of exchange itself is also an utterly virtual process. Virtual reality and the realm of exchange of money into commodities and into money, again (MCM) are of the same nature, because they are intrinsically potential in the philosophical meaning of this notion. This means that any significant difference between the phenomenon and the essence that are still valid philosophical categories, is invalidated. Substantially, it is impossible to distinguish the existence on the interface and the essence in the hardware. And it is also impossible to distinguish a value from the price, once the process of exchange has started. Thus, the phenomenon becomes a perfect representation of the essence (Hopfinger 2005, p. 467) and the only thing that remains unchanged is the form of the exposure which is logical since both the virtual reality world and the world of virtual exchange are potential. It is particularly visible currently with non-cash money operations and emergence of cyber-currencies such as bitcoins, lightcoins and others. Bearing in mind that bitcoins and other cyber-currencies are a topic for a separate paper, or rather a book, we need to highlight their importance as an example of ongoing virtualization of exchange. Bitcoins actually are a reward for payment processing work in which users offer their computing power to verify and record payments into the public ledger. Their mode of existence is of the same sort as the philosophical and scientific concept of “possible worlds”, developed first by G.W.F. Leibniz and contemporarily used to express modal claims and their lack of materiality enables them to set free from any shape that they once took. And yet, we could not say that such virtual beings do not exist, because we interact with them. They are linked with material reality and interfere with it. They are virtual agents.

This particular mode of existence of the essence and phenomenon depends mainly on the medium. Whereas in the realm of virtual reality we operate with virtual agents that are called avatars, in the sphere of exchange we operate with money. And money itself is the embodiment of perfection, for one particular reason: it is transparent and purely dependent upon their endless capacity for representation. Money is “hard, imperishable, uncorrodable; [it] can be divided into minute pieces; it can concentrate a great weight into a little volume; it can be easily transported; it are easily pierced” (Foucault, ibid., p. 176). It does not draw its value from the material of which it is composed, but rather from its form. Gold is – as Foucault argues – merely a representation, “a sign or instrument commonly used to convey the value of things in practice” (ibid., p. 176). And yet, the true estimation of that value has its source in human judgment. This feature of money, which Foucault calls “a peculiar perfection” (ibid., p. 178) and Marx “absolute alienation” (ibid., p. 252) makes money able to transform other things. Foucault defines the relation between money and wealth as arbitrary, because no intrinsic value of metal gives things their prices. For classical thought money is that what permits wealth to be represented. Without such signs as money wealth is mute, immobile and useless (ibid., p. 178). Money lets the wealth speak, because it attracts it by bringing it from abroad. At the same time, however, it is completely dependent on the exchange process, for the wealth can be attracted only if it can be consumed, money needs to be spent. When goods can circulate, they multiply, and wealth increases. The exchange process becomes absolutely indispensable. And apparently, thanks to its peculiar and features, it can reproduce its *modus vivendi* onto other spheres of human activities. This goes to

show that both Marx and Foucault were well aware that exchange was a crucial and transformatory multi-layer process of signification, accumulation, and change. Exchange became fundamental to modern subjectivity and released many other processes that shaped who we became. Marx, and Foucault's, observations concerning exchange of money and commodities was actually the first prophecy of the globalised, virtual world that we experience now. Exchange was, as this article was trying to show, virtual from the very start as a scaffolding of activities and structure of behavior, but its continuous undisturbed development also led to virtualization of the process understood on a micro-level as a daily practice. Remarkably enough, Marx was able to foresee it.

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