The Forms of Gold. Work III: Ideal Gold

The Domain of Capital and the Material Basis of Fiat–Credit Money

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Abstract

This study develops the theory of ideal gold as the unity of the fiat-credit monetary form of sovereign Capital and the Domain of Capital, its reproductively external material foundation. It formulates the Polar-Marxist Pareto Principle (PMPP), according to which the entire aggregate of monetary claims must be capable of simultaneous realization in socially produced value without the realization of one participant's claims preventing the realization of others'. On this basis, the study establishes the necessity of the Domain for the material backing of fiat-credit money and the realization of surplus value under conditions of continuous expanded capitalist reproduction. It demonstrates how equivalent exchange between the imperialist Center and the Domain unites the provision of material resources, the formation of external demand, and the accumulation of the periphery's financial claims against the Center. The dual productive and equivalent materiality of Domain resources provides the foundation for explaining the world monetary role of the US dollar and petrodollar relations. The investigation further distinguishes normal Domain Expansion from anomalous movements of Capital arising at the limit of exploitation, developing the concepts of anomalous profit appropriation, anomalous Domain Expansion, and the Mefo Law. The historical experience of Germany between 1922 and 1955 demonstrates the relationship between external material-financial reproduction, monetary instability, economic recovery, militarization, and postwar reconstruction. Finally, the emergence of Anticapital and Domain Contraction is shown to transform the original relations between the Center and the Domain. The central conclusion is that the material reality of fiat-credit money is determined by the reproduction of the Domain rather than by monetary issuance, credit creation, or financial circulation themselves.

Keywords: Ideal Gold; Fiat-Credit Money; Material Backing of Money; Domain of Capital; Polar-Marxist Pareto Principle; Surplus-Value Realization; Expanded Reproduction of Capital; Center–Periphery Relations; Anticapital; Marxism; Polar Marxism
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Introduction

In the preceding studies of Polar Marxism—"Real Gold" (Isteni 2026a) and "Idealized Gold" (Isteni 2026b)—it was demonstrated that neither of these monetary forms is capable of ensuring the continuous expanded reproduction of aggregate social Capital in accordance with the necessity of its self-valorization.

The corresponding contradictions and the mechanisms of their emergence are examined in detail in those works; therefore, we shall not repeat their demonstrations here.

Thus, the subject of the present study is ideal gold—the fiat-credit monetary form of Capital. It is necessary to establish how this monetary form ensures the reality of social value and creates the conditions for the continuous expanded reproduction of Capital.

Part I.
The Necessity of Ideal Gold

1. Value and the Material Backing of the Fiat-Credit Monetary Form

Let us return to Marx. In his analysis, the money commodity—gold—itself possesses value, since it is a product of social labour (Marx 1976). Thus, the monetary form has its own material foundation.

Now let us turn to the fiat-credit system. Unlike gold, fiat money possesses no commodity value of its own. However, Capital must still realize the value it produces, including surplus value, precisely in monetary form. The question arises: how is this realization secured?

Imagine two sides of a balance scale. On one side is the value that Capital must realize. On the other is the independent value that materially backs fiat money. Between these two sides stands fiat-credit money, through which the monetary realization of produced value takes place.

Consequently, it is necessary to explain not only the origin of the money through which Capital realizes its products, but also the origin of the independent value that backs this money. After all, the creation of a monetary claim does not in itself constitute the creation of its material foundation.

Thus, the fundamental problem of ideal gold consists in establishing the reproductive relationship between the value awaiting realization, the fiat-credit monetary form, and the independent value that backs this form.

2. The Polar-Marxist Pareto Principle (PMPP)

For the purposes of our further investigation, it is necessary to establish the condition under which the fiat-credit monetary form can be considered materially backed.

Suppose that each participant in social reproduction possesses certain monetary claims that can be presented in exchange for actual value. However, the possibility of realizing an individual claim does not yet imply the possibility of realizing the entire aggregate of claims.

For example, the same money may pass repeatedly between participants in the economy, facilitating successive exchanges. Yet such circulation does not in itself explain how every participant can realize the claims belonging to them in actual socially produced value.

We therefore formulate the Polar-Marxist Pareto Principle (PMPP):

> The entire aggregate of monetary claims must possess the possibility of simultaneous realization in actual socially produced value, such that the realization of one participant's claims does not deprive other participants of the possibility of realizing their own claims.

Thus, the PMPP establishes a necessary condition for the material backing of the fiat-credit monetary form. The possibility of an individual exchange, or even of continuous monetary circulation, is not equivalent to the possibility of jointly realizing all monetary claims.

We can now return to the two sides of the balance scale. The value awaiting monetary realization must acquire an appropriate monetary form, while that form itself must possess independent material backing. The PMPP allows us to examine this relationship not from the standpoint of an individual exchange, but from that of aggregate social reproduction.

Consequently, the following question arises: can a closed capitalist circuit independently ensure compliance with the PMPP under conditions of continuous expanded reproduction of Capital?

To answer this question, we must examine the methods of creating additional money and the movement of that money within the capitalist system.

3. The Quantity Equation and the Problem of Actual Value

The question of the material backing of fiat-credit money is directly connected with the problem of monetary issuance. If money can be created independently of the production of a money commodity, the question arises: how is the possibility of its issuance determined?

Within the quantity theory of money, this problem is generally considered through the relationship between the money supply, the velocity of circulation, the price level, and the volume of production:

$$MV = PY. \tag{3.1}$$

However, this equation does not explain the origin of the value that materially backs the fiat-credit monetary form. It is impossible to derive an independent material foundation for monetary claims from the relationship between the quantity of money, its velocity of circulation, and the value of products realized.

Furthermore, monetary circulation encompasses not only final products included in GDP, but also intermediate transactions within social production. Therefore, even a quantitative comparison of the money supply with the volume of final output does not encompass the entire system of monetary relations. Yet extending such a comparison to all economic transactions does not resolve the fundamental problem either: the circulation of money does not in itself create the value that backs that money.

At the same time, additional monetary issuance does not in itself imply the depreciation of money. The question concerns the material backing of the monetary claims that arise, rather than merely changes in their nominal quantity.

Consequently, the quantity equation cannot serve as a fundamental explanation of fiat-credit monetary reproduction. Such an explanation requires establishing how newly created monetary claims are backed by actual value and satisfy the PMPP.

Let us now consider a capitalist system in which the state possesses the ability to issue additional money. Suppose that all social production and monetary circulation are confined within this system. Can the state, through the issuance and distribution of additional money, ensure the continuous realization of the profit of aggregate Capital while the reproduction of Capital continues?

This is precisely the question that will be examined in the following sections.

4. The Closed Reproduction of Sovereign Capital

For the purposes of our further investigation, let us represent the capitalist system as a single closed circuit within which all social production, distribution, and monetary circulation take place. Suppose that beyond this circuit there exists no independent sphere of reproduction capable of participating in the realization of produced value or in the material backing of fiat-credit money.

Within the system operate capitalists, workers, and the state. Capitalists organize production, acquire means of production, employ labour power, and realize the commodities produced. Workers

receive wages and purchase the necessary means of consumption. The state, in turn, possesses the ability to create additional fiat money and direct it towards various participants in the economy.

The fundamental condition remains the continuous expanded reproduction of aggregate Capital. Capitalists must not only realize the surplus value produced in monetary form, but also preserve the possibility of further production and the self-valorization of Capital.

Let us consider an individual capitalist. If he sells the products he has produced and receives monetary revenue exceeding his costs, then, from his standpoint, profit has been realized. However, when we consider the capitalist system as a whole, a question arises: how can the profits of all capitalists be realized simultaneously while the conditions for the further reproduction of aggregate Capital are preserved?

Even if capitalists purchase one another's products, the problem of realizing aggregate profit remains. If the quantity of money in the system does not change, while its velocity of circulation remains finite and likewise does not increase, mutual exchange between capitalists ultimately encounters the impossibility of further realizing increasing profit. The mere circulation of the same money supply does not ensure its continuous realization under conditions of the expanded reproduction of Capital.

The question therefore arises: can additional monetary issuance overcome this impossibility, simultaneously ensuring the realization of profit and the continued expanded reproduction of aggregate Capital?

To answer this question, we shall examine various methods of issuing and distributing additional money within a closed capitalist system.

5. Monetary Issuance as a Presumed Solution to the Problem of Profit Realization

Suppose that the state can issue additional fiat money and use it to purchase the products of capitalists. Let us examine whether this can ensure the continuous realization of profit while preserving the expanded reproduction of Capital and compliance with the PMPP.

5.1. Government Purchases of Consumer Goods

Suppose that a capitalist has produced an additional quantity of bread that he cannot sell because of insufficient demand. The state prints money and purchases this bread. The capitalist receives revenue, realizes profit, and can continue production. It would appear that the problem has been solved.

But what has actually happened?

The state has received bread that can be consumed and has paid for it with money created through issuance. The capitalist has transferred actual value to the state and received monetary claims in return.

However, the state has produced no independent value backing the money it has issued. The bread purchased cannot serve as such backing: it has already been withdrawn from the capitalist's disposal and is intended for consumption.

Consequently, the state has ensured the monetary realization of the capitalist's profit, but has not ensured the material realization of the monetary claims he has received. If such purchases continue, the quantity of monetary claims will increase without the creation of corresponding independent value to back them.

But another question arises here: why should the capitalist produce bread at all if the state can simply print money and transfer it to him?

If government monetary issuance is itself capable of increasing the capitalist's monetary wealth, then the production of commodities and their subsequent sale to the state become unnecessary intermediate operations. The capitalist could receive the same money directly, without organizing production or creating surplus value.

In that case, however, we would no longer be dealing with the self-valorization of Capital through the production and realization of surplus value. Consequently, government monetary issuance cannot replace the process of capitalist reproduction.

Thus, government purchases make it possible to realize products in monetary form, but they do not resolve the problem of the material backing of fiat money or eliminate the necessity of the actual reproduction of Capital.

5.2. Free Distribution of Purchased Products

Let us return to the bread that the state purchased from the capitalist. We must now determine what should be done with it. Suppose that the state decides to distribute it among workers free of charge.

Consider a simple example. A capitalist has produced bread whose value consists of necessary value and surplus value. Let us conventionally designate the necessary product as 100%, and the surplus product corresponding to a profit of 10% as an additional 10%.

Suppose that the necessary product amounting to 100% is realized through purchases made by workers, while the surplus product amounting to 10% remains unrealized.

The state prints money and purchases this additional 10% of bread. The capitalist has now realized the entire product, including its surplus value. However, the state must determine what to do with the bread it has purchased. Suppose that it distributes the bread among workers free of charge.

But why should workers purchase the previous 100% of bread if they now receive 10% free of charge?

The bread received free of charge satisfies the same need for which workers previously purchased bread from the capitalist. Consequently, the free distribution of 10% of the product reduces the corresponding purchasing demand of workers by 10%.

As a result, the state has realized the surplus product amounting to 10%, but has simultaneously displaced the corresponding demand for the necessary product. A portion of the bread previously realized through workers' purchases now remains unsold.

The sequence of events is not of fundamental importance. Government purchases and free distribution may occur at any time. Furthermore, capitalist production proceeds through successive reproductive cycles, and workers take the expected free receipt of commodities into account when making purchases. Consequently, even if the state distributes the bread at a later point, the corresponding reduction in demand will manifest itself in subsequent reproduction.

Thus, the state has not eliminated the problem of profit realization, but has merely transferred it from the surplus product to a portion of the necessary product.

However, another contradiction arises here.

Suppose that workers nevertheless consume all the bread produced: they purchase 100% of the necessary product with their wages and receive the additional 10% free of charge from the state.

But this additional 10% represents the surplus product created by the workers' own labour and intended for appropriation by the capitalist as profit.

It follows that workers have consumed not only the necessary product, but also the entire surplus product of their own labour. They have consumed the entirety of the value they created, yet the capitalist has somehow received a monetary profit of 10%.

The question arises: on what basis has the capitalist appropriated surplus value if the entire product ultimately went to the workers themselves?

A similar situation arises if the state does not purchase the bread itself, but simply transfers additionally printed money to workers so that they can purchase this additional 10% directly from the capitalist.

Workers receive additional money, purchase the surplus product, and consume it. The capitalist receives monetary revenue and formally realizes a profit of 10%.

However, the result remains the same: workers have consumed the entire product of their own labour, including the surplus product, while the capitalist has obtained monetary profit without the corresponding appropriation of the surplus product.

Consequently, government monetary issuance makes it possible to realize surplus value formally in monetary form, but simultaneously reveals a contradiction between this monetary realization and the actual capitalist appropriation of the surplus product.

Thus, neither the free distribution of commodities purchased by the state nor the transfer of additional money to workers for their purchase resolves the problem of realizing aggregate profit while preserving capitalist reproduction.

5.3. The Contradiction of the Quantity Theory of Money

It is noteworthy that, in the cases examined, we temporarily proceeded from the assumptions of the quantity theory of money. We even assumed that the state issues exactly as much additional money as is necessary to realize surplus value.

In other words, even when the quantitative assumptions we have adopted are satisfied, the monetary realization of profit leads to an absurd situation from the standpoint of the reproduction of Capital itself.

Moreover, we have not yet directly addressed the violation of the PMPP, although the monetary issuance considered clearly violates it: the additional monetary claims receive no independent material backing. Yet identifying this contradiction does not require us to confine ourselves to pointing out the violation of that principle. It is sufficient to trace the consequences of such a violation to reveal the absurdity of the reproductive relations that arise.

5.4. Government Purchases of Means of Production

Suppose now that the capitalist produces not bread, but additional means of production, such as machines. The state prints money and purchases them, ensuring the realization of surplus value.

The state may simply retain the machines, but in that case social resources will have been expended without further productive use.

Another possibility is to transfer the machines to capitalists free of charge or provide them with additional money to purchase these machines themselves.

Let us recall that the entire existing process of reproduction of aggregate Capital has already been accounted for in our thought experiment. Consequently, we are dealing specifically with additional means of production that must be used for the further expansion of production.

Having received the machines, capitalists can install them in their enterprises. However, machines produce nothing by themselves. Their operation requires additional labour power.

Suppose that capitalists begin hiring unemployed workers. The newly employed workers put the machines into operation, production expands, and capitalists acquire the possibility of further accumulation.

At first glance, the problem has once again been solved. But the reserve of unemployed workers is finite.

Each new cycle of expanded production requires the recruitment of additional labour power. As this labour power is employed, the reserve of unemployed workers diminishes until it is ultimately exhausted.

What happens then?

The state can still print money and purchase additional machines. It can even transfer them to capitalists free of charge. But capitalists will no longer be able to ensure the continuous expansion of production through additional hiring: no available labour power remains for this purpose.

Moreover, a reserve of unemployed workers is also necessary for the ongoing reproduction of Capital, since it makes it possible to replace workers who leave employment and to ensure the movement of labour power between enterprises.

Thus, government monetary issuance and the free provision of additional means of production cannot ensure the continuous expanded reproduction of aggregate Capital. Such a method of expansion inevitably encounters the exhaustion of the reserve of unemployed workers, and monetary issuance cannot create labour power that does not exist.

5.5. Government Consumption of the Surplus Product

Let us now consider another case. Suppose that the state prints additional money and purchases the surplus product of capitalists for its own consumption. This may include bread, weapons, missiles, or any other commodities that the state uses directly.

In this case, the state does not transfer the purchased products to workers or other capitalists, but consumes them itself. The capitalist receives money, realizes surplus value, and can continue production. Meanwhile, the product acquired by the state is definitively consumed and does not return to economic circulation.

At first glance, the problem has been solved: the capitalist has realized profit, while the state has provided additional demand.

However, a fundamental contradiction arises here. Let us recall how workers acquire the necessary product. They receive wages for their labour and use those wages to purchase consumer goods. At the same time, workers do not merely create value corresponding to their wages, but also produce surplus value appropriated by the capitalist.

Thus, workers can purchase and consume the necessary product because they have themselves previously participated in the production of social value, creating more value than they received in wages.

But what happens in the case of the state?

The state has produced no value whatsoever. It has simply printed money, transferred it to the capitalist, and received an actual product of social labour in return.

It follows that the state has appropriated and consumed the surplus product without producing anything in exchange, while the capitalist has received monetary profit.

But where, in this case, has the independent value backing the money received by the capitalist come from? The state has not created it through its own labour. It has merely issued additional monetary claims and exchanged them for value that had already been produced.

Consequently, government monetary issuance makes it possible to realize surplus value in monetary form, but does not create independent material backing for the money received by the capitalist.

Unlike workers, who purchase the necessary product with wages received as a result of their own participation in the production of value, the state acquires the surplus product exclusively by creating new money, without producing any value in return.

Thus, government consumption allows capitalists formally to realize profit, but violates the PMPP. The state consumes actual value, while capitalists receive monetary claims whose material realization is not secured.

Consequently, government monetary issuance for its own consumption likewise fails to resolve the problem of the continuous expanded reproduction of aggregate Capital.

5.6. Contradictions of the Internal Realization of Surplus Value

The thought experiments examined allow us to identify several fundamental contradictions arising from attempts to ensure the realization of aggregate profit through internal monetary issuance.

The first contradiction is the displacement of existing demand. If additional products are distributed free of charge to those who previously purchased similar commodities with their own money, free consumption replaces the corresponding portion of effective demand. As a result, the realization of the surplus product is accompanied by the under-realization of another portion of produced value. The problem does not disappear, but is transferred between different portions of the social product and successive cycles of reproduction.

The second contradiction is profit without the corresponding appropriation of the surplus product. If workers, through government monetary issuance, acquire the ability to consume the entire product they have produced, including the surplus product, they effectively consume all the value they have created. Yet the capitalist nevertheless receives monetary profit. The surplus product has gone to the workers, while the capitalist has simultaneously appropriated the profit corresponding to it in monetary form. The capitalist's monetary enrichment becomes detached from the actual appropriation of the surplus product.

The third contradiction is the acquisition of value without its production. The state can create money, purchase an actual product, and consume it itself, even though it has produced no value. The capitalist receives monetary profit, while the state receives the product of social labour. Yet no independent value arises to back the money that has been issued.

The fourth contradiction is monetary enrichment without the necessity of production. Moreover, if the mere issuance of money is sufficient for the monetary enrichment of the capitalist, it becomes unclear why he should produce commodities and sell them to the state at all, when the same money could be received directly. The very process of producing surplus value loses its significance as a necessary condition of monetary enrichment.

The fifth contradiction is the exhaustion of labour power under conditions of unlimited expansion of production. If additional means of production are used for the continuous expansion of productive capacity, the recruitment of additional labour power becomes necessary. However, the reserve of unemployed workers is finite. Consequently, the continuous expansion of production through the installation of additional machines and the hiring of workers inevitably encounters the exhaustion of available labour power. Monetary issuance cannot overcome this material limitation.

At the same time, all the methods examined, based on the creation of additional unbacked monetary claims, violate the Polar-Marxist Pareto Principle. However, their contradictory nature manifests itself not only in the violation of the PMPP itself, but also in specific absurd consequences for capitalist reproduction.

Consequently, internal monetary issuance does not resolve the problem of the continuous realization of aggregate profit while preserving the expanded reproduction of Capital.

6. The Necessity of Reproductive Exteriority

The preceding investigation has demonstrated that a closed capitalist system is incapable of ensuring the continuous realization of aggregate profit while preserving the expanded reproduction of Capital and compliance with the PMPP. Neither additional monetary issuance, nor the redistribution of existing demand, nor the expansion of production exclusively through internal operations resolves this contradiction.

Consequently, the problem does not lie in choosing a particular method of distributing money, but in the necessity of independent material backing for the fiat-credit monetary form.

Let us return to the two sides of the balance scale considered earlier. On one side is the value that Capital must realize. On the other is the independent value backing the fiat-credit money through which this realization takes place.

As we have established, within the closed reproduction of aggregate Capital it is impossible to ensure the necessary relationship between these two sides. Consequently, the material backing of the fiat-credit monetary form must possess a reproductive foundation independent of the capitalist Center.

This leads us to the necessity of a sphere of social reproduction that is external to the imperialist Center, yet participates in its reproduction. It is precisely this sphere that must provide independent material value and create the conditions for the realization of the Center's profit.

The determining factor is the character of social reproduction: the corresponding material foundation must reproduce itself independently of sovereign Capital.

We thus arrive at the principle of reproductive exteriority (Reproductive Exteriority): the continuous expanded reproduction of sovereign Capital presupposes the existence of a material-reproductive sphere independent of it, necessary for the backing of the fiat-credit monetary form and the realization of profit.

7. The Domain of Capital

On the basis of the established principle of reproductive exteriority, we can introduce the following definition:

> The Domain of Capital is a sphere reproductively external to the imperialist Center, necessary for the material backing of its fiat-credit monetary form and the realization of profit.

Thus, the Domain performs two interrelated functions.

First, it constitutes an independent material foundation backing the fiat-credit monetary form of Capital. Unlike the internal monetary circulation of the Center, which does not in itself create the value necessary to back monetary claims, the Domain possesses its own reproductive base capable of providing actual social value.

Second, the Domain ensures the possibility of realizing the profit of the imperialist Center. It serves as an external sphere in which the products of Capital can find the additional demand necessary for its continuous expanded reproduction.

At the same time, the external character of the Domain is determined by its reproductive relationship to the Center. We are dealing with an independent material foundation that participates in the reproduction of Capital without forming part of the closed reproduction of the imperialist Center itself.

Thus, the two sides of the balance scale considered earlier receive their explanation. On one side is the value that Capital must realize. On the other is the independent value backing the fiat-credit monetary form. The Domain represents the necessary reproductive exteriority through which the existence of this relationship becomes possible.

Consequently, the continuous expanded reproduction of sovereign Capital presupposes the existence of the Domain as an independent material-reproductive sphere.

At this stage, we have established the necessity of the Domain and provided its initial definition. Questions concerning the concrete organization of its reproduction and its historical development will be examined later in this study.

However, the result already obtained allows us to turn to the history of Marxist political economy. As it turns out, the problem of a necessary external environment for capitalist accumulation was posed long before the present investigation, above all by Rosa Luxemburg in her work “The Accumulation of Capital”.

8. Rosa Luxemburg and the Problem of the External Environment of Capitalist Accumulation

The conclusion we have reached reveals a direct connection with Rosa Luxemburg’s study “The Accumulation of Capital”, originally published in 1913 (Luxemburg 1934).

In this work, Luxemburg examines the problem of realizing surplus value under conditions of expanded reproduction of aggregate social Capital. She poses the question: how can capitalists continuously realize surplus value if society consists exclusively of capitalists and wage workers?

Investigating this problem, Luxemburg concludes that a closed capitalist society cannot independently ensure the necessary conditions for accumulation. As she writes:

> Capitalist accumulation requires non-capitalist social formations as its surrounding environment in order to proceed (Luxemburg 1934).

At the same time, the external environment is necessary for Capital not only as an additional market for its products. Luxemburg demonstrates that capitalist production also depends on obtaining material resources, means of production, and labour power from non-capitalist social relations.

Of particular importance is how Luxemburg herself defines internal and external markets. She explicitly states that they must be considered "not as concepts of political geography, but as concepts of social economy".

Luxemburg then provides the following example:

> Germany and England, in their mutual commodity exchange, are predominantly internal capitalist markets for one another.

At the same time, she writes that the exchange between German industry and German peasants, as producers and consumers, constitutes external-market relations for German capital (Luxemburg 1934).

Thus, trade between two capitalist states does not necessarily constitute a relationship between Capital and an external environment. Conversely, such an environment may exist directly within national borders. Luxemburg considers peasant, communal, and other non-capitalist forms of economic organization in this capacity.

However, the historical forms of the external environment investigated by Luxemburg belong to the conditions of capitalism in her era. In the contemporary world, the former peasant and communal environment no longer exists in the historical forms she described.

In the present theory, reproductive exteriority is determined by the relationship of the corresponding sphere to sovereign Capital. Therefore, even a country in which relations resembling market relations exist, but which does not belong to the developed Western capitalist Center, may constitute reproductive exteriority in relation to that Center. The mere existence of such market relations does not imply that the country belongs to the reproductive circuit of sovereign Capital.

The question of possible differences between this understanding of the external environment and Luxemburg's definition is not examined here. What matters is that, in both cases, the necessity of reproductive exteriority for the accumulation of Capital has been established.

Thus, we arrive at the same conclusion concerning the necessity of reproductive exteriority for Capital. What Rosa Luxemburg called the non-capitalist environment receives, in the present theory, the name Domain of Capital.

9. The Historical Debate on the Problem of Surplus-Value Realization

Rosa Luxemburg's work provoked a prolonged debate among Marxist economists. The principal subject of disagreement was the necessity of a non-capitalist environment for the expanded reproduction of aggregate Capital.

Particularly revealing is the Soviet criticism of this theory presented by V. Motylev in the preface to the fifth edition of "The Accumulation of Capital", published in 1934 (Motylev 1934).

Motylev argues that the problem of realizing surplus value is resolved through mutual purchases between capitalists. Expanded reproduction presupposes additional demand for means of production and the additional employment of workers, whose wages create demand for consumer goods. Thus, capitalists purchase one another's products, while newly employed workers purchase additional means of consumption.

According to Motylev, provided that the necessary proportions between the departments of social production are maintained, expanded reproduction can take place within a closed capitalist economy. Consequently, the involvement of a non-capitalist environment in the realization of surplus value is not necessary.

However, the problem of such mutual realization has already been examined in our preceding studies, "Real Gold" (Isteni 2026a) and "Idealized Gold" (Isteni 2026b).

The criticism of Luxemburg, however, was not confined to economic disagreements. Particularly revealing is the fact that Motylev declared her theory objectively anti-revolutionary, despite acknowledging Luxemburg's own revolutionary convictions (Motylev 1934).

According to Motylev, Luxemburg's theory implies that Capital gradually destroys the non-capitalist environment necessary for its existence, thereby automatically approaching its own collapse. Since this environment still encompasses a substantial portion of humanity, such a process may continue for an extraordinarily long time. Consequently, Motylev argues, Luxemburg's theory simultaneously implies the longevity of capitalism and diminishes the significance of the conscious revolutionary struggle of the proletariat.

Instead, Motylev turns to the Bolshevik theory of imperialism, explaining the revolutionary process through the domination of monopoly capital, uneven development, the intensification of class struggle, and national liberation movements. It is through these propositions that he explains the possibility of revolutions, including the victory of socialism in individual countries (Motylev 1934).

However, Luxemburg herself never claimed that the socialist revolution must await the complete disappearance of the non-capitalist environment. On the contrary, in "The Anti-Critique", she explicitly writes: "This, however, does not mean that this limit must necessarily be reached." She then explains that the conscious revolutionary activity of the proletariat intervenes in the historical process long before the ultimate economic limit of Capital is reached (Luxemburg 1934).

Consequently, the accusation that Luxemburg was anti-revolutionary is false. Her theory does not exclude revolution, but reveals an objective economic contradiction through whose development revolution becomes a historical necessity.

Moreover, Motylev's very formulation of the question reflects the ideological conditions of Soviet political economy. By the publication of the 1934 edition, the Bolshevik explanation of imperialism and revolution had already become part of the dominant ideology of the Soviet Union. In his preface, Motylev directly associates the struggle against Luxemburgism with the struggle against Trotskyism and other political currents whose positions diverged from the official line of the Bolshevik leadership (Motylev 1934).

Therefore, what we are dealing with in this case is rather a contradiction between Luxemburg's theory and official Bolshevik doctrine, not anti-revolutionary content in her theory. Theoretical disagreement with the Bolshevik explanation of revolution was transformed into an accusation of denying revolutionary struggle itself.

At the same time, the economic foundation of this criticism, which presupposed the possibility of self-sufficient expanded reproduction within a closed capitalist system, proves false. As already noted above, this is demonstrated successively in the three studies of Polar Marxism: "Real Gold", "Idealized Gold", and the present work, "Ideal Gold".

But the most interesting circumstance is that Luxemburg's theory makes it possible to explain the very emergence of the Soviet Union.

Here it is necessary to abandon the notion that a socialist revolution must occur primarily within the developed Western capitalist Center. Russia, where the revolution of 1917 took place, historically belonged to the periphery of world Capital, that is, to the sphere which we define in the present theory as the Domain of Capital.

According to Luxemburg, Capital continuously expands at the expense of its external environment, destroying existing social relations and subordinating the corresponding material conditions to its own accumulation. Yet it is precisely this process that creates the prerequisites for the emergence of a revolutionary force within the periphery itself.

Thus, the development of Capital produces not only the gradual destruction of the external environment necessary for its existence, but also the material prerequisites for the emergence of Anticapital, capable of halting its further subordination to capitalist reproduction.

It is in this relationship that we can consider the historical emergence of the Soviet Union. An anticapitalist revolution takes place directly within the Domain periphery, after which the corresponding material base passes into anticapitalist reproduction. This also corresponds to Soviet doctrine itself, since anticapitalist reproduction presupposes the revolutionary dictatorship of the proletariat on the periphery.

Consequently, revolution need not await the complete destruction of the external environment. It arises in the course of that environment's capitalist transformation and itself halts the further expansion of Capital.

This makes it possible to explain the emergence of the Soviet Union directly through the contradiction established by Luxemburg. Moreover, revolutionary activity proves to be not an external supplement to economic theory, but a historical result of the development of the relationship between Capital and its reproductive exteriority.

Thus, what Motylev regarded as grounds for accusing Luxemburg of being anti-revolutionary makes it possible, on the contrary, to reveal the objective prerequisites for anticapitalist revolution on the periphery.

In the subsequent investigation, we shall examine in greater detail the historical reproduction and other characteristics and particularities of the Domain, as well as the emergence of Anticapital as an opposing social-reproductive force.

Part II.
The Material Body of Ideal Gold

10. What Is Ideal Gold?

Ideal gold is the unity of the fiat-credit monetary form of sovereign Capital and the Domain of Capital, in which the labour of its producers reproduces independent material value necessary to back this monetary form and realize the profit of the imperialist Center.

In the preceding sections, we established that the fiat-credit monetary form of sovereign Capital requires independent material backing, reproduced beyond the boundaries of its closed economic

circuit. We defined the corresponding reproductively external sphere as the Domain of Capital. Let us now examine the two sides of ideal gold as a unified social-reproductive relationship.

The first side is the fiat-credit monetary form of Capital. It is created by the imperialist Center and facilitates monetary circulation, the realization of value, and the reproduction of Capital. Unlike real gold, this monetary form does not itself possess the commodity value necessary for its material backing.

The second side is the Domain of Capital. Its significance lies in the independent reproduction of material value necessary to back the fiat-credit monetary form of the Center and realize its profit. This value is created through the labour of people producing commodities within the Domain and enters into relations with the Center through social exchange.

In real gold, the monetary and material sides are united in a single commodity. Gold itself possesses value created by the labour of its producers, and it is on this basis that it performs its monetary function. In ideal gold, these sides become socially and reproductively separated.

This unity contains the two principal functions of the Domain established earlier. Both functions are connected with actual value produced beyond the closed reproduction of sovereign Capital.

11. The Fiat-Credit Monetary Form of Capital

In the preceding section, we defined ideal gold as the unity of two sides. It is now necessary to examine the first of these in greater detail: the fiat-credit monetary form of sovereign Capital.

Why do we call it specifically fiat-credit? The reason is that fiat money itself essentially represents a particular form of debt obligation that has acquired general social circulation. Like credit claims and debt securities, fiat money expresses monetary obligations, but acquires the capacity to circulate directly among participants in economic relations and perform the functions of money.

At the same time, fiat money constitutes only one part of a much broader system of monetary and debt relations. On this basis, bank lending develops, deposits arise, government and private debt obligations are issued, and numerous interconnected financial claims are formed. The credit system expands monetary circulation, while the obligations it creates become the foundation for the further expansion of credit relations.

The scale of this expansion can be illustrated by the differences between monetary aggregates. For example, M0, M1, and M2 represent monetary aggregates of varying scope, ranging from cash to broader aggregates that include funds held in accounts and deposits. However, even these aggregates do not encompass the entire system of financial obligations within which loans, bonds, and other debt claims circulate.

Thus, the monetary form of Capital represents an expanding aggregate of interconnected monetary and credit obligations. Fiat money constitutes its directly circulating monetary form, while credit and debt relations facilitate the further expansion of the entire system. It is precisely for this reason that we consider fiat money and credit in their unity and designate the corresponding form as fiat-credit. This aggregate of relations can also be described by the more general concept of the financial system of Capital.

In the contemporary world, the most characteristic expression of this monetary form is the US dollar and the international financial system associated with it. The dollar functions as a world currency

through which a substantial portion of international settlements, lending, and the accumulation of monetary claims takes place.

The contemporary system already operates under conditions shaped by the existence of Anticapital, which has transformed the original relations between the Center and the Domain. Therefore, in the following sections, we shall first examine the original logic of the reproduction of ideal gold, and subsequently its historical development and transformation.

12. The Material Body of Ideal Gold

Let us now turn to the second side of ideal gold: its material body. To do so, we must establish the elements of which it must consist and the properties it must possess in order to perform its reproductive functions.

First of all, the material body of ideal gold must contain something possessing use-value. In Marxian political economy, use-value expresses the usefulness of a thing, its capacity to satisfy a particular human need. This need may be either personal or productive. Consequently, we are dealing with material products that are necessary either for human beings or for the process of production itself and can therefore become objects of social exchange.

Real gold possesses this property. It is a useful material product that possesses its own value. It is precisely the existence of actual use-value that makes gold desirable independently of its performance of a monetary function.

However, use-value alone is insufficient. The material body of ideal gold must possess actual value created by human labour. Consequently, a second element is necessary: the people whose labour produces the corresponding value. They must engage in production through which material products acquire their value and become objects of social exchange.

At the same time, this value must be reproduced independently of sovereign Capital. Production may be organized by Capital itself, including through the establishment of colonial economic relations, but it must remain reproductively external to the imperialist Center. It is precisely this that allows the value produced to perform the function of independent material backing for its monetary form.

Thus, the material body of ideal gold presupposes the existence of both matter possessing use-value and a population whose labour creates its actual value. These elements constitute the foundation of the material reproduction of the Domain of Capital.

However, the Domain must also perform the other function established earlier: ensuring the realization of the Center's profit. Therefore, a third aspect of its reproduction is necessary: the population and economy of the Domain must act as purchasers of the products of the imperialist Center.

Here a connection emerges between the production of value and effective demand. The producers of the Domain create actual value, which passes into the possession of the Center through exchange. In return, they receive monetary funds that enable them to purchase commodities produced by the Center. Thus, the Domain simultaneously produces value and creates the conditions for the realization of value produced by Capital.

This process presupposes fully equivalent exchange. The Domain provides actual value and receives an equal value in monetary form, through which it can purchase commodities from the Center. As a

result, one and the same reproductive relationship provides the material foundation of the monetary form of Capital and the formation of external effective demand.

Consequently, the material body of ideal gold presupposes the combination of three necessary elements: matter possessing use-value; people whose labour creates actual value; and social-reproductive relations through which this value is exchanged and generates effective demand for the products of the Center.

13. The Matter of Ideal Gold and Its Use-Value

The first necessary element of the material body of ideal gold is matter possessing use-value. Consequently, it is necessary to determine what exactly can constitute such matter and what properties it must possess.

First, let us consider real gold itself. In the preceding studies, we established that gold production is incapable of keeping pace with the expansion of capitalist production. Capital continuously increases the scale of production and strives to realize an ever-growing amount of value, while the production of gold itself is constrained by the material conditions of its extraction.

Certainly, an increase in gold production can partially satisfy Capital's need for additional monetary backing. However, it does not eliminate the contradiction between the expansion of capitalist production and the limited possibilities for reproducing real gold. It is precisely this contradiction that gives rise to the necessity of ideal gold.

If real gold could fully satisfy the requirements of expanding Capital, the necessity of ideal gold would not arise at all. It would be sufficient to increase gold production continuously as capitalist production expanded. However, any attempt to eliminate the material limitations of its reproduction returns us to the problem of idealized gold examined in the preceding study.

Consequently, real gold can constitute only a part of the material body of ideal gold, but cannot provide its entirety. In particular, gold extracted within the Domain of Capital can participate in the material backing of the fiat-credit monetary form alongside other material products, even when it does not directly perform the function of a money commodity.

Thus, gold retains the capacity to function as one of the elements of the material backing of ideal gold. However, owing to the previously established limitations of its reproduction, it can constitute only a part of the aggregate material body, necessarily smaller than the whole.

Let us now turn to other forms of matter possessing the necessary use-value. To do so, we must establish which property of real gold allows us to regard it as the initial model.

Real gold is an extracted natural resource possessing its own use-value independently of its monetary function. It is extracted from the natural environment and undergoes the necessary processing. Its usefulness is determined by the material properties of the metal itself. Gold can be used in the manufacture of jewellery, in electronics, and in other productive processes. Consequently, it possesses both consumptive and productive usefulness.

Other natural resources possess similar properties. Oil, coal, iron ore, various metals, and other minerals possess use-value by virtue of their objective material properties and their potential use in production. They are necessary for generating energy, manufacturing means of production, and creating other products.

Agricultural products can be considered in a similar manner. Grain, vegetables, fruit, and other agricultural products possess their own use-value. Some are intended for direct consumption, while others are used in subsequent production. For example, wheat can serve as raw material for flour milling and bread production.

Thus, the common property of the products listed is their inherent use-value, determined by their material usefulness. This usefulness exists independently of whether these products are employed as money commodities. Depending on their purpose, such usefulness may be realized directly through consumption or through further production.

All these types of products are united by their belonging to the primary sector of the economy, associated with the extraction of natural resources, agriculture, and other forms of obtaining material products directly from the natural environment.

The particular significance of these products becomes apparent through the very character of capitalist reproduction. Capital must continuously expand production, and the expansion of production presupposes a growing need for the material conditions of its operation. To create ever greater quantities of commodities, it is necessary to obtain constantly increasing volumes of raw materials, energy, and other resources. Within Capital's drive towards infinite self-valorization, the demand for resources likewise acquires the character of unlimited expansion.

It is precisely for this reason that products of the primary sector possess particular significance for the reproduction of Capital: their use-value is directly connected with the material conditions of the existence and expansion of production.

Consequently, alongside real gold, the material elements of ideal gold include resources extracted and produced within the Domain of Capital. Their common property is their own use-value, expressed in their capacity to satisfy the immediate needs of human beings and the material requirements of social production.

For the time being, we are examining the original reproductive relationship between the imperialist Center and the Domain. Following the emergence of Soviet Anticapital and the transformation of the world into a polar system, this relationship undergoes historical transformations that will be examined separately.

14. The Contradiction Between the Expansion of Capital and the Necessity of the Domain

The previously established need of Capital for continuously increasing volumes of material resources leads us to the following contradiction.

It might seem that, if Capital requires ever greater quantities of resources, the natural outcome of its expansion should be the gradual spread of the capitalist mode of production across the entire planet. Emerging in certain countries, it could successively spread to others, develop new territories, establish production within them, and gradually transform the entire world economy into a single capitalist system.

However, the historical development of imperialism reveals a different regularity. Alongside the expansion of the capitalist Center itself, colonies and dependent territories were formed without becoming direct extensions of that Center. Instead of the universal expansion of the capitalist Center, an international division of reproductive functions emerged.

Certainly, history contains instances of the expansion of the Center itself, including the development of the United States and Canada. However, our present concern is the general reason for the preservation and reproduction of the dependent periphery, despite Capital's constant drive towards expansion.

The explanation lies in the necessity of the Domain of Capital that we have established.

If the entire world were transformed into a single capitalist Center, the Domain would cease to exist. In that case, the reproductively external sphere necessary for the independent material backing of the fiat-credit monetary form and the realization of the profit of aggregate Capital would disappear. The world capitalist system would find itself under the very conditions of closed reproduction whose necessity of overcoming we established earlier.

Thus, Capital encounters a contradiction inherent in its own expansion. On the one hand, its infinite self-valorization requires the continuous expansion of production and the acquisition of new material resources. On the other hand, the transformation of the Domain into a direct part of the capitalist Center destroys the reproductive exteriority through which the material backing of its monetary form becomes possible.

Every transformation of a part of the Domain into a part of the Center reduces the independent material foundation necessary for the reproduction of ideal gold. Taken to its ultimate limit, this process would mean the complete disappearance of the Domain and the loss of its corresponding backing function.

Consequently, the infinite expansion of Capital generates the necessity of preserving the Domain as a reproductively external sphere. Capital strives to extend its domination and organize ever new territories while simultaneously preserving their particular position in relation to its own Center.

It is here that the reproductive foundation of the colonial division of the world becomes apparent. Capital needs to expand its domination over the material conditions of production, but cannot transform the entire Domain into the capitalist Center, since doing so would destroy a necessary side of its own reproduction.

It is precisely this contradiction that shapes the logic of the Domain of Capital itself. Capital's drive towards infinite expansion, combined with the necessity of preserving reproductive exteriority, transforms the growing demand for material resources into a need to form and expand the Domain. Thus, the expansion of Capital assumes a particular form: it expands its access to resources and its domination over the material conditions of production without transforming the corresponding territories into direct parts of its own Center. The formation of the Domain becomes a particular form of the expansion of Capital in which access to material resources expands while the exteriority necessary for the reproduction of ideal gold is preserved.

However, this form of expansion also encounters its own limit. Spatial expansion cannot continue indefinitely even when considered in abstraction from specific geographical conditions, while on the finite planet Earth its boundary becomes entirely definite. Thus, Capital cannot infinitely expand its own Center, since this reduces the Domain, but neither can it infinitely increase the territory of the Domain itself. Consequently, Capital's drive towards infinite expansion is transformed into increasing pressure upon the existing Domain. It is here that we introduce the concept of Domain Expansion (DE), by which we mean not only the direct territorial expansion of the Domain, but also its continuous reproduction as a reproductively external sphere under the constantly increasing pressure exerted upon it by the imperialist Center.

Rosa Luxemburg also revealed the contradiction between the necessity of an external environment for the accumulation of Capital and its drive towards infinite expansion, but arrived at a somewhat different conclusion. In her reasoning, the involvement of non-capitalist economies in commodity relations leads to their gradual transformation into capitalist economies and, consequently, to the contraction of the external environment itself (Luxemburg 1934). However, the incorporation of the Domain into commodity-money relations does not mean its transformation into the capitalist Center. On the contrary, it is precisely through such relations that Capital organizes the Domain while preserving its reproductive exteriority. The complete absorption of the Domain would mean the destruction of the necessary conditions of Capital's own reproduction. Therefore, the contradiction is resolved not through the gradual disappearance of the Domain, but through its continuous reproduction and the increasing pressure exerted upon it by the Center.

With the emergence of Anticapital, an opposing process begins, affecting Domain Expansion (DE) as well. However, the reproductive relationship between the Center and the Domain itself persists, and with it the logic of Domain Expansion also persists, although under the new conditions it undergoes certain changes. We shall return to the examination of these changes later.

15. The Specialization of the Domain and the Transformation of Domain Relations

Another important regularity follows from the established logic of Domain Expansion. The Domain of Capital specializes in the primary sector of the economy, supplying the imperialist Center with the necessary material resources. Certainly, the economy of the Domain may also encompass other types of economic activity necessary for its own functioning. However, its principal reproductive specialization is determined by the Center's demand for products of the primary sector. It is precisely in this manner that Capital organizes the Domain while preserving its particular position within the international division of production.

This regularity characterizes the original organization of Domain relations established before the emergence of Anticapital. With the appearance of Soviet Anticapital, an oppositely directed process arises, associated with overcoming the specialization of the periphery established by Capital. One of the most important tasks of Anticapital becomes moving beyond the primary sector and independently developing production within the Domain.

It is precisely this process that comes into contradiction with Domain Expansion (DE), since DE is directed towards reproducing the specialization established by Capital, whereas the emerging opposing process is directed towards overcoming it. This contradiction, in turn, changes the very character of Domain Expansion, as will be discussed in the subsequent parts.

16. The Dual Materiality of the Resources of the Domain

From the preceding investigation, we established that the Domain of Capital specializes in the primary sector of the economy, producing the material resources necessary for the imperialist Center. We must now determine the particular property of these resources through which they can constitute the material body of ideal gold.

The resources of the Domain possess dual materiality: productive and equivalent. These two sides represent interconnected properties of the same material products.

The first side is productive materiality. It is expressed in the resources' own use-value, determined by their objective material properties, and in their necessity for the material reproduction of Capital. This concerns all resources entering the economic circulation of the Center, regardless of the character of their final consumption.

For example, gold may be used in the production of electronic devices that are subsequently purchased by final consumers. Similarly, coal, metals, and other resources enter into the production of commodities intended to satisfy human needs. However, productive materiality also extends to products consumed directly by human beings. Thus, an apple grown in the Domain may enter the Center and be sold there without substantial processing. Nevertheless, it becomes incorporated into the economic reproduction of Capital, even if the corresponding activity is limited to its importation and sale.

Thus, productive materiality encompasses resources regardless of whether they are used to manufacture other commodities or are supplied directly to the final consumer. In every case, their material usefulness constitutes a necessary condition of the corresponding economic activity. Since Capital strives towards the infinite expansion of production, its need for the material resources supporting this expansion also increases.

The second side is equivalent materiality. It is expressed in the actual value of resources created by the labour of producers within the Domain. Possessing their own value, such products can become objects of equivalent exchange and form an independent material foundation for backing the fiat-credit monetary form of the imperialist Center. It is precisely this side that enables resources to perform the function of the material body of ideal gold.

Productive and equivalent materiality mutually condition one another. Productive materiality determines the necessity of the corresponding resources for Capital and its constant need to obtain them. Equivalent materiality makes it possible to satisfy this need through the social exchange of actual values independently reproduced within the Domain. Thus, the material product necessary for Capital simultaneously becomes a bearer of value backing its fiat-credit monetary form.

Productive and equivalent materiality constitute a unity—two sides of one and the same materiality of the resources of the Domain. Their interconnection means that disruptions to the productive reproduction of resources can directly affect their equivalent function as well. In what follows, we shall reveal the significance of this unity for understanding various crisis processes as interconnected manifestations of a common reproductive contradiction.

17. Equivalent Exchange Between the Center and the Domain

It follows from the logic of ideal gold established above that exchange between the imperialist Center and the Domain of Capital is equivalent. The Domain produces actual value, while the Center acquires the corresponding material products through its own fiat-credit monetary form. Thus, exchange takes place according to the principle of equivalence—100 for 100.

It is precisely the creation and continuous reproduction of the conditions of this equivalent exchange that constitute the meaning of Domain Expansion (DE). Capital organizes production and commodity-money relations within the Domain, ensuring the possibility of continuous exchange with it while preserving its reproductive exteriority.

This conclusion directly contradicts theoretical conceptions according to which the imperialist Center enriches itself at the expense of the periphery through unequal exchange. Within our theory, the enrichment of the Center does not require the unequal appropriation of value produced within the Domain. The wealth created through the Center's own production and its relations with the Domain must be examined through the reproductive function of equivalent exchange, which provides the material conditions for the accumulation of Capital.

Possible cases of unequal exchange and other anomalous phenomena will be examined separately. For the time being, let us note that historical colonial subjugation consisted not merely in the direct seizure of material wealth, but also in the establishment of commodity-money relations into which the populations of dependent territories were drawn. Capital organized production, established the conditions for exchange, and compelled the population to participate in trade with the Center. At the same time, monetary funds could enter the Domain through various means, including lending and the direct transfer of money. Thus, another method of employing additional monetary issuance emerges, the problem of which we examined in the section on monetary issuance: directing newly created monetary funds immediately into the Domain of Capital, where independent material value necessary to back the fiat-credit monetary form is produced.

Here we are examining the original logic of Domain relations before the emergence of Soviet Anticapital. Following its appearance, an alternative reproductive system takes shape, affecting the character of relations between the Center and the Domain. These historical transformations will be examined separately.

Part III.
The Reproduction of Ideal Gold

18. The Domain as a Market for the Realization of Capital's Profit

Having examined equivalent exchange between the Center and the Domain, we can now turn to the second function of the Domain of Capital: the realization of the profit of the imperialist Center.

In the preceding sections, we established that the Center acquires resources produced within the Domain through its own fiat-credit monetary form. As a result, monetary funds enter the economic circulation of the Domain, and its producers acquire the possibility of using these funds to purchase other commodities.

It is precisely here that a fundamental property of the Domain becomes apparent. The population of the Domain not only produces material value but also becomes a purchaser of commodities produced within the Center. The monetary funds received constitute effective demand existing beyond the closed reproduction of sovereign Capital.

Suppose that capitalist production has created a certain mass of commodities whose realization within the Center encounters the limitations established earlier. These commodities can be sold within the Domain, whose population and economy possess monetary funds obtained through their own production and exchange with the Center. Thus, the value produced by Capital acquires an additional possibility of realization, including the profit contained within it.

It is fundamentally important that the effective demand of the Domain is connected with independently produced actual value. Its population participates in social production, creates material products, and obtains monetary claims against the Center through exchange. The Domain therefore functions as an external market based on its own reproduction of value.

As a result, a unified process emerges. The Center acquires the resources it requires by providing its fiat-credit monetary form. The monetary funds received enable the Domain to purchase commodities from the Center, thereby ensuring the realization of the value and profit produced there. At the same time, the movement of commodities and money takes place through equivalent exchange.

Thus, the material backing of the fiat-credit monetary form and the realization of Capital's profit represent two interconnected functions of one and the same reproductive relationship between the Center and the Domain. The Domain performs these functions through its independent material production and its participation in commodity-money exchange.

However, the monetary funds received by the Domain can be used not only for the immediate purchase of commodities from the Center. They can also be retained in monetary form, accumulated, and become the foundation for further credit and financial relations.

19. The Accumulation of Financial Claims of the Domain Against the Center

In the preceding section, we established that the monetary funds received by the Domain through exchange with the Center create effective demand for commodities produced by Capital. However, the receipt of monetary funds does not imply that they must be spent immediately. The Domain can not only purchase commodities from the Center but also retain the funds received, accumulating financial claims against it.

At the same time, we must take into account the previously established nature of the fiat-credit monetary form. Fiat money itself represents a particular form of the Center's obligations, and therefore its possession by the Domain already signifies the existence of corresponding financial claims. However, the entire system of such claims is considerably broader than money itself. On the basis of the fiat monetary form, new credit relations arise, loans are extended, bank deposits are created, and government and private debt obligations are issued. Thus, some obligations become the basis for the emergence of others, forming an expanding fiat-credit system.

The financial claims of the Domain can exist in various forms: cash, funds held in bank accounts, deposits, government and private bonds, loans extended, and other debt instruments. All of these belong to the aggregate financial system of Capital, although they differ in their conditions of circulation, holding, and repayment.

Let us consider the process itself. The Center acquires the resources of the Domain through its own fiat-credit monetary form. As a result, the Center receives material products possessing actual value, while the Domain receives financial claims against the Center. At the same time, the exchange retains its equivalence regardless of whether the Domain spends the funds received immediately or keeps them in its possession.

Thus, as exchange continues, financial claims can accumulate within the Domain and assume increasingly diverse forms. The Domain becomes a creditor, while the imperialist Center becomes its debtor. The Center continues to receive the material resources it requires, whereas the Domain retains

claims against its financial system. It is precisely in this relationship that the particular role of debt obligations in the reproduction of ideal gold becomes apparent.

From this arises the possibility of explaining the regularity of the growth of the Center's aggregate indebtedness, especially that of its hegemon. The expansion of production presupposes an increasing need for the resources of the Domain and, consequently, the expansion of the financial relations through which these resources are acquired. As a result, the reproduction of ideal gold is accompanied by the accumulation of financial claims against the Center. In the contemporary world, this logic acquires particular significance with regard to the United States as the hegemon of the world capitalist system and the continuously increasing debt obligations associated with the dollar financial system.

Within the same logic, we shall subsequently examine other indicators of international economic relations and their connection with the relationship between the Center and the Domain.

20. Capitalism Wants to Be Indebted to the Periphery

Capitalism wants to be indebted to the periphery. This regularity follows from the very logic of the reproduction of ideal gold and Domain Expansion (DE).

Domain Expansion consists not only in the organization of resource production and continuous equivalent exchange between the Center and the Domain. It also presupposes the formation and reproduction of financial relations through which the fiat-credit monetary form of Capital spreads beyond the Center itself.

Thus, the relations between the Center and the Domain (CDR) are maintained not only through direct acts of purchase and sale, but also through the accumulation of financial claims against the Center by the Domain.

It is fundamentally important that the reproduction of CDR does not require continuous direct commodity exchange at every individual moment. As long as the fiat-credit system of the Center extends into the Domain, and the Domain itself remains interested in obtaining and retaining the corresponding financial claims, the relations between them continue to be reproduced. Monetary funds and other obligations of the Center remain in the possession of the Domain, connecting its economic reproduction with the financial system of Capital.

21. The Domain of Capital and the Periphery

In the preceding sections, we have repeatedly used the concepts of the Domain of Capital and the periphery to designate one and the same phenomenon. It is now necessary to establish their relationship explicitly.

The Domain of Capital is a theoretical concept, whereas the periphery is its actual historical embodiment. In other words, what is defined within our theory as the Domain of Capital is commonly referred to in reality as the periphery.

Thus, the periphery represents the Domain of Capital in its historical actuality, while the relations between the Center and the Domain (CDR) manifest themselves in the real world as relations between the imperialist Center and the periphery.

22. Critique of World-Systems Analysis and Its Conceptions of the Center and Periphery

Having established the theoretical content of the periphery as the historical embodiment of the Domain of Capital, we can turn to other schools of economic thought that have investigated the division of the world economy into Center and periphery. A particular place among them belongs to world-systems analysis, above all the works of Immanuel Wallerstein, as well as the studies of Andre Gunder Frank, Samir Amin, and Giovanni Arrighi.

First of all, it must be noted that the very division of the world economy observed by these researchers corresponds to the phenomenon we examine within the theory of ideal gold. The existence of a developed capitalist Center, a dependent periphery, an international specialization of production, and stable relations between them indeed constitutes one of the most important characteristics of the capitalist world. However, observing a particular phenomenon does not yet amount to correctly explaining the causes of its emergence and reproduction.

The principal difference between world-systems analysis and Polar Marxism lies in the very method of theoretically deriving the relations between the Center and the periphery. In the present investigation, we arrived at the necessity of the Domain through a successive examination of the problem of profit realization, the material backing of the fiat-credit monetary form, and the contradictions inherent in the expansion of sovereign Capital. Thus, the division into Center and periphery emerges in our theory as a necessary reproductive relationship of Capital itself.

In world-systems analysis, the corresponding division is examined predominantly through the already established international organization of production, differences in the positions occupied by economic spheres, and the character of the distribution of the value created. As a result, the observed structure of the world economy becomes the initial foundation for further theorization, while the necessity of its very existence is not derived from the reproductive contradiction we have established.

This is most clearly manifested in the theory of Immanuel Wallerstein. He distinguishes core and peripheral production processes according to their degree of monopolization, profitability, and position within the international division of labour. The Center is associated with relatively monopolized and highly profitable production, while the periphery is associated predominantly with competitive production characterized by lower profitability. On this basis, Wallerstein explains the international hierarchy and unequal exchange between its constituent parts (Wallerstein 2004).

However, within our theory, the relations between the Center and the Domain do not arise from differences in the profitability of production or from the necessity of unequal exchange. On the contrary, we have established that the reproduction of these relations presupposes equivalent exchange. Capital requires the Domain because its fiat-credit monetary form requires independent material backing, while the realization of profit requires reproductively external effective demand. It is precisely equivalent exchange—100 for 100—that constitutes the actual foundation of the relations between the Center and the Domain.

Accordingly, the international specialization of production is also explained differently. In world-systems analysis, the position of the periphery is associated with the character of the production processes concentrated within the corresponding territories. In Polar Marxism, the very specialization of the Domain in the primary sector is derived from the necessity of the material reproduction of ideal gold. Capital organizes the Domain in such a way as to ensure the continuous supply of necessary

resources and the independent reproduction of their value, while simultaneously preserving the reproductive exteriority of the periphery.

Our position concerning Wallerstein's category of the semi-periphery is also connected with this distinction. This category designates an intermediate position within the world hierarchy, in which core and peripheral production processes coexist within a single country. However, the category of the semi-periphery itself appears to us to be a completely arbitrary theoretical construction. It is not derived from the laws of the reproduction of Capital, but is simply introduced as an additional link between the already designated Center and periphery. With equal justification, one could divide a particular phenomenon into "left" and "right" and then proclaim the existence of something "semi-left" or "semi-right", without establishing an independent theoretical foundation for these concepts. Such a classification does not explain the nature of observed phenomena, but merely assigns additional names to them. Nevertheless, we shall subsequently examine which actual processes world-systems theorists attempt to describe through the concept of the semi-periphery and how these processes can be explained within Polar Marxism (Wallerstein 2004).

A closely related problem is found in the work of Samir Amin. He likewise examines the specialization of dependent economies, including the production of agricultural commodities and the extraction of natural resources. However, the emergence and reproduction of such specialization are explained primarily through differences in wages, production costs, profitability, and the conditions of international capital accumulation (Amin 1974).

Within our theory, such a formulation does not reveal the fundamental necessity of the Domain. Capital requires the periphery not because the resources produced there must cost less than their actual value, but because the very existence of reproductively external material value is necessary for the functioning of its monetary form. Consequently, the necessity of the division into Center and Domain is reproduced through actual relations of equivalent exchange.

This raises a more fundamental question concerning the theoretical content of the concept of unequal exchange itself. If the production and exchange of commodities are governed by definite laws of value, then the assertion of systematic non-equivalence requires an explanation of precisely how, and under the influence of which social relations, these laws are altered or violated. References to the monopolization of production, differences in profitability, or the dependent position of the periphery do not in themselves reveal the corresponding mechanism. It is necessary to derive theoretically why relations governed by a unified logic of value must regularly become relations of unequal exchange.

Moreover, if unequal exchange is understood as the direct appropriation of material wealth produced on the periphery without corresponding compensation, the question arises as to the necessity of the very concept of exchange. In that case, we are already dealing with plunder or the forcible seizure of value, which may merely assume the external form of a commodity transaction. However, plunder disguised as exchange and the actual exchange of values constitute different social relations. Confusing them renders the very concept of unequal exchange theoretically indeterminate.

Thus, reference to the category of value loses its explanatory significance if the possibility of its arbitrary violation is simultaneously asserted without deriving the corresponding regularity. Instead of explaining the laws governing the movement of value, a descriptive construction emerges in which the observed enrichment of the Center is declared to result from unequal exchange, while unequal exchange itself is used to explain the enrichment of the Center. Such reasoning becomes enclosed

within its own assumptions and does not reveal the actual mechanism of the reproduction of relations between the Center and the periphery.

Andre Gunder Frank, in examining the relations between the metropolis and dependent territories, connects the formation of peripheral underdevelopment with the very historical incorporation of the corresponding economies into the world capitalist system (Frank 1966). Here, once again, we encounter a phenomenon that we also explain: Capital organizes the periphery in accordance with the requirements of its own reproduction, consolidating its dependent position. However, in the present investigation, we also establish the reason for the necessity of this position—the preservation of the Domain as an independent material foundation of ideal gold.

The theory of Giovanni Arrighi, who investigated the financial expansion of Capital and the historical succession of centers of world accumulation, deserves separate attention. In his conception, financial expansion is examined primarily in connection with successive systemic cycles of accumulation (Arrighi 1994).

Meanwhile, in the theory of ideal gold, the extension of the Center's fiat-credit monetary form into the Domain and the accumulation of financial claims by the periphery are necessary relations of the reproduction of Capital itself. They are not confined to a particular historical phase of financial expansion. It is precisely from this that we derive the previously established regularity of the growth of the Center's aggregate indebtedness, especially that of its hegemon, and the necessity of maintaining financial relations with the periphery.

A particularly significant methodological problem of world-systems analysis is the conflation of different historical periods of capitalist reproduction. Above all, it is necessary to distinguish the period preceding the emergence of Soviet Anticapital from the subsequent development of the world system following its appearance. World-systems theorists, however, examine these periods within a single general classification, including the Soviet Union within the world capitalist system despite the fact that its own social reproduction was not capitalist.

Yet it was precisely the emergence of the Soviet Union that fundamentally transformed the historical conditions of the reproduction of the periphery. The Soviet Union, while remaining peripheral in relation to the imperialist Center, pursued the independent development of production and moved beyond the resource specialization established by Capital. Consequently, the processes observed after its emergence can no longer be explained exclusively through the original logic by which the imperialist Center organizes the Domain. An additional, oppositely directed reproductive force is operating here—Anticapital.

This characteristic becomes particularly evident with the emergence of RDP of the second type. Under these conditions, Anticapital is capable of using the movement of Capital itself, its investments, productive capacities, and the capitalists' pursuit of profit for the independent development of the periphery. Externally, this may appear as the development of the periphery by capitalism itself. However, the actual cause of this transformation lies in the capacity of Anticapital of the second type to turn the forces of Capital towards the realization of its own reproductive development. It is precisely for this reason that processes arising under the influence of RDP of the second type cannot be regarded as ordinary regularities of the capitalist organization of the Domain. We shall examine this mechanism in detail later.

Thus, world-systems analysis and related schools of thought investigate a whole series of the same phenomena that become the subject of Polar Marxism. They draw attention to the international division

of production, the dependence of the periphery, its specialization in raw materials, the domination of the Center, and the development of the world financial system. However, these observations receive a different explanation within those theories because the very existence of the periphery is not derived from the necessity of materially backing the fiat-credit monetary form and realizing the profit of sovereign Capital.

This constitutes our fundamental disagreement with world-systems analysis. Its theoretical categories make it possible to describe the observed hierarchy of the world economy, but its proposed explanation of the emergence and reproduction of that hierarchy does not reveal the necessity of the Domain that we have established. Moreover, the conception of unequal exchange as the foundation of relations between the Center and the periphery replaces their actual reproductive function with the question of the redistribution of value among participants in the world economy.

This also reveals the general methodological superficiality of world-systems analysis. Instead of consistently deriving social relations from the laws of reproduction, the investigation begins with the observed division of the world into Center, periphery, and semi-periphery, after which various explanations are attached to this classification. However, theoretical investigation must establish the regularities governing the movement of social relations, beginning with their fundamental foundations and successively revealing more complex historical forms. When categories arise primarily from observations and classifications without receiving a necessary theoretical derivation, they lose their independent explanatory significance.

It is precisely for this reason that we regard such a method of theorization as scientifically untenable. It creates the appearance of explanation, but in reality replaces the establishment of reproductive regularities with a collection of descriptive assumptions. From this arise arbitrary intermediate categories, the conflation of different historical periods, and contradictory explanations of the same phenomena. As a result, the theory falls behind its own subject of investigation: it continues to classify transformations of the world system through its originally adopted concepts without revealing the regularities that produce those transformations.

It is important to note that the subject of the present investigation is exclusively the polar-capitalist mode of production. We do not extend the regularities obtained to pre-capitalist epochs, nor do we consider the possibility of describing the entire preceding history of humanity through an analogous division into Center and periphery. Our categories are derived from the specific contradictions of the reproduction of Capital and pertain to the historical system in which these contradictions exist.

Consequently, the significance of world-systems analysis for the present investigation lies primarily in the fact that its representatives observed and described many actual manifestations of the division of the capitalist world into Center and periphery. However, we obtain the theoretical explanation of these phenomena not from their classification, but from the established logic of ideal gold, the Domain of Capital, and its expansion.

23. The World Monetary Form of Capital

The necessity of a world currency follows directly from the regularities of the reproduction of ideal gold that we have established. The relations between the Center and the Domain presuppose a unified monetary form capable of connecting not only the various parts of the imperialist Center

itself, but also the Center with the periphery, bringing them together within a common system of commodity-money and financial relations.

The world currency becomes a necessary link in the reproduction of ideal gold. Through it, international exchange takes place, the value of commodities is expressed, and the financial claims of the Domain against the Center are formed and accumulated. Thus, the world currency unites the material reproduction of the Domain and the fiat-credit monetary system of imperialist Capital within a single system of relations.

From this arises the particular significance of the monetary form of the capitalist hegemon. Its international expansion makes it possible to connect the financial systems of the different parts of the Center and organize monetary relations with the periphery. As a result, the hegemon's currency acquires a world function, while its circulation becomes a necessary element of the reproduction of CDR.

In the contemporary world, the historical embodiment of this form is the US dollar. Its dominant position is connected with the development of (imperialist) Capital and the formation of a world financial system in which the United States occupies the position of hegemon. At the same time, this historical form of world currency emerged in the course of capitalist development and does not extend to all preceding periods of its existence.

However, the dollar acquires particular significance following the emergence of Anticapital and the formation of the polar structure of world reproduction. Under these conditions, an alternative reproductive system appears, capable of developing its own financial and monetary relations. Nevertheless, the emergence of such an alternative does not eliminate the necessity of the world currency of Capital itself.

This proposition is of fundamental importance for understanding contemporary processes, including BRICS as one of the "elements" of Anticapital of the second type. One might imagine that BRICS will create its own currency, which will replace the dollar as the world currency. However, within the framework of the present theory, such a replacement is impossible: as long as Capital itself exists and CDR continue to be reproduced, the dollar retains its dominant position within the world monetary system.

24. Oil as "Black Gold"

Among the material resources of the Domain of Capital, oil occupies a particular place. Its significance for contemporary capitalist production makes it possible to reveal most clearly the dual materiality of resources established above and their role in the reproduction of ideal gold.

Oil possesses its own use-value, determined by its material properties. It is used in the production of fuel, energy, chemical products, and numerous other commodities. Oil is necessary for the operation of transportation, industry, and various branches of the economy. Thus, its productive materiality is directly connected with the material conditions of the existence and expansion of Capital.

At the same time, oil extracted within the Domain is a commodity whose actual value is created by the labour of its producers. Owing to this value, it can perform an equivalent function by participating in the material backing of the fiat-credit monetary form of the Center. Both sides of the dual materiality established above are united in oil: productive and equivalent materiality.

The particular significance of oil becomes apparent when examining the world monetary form of Capital. In the contemporary system of international oil trade, the US dollar plays a central role, being the currency in which the prices of major oil benchmarks are expressed and international settlements are conducted. A direct connection thereby emerges between the dollar as the world fiat-credit monetary form and oil as one of the most important material products of the Domain.

It is precisely here that the particular significance of the concept of the "petrodollar" becomes apparent. Petrodollars are dollar-denominated revenues received by oil producers and exporters through the sale of oil. The funds received may be directed towards purchasing commodities, retained in monetary form, or transformed into deposits, bonds, and other financial claims. In the international economy, the corresponding movement has become known as petrodollar recycling (Higgins et al. 2006).

Thus, oil trade reproduces the connection between the material and financial sides of ideal gold established above. The Domain produces and supplies oil necessary for the material reproduction of Capital. In return, it receives dollar funds that can be used to purchase the products of the Center or retained as financial claims against its system. One and the same resource simultaneously satisfies the productive requirements of Capital and participates in the reproduction of its world monetary form.

At the same time, petrodollar relations also reveal the financial side of Domain Expansion. The dollars received in exchange for oil continue to circulate and accumulate beyond the Center, connecting the economy of the periphery with its fiat-credit system. It is precisely for this reason that the significance of oil for ideal gold is determined not only by its direct productive use, but also by the financial relations formed through its exchange.

Oil becomes the "black gold" of Capital precisely through the unity of its productive and equivalent materiality. Like real gold, it is an extracted material product possessing its own use-value and actual value created by labour. However, within the system of ideal gold, its material function is united with the world fiat-credit monetary form, whose historical expression is the dollar.

Thus, "black gold" (in unity with the dollar)—the petrodollar, a particular form of "black-and-green gold"—represents one of the most concentrated and illustrative expressions of ideal gold. Petrodollar relations do not exhaust the entire content of ideal gold, but embody one of its most visible components, directly connecting the world fiat-credit monetary form of Capital with the material resources of the Domain.

25. Disruptions to the Reproduction of Ideal Gold

Having established the unity of the material and monetary sides of ideal gold, we can examine one of the most important consequences of this relationship: the impact of disruptions in material reproduction on the monetary-financial system of Capital. Of particular significance here is the fact that the financial system of the Center is connected not only with its own production, but also with the reproduction of the Domain.

First of all, the financial system is directly connected with the internal reproduction of Capital. Disruptions to capitalist production, particularly crises of overproduction, lead to recessions. These processes affect lending, financial obligations, solvency, and the functioning of the monetary system. At the same time, financial relations themselves can also become a sphere in which economic disturbances emerge and spread.

However, the financial system of Capital depends not only on processes taking place within the capitalist Center, but also on the material reproduction of the Domain. It is precisely this dependence that acquires particular significance within the theory of ideal gold.

As established earlier, the material body of ideal gold possesses two inseparably connected forms of materiality—productive and equivalent. The resources of the Domain simultaneously constitute necessary material conditions of capitalist production and independent actual value backing the fiat-credit monetary form of the Center. Consequently, changes in the conditions under which these resources are reproduced affect not only production, but also the monetary-financial system of Capital itself.

Suppose that a substantial disruption occurs in the extraction or supply of oil within the Domain. At first glance, the economic consequences of such an event can be explained by a change in the supply of the resource, an increase in its price, and the subsequent rise in the cost of commodities. However, such an explanation encompasses only one side of what is taking place.

A disruption in the reproduction of the material resources of the Domain has a direct financial impact regardless of how commodity prices change. Since the resources of the Domain perform an equivalent function within the system of ideal gold, changes in the conditions of their reproduction simultaneously affect the material foundations of monetary claims, international settlements, and credit relations.

In other words, the financial consequences of a disruption in oil supplies are not exhausted by the fact that oil becomes more expensive. Changes in the reproduction of its actual value directly affect the financial system because the material production of the Domain and the fiat-credit monetary form of the Center constitute a unified reproductive relationship. It is precisely this that explains the possibility of financial destabilization whose initial source lies within the sphere of material resources.

This relationship acquires particular significance under conditions of the dollar's dominance as the world currency of Capital. The dollar financial system is connected with the material reproduction of the Domain, and therefore changes in the production and movement of its resources are directly reflected in the conditions of its functioning. Thus, the dollar depends not only on the condition of capitalist production within the Center, but also on processes taking place in the periphery.

The resulting financial disturbances require corresponding stabilization of the monetary-financial system. The financial and monetary institutions of the Center are compelled to respond to changes in the material conditions of its reproduction by adjusting the functioning of credit, payment, and monetary mechanisms. In this way, the impact of resource-related processes within the Domain also manifests itself in the necessity of directly regulating the world financial system.

At the same time, the consequences of such disruptions may manifest themselves in various ways: through currency instability, changes in credit conditions, financial shocks, inflationary or deflationary processes, and so forth.

Part IV.
Capital at the Limit

26. The Normal and Anomalous Movement of Capital

In the preceding sections, we established the regularities governing the normal reproduction of ideal gold. It is now necessary to examine another form of the movement of Capital—anomalous movement, which emerges under the conditions of the crisis of capitalism.

In its normal movement, Capital accomplishes its own self-valorization through the production and realization of surplus value. It is precisely this movement that corresponds to the Domain Expansion (DE) established above, which ensures the reproduction of the material and financial relations between the Center and the periphery.

However, in the development of imperialism, a particular historical moment arrives when the limit of the exploitation of labour is reached and the crisis of capitalism emerges. Under these conditions, the possibilities for further normal increases in profit through capitalist production become limited. Nevertheless, the Law of Profit continues to operate: Capital must still valorize itself.

From this contradiction arises the anomalous movement of Capital. The impossibility of further normal increases in profit compels Capital to turn to other methods of obtaining it, above all the direct appropriation of already existing wealth and the redistribution of value.

Thus, whereas normal movement is directed towards the production of new value and the reproduction of the corresponding social relations, anomalous movement is directed towards the appropriation of existing value under conditions in which the limit of its normal capitalist increase has been reached.

This contradiction acquires particular significance in relations between imperialist powers. When the further increase of profit becomes limited, the struggle for its redistribution intensifies, including the establishment of exclusive control over markets, material resources, and peripheral relations. Domain Expansion assumes an anomalous character because it is now employed as an instrument of struggle over the limited possibilities of obtaining profit.

27. Capital at the Limit

In the preceding section, we established that the anomalous movement of Capital arises as a consequence of the crisis of capitalism. It is now necessary to reveal the content of this crisis and define the historical condition that we call “Capital at the Limit”.

Within the present theory, the crisis of capitalism represents a particular historical moment at which the limit of the exploitation of labour is reached within the imperialist Center. We are dealing with the limit of the rate of surplus value, expressed in the relationship between the income of Capital and the income of labour. It is precisely this relationship that determines the historical possibilities for increasing profit through the exploitation of labour power.

As long as the limit of exploitation has not been reached, Capital retains the possibility of further increasing the surplus value it appropriates through normal capitalist production. However, reaching this limit means that the possibilities for further increases in profit through intensified exploitation have been exhausted.

Nevertheless, the Law of Profit does not cease to operate. Capital remains self-valorizing value and therefore must continue to increase. Consequently, a contradiction arises between the unlimited requirement for the self-valorization of Capital and the historically attained limit of the exploitation through which this self-valorization is accomplished.

It is precisely this contradiction that defines the condition of Capital at the Limit.

It is fundamentally important that the crisis of capitalism has a social, systemic character. Individual capital can continue increasing its own profit, but the possibilities for such increases become increasingly determined by the redistribution of already existing value between different parts of Capital.

Here a distinction emerges between the interests of individual Capital and the condition of Capital as a whole. For an individual capitalist, appropriating the profit of another capitalist means an increase in his own value. However, for aggregate Capital, such redistribution does not eliminate the limit of exploitation that has been reached. An increase in the profit of one part of Capital at the expense of another does not constitute a corresponding increase in aggregate surplus value.

Under imperialism, this contradiction also extends to relations between capitalist powers. Each of them strives to ensure the further increase of the profit of its own Capital, while the general possibilities for its normal increase become limited. Competition therefore assumes a particular character: the struggle is conducted not only for the expansion of production and the realization of newly created value, but also for the redistribution of existing opportunities to appropriate profit.

This contradiction necessarily leads to world war. The struggle between imperialist powers for the redistribution of profit and the conditions of its acquisition takes the form of a violent redivision of the world. The objects of this struggle include not only territories, but also world markets, trade relations, material resources, and spheres of economic influence. World war constitutes the historical form through which the crisis of capitalism is resolved, transforming the conditions of subsequent capitalist reproduction.

28. Anomalous Profit Appropriation

Capital's attainment of the limit of exploitation generates a particular contradiction: the necessity of further increasing profit remains, while the possibilities for its normal growth have been exhausted. Under these conditions, anomalous profit appropriation (Anomalous Profit Appropriation, APA) emerges—a particular form of the movement of Capital in which the increase in the profit of one of its parts is accomplished through the appropriation of value already belonging to other parts of Capital.

Under normal reproduction, competition between capitalists is accompanied by the expansion of production and an increase in the mass of appropriated surplus value. However, under the conditions of the crisis of capitalism, the situation changes. The limit of exploitation that has been reached restricts the further increase of aggregate profit, while every individual Capital continues to strive for its maximization.

As a result, the struggle to increase profit becomes a struggle to redistribute already existing value. An individual capitalist can continue increasing his own wealth by appropriating the property, financial assets, productive capacities, and accumulated material stocks of other capitalists. However, such an increase takes place at the expense of a corresponding reduction in the wealth of other participants in capitalist relations.

Consequently, it is necessary to distinguish between an increase in the profit of individual Capital and an increase in the aggregate profit of Capital. The former can occur through the redistribution of value that has already been produced, whereas the latter presupposes its further production and appropriation. When the limit of exploitation is reached, it is precisely this distinction that acquires decisive significance.

Anomalous appropriation can assume various forms: the compulsory expropriation of property, the seizure of enterprises and material stocks, the appropriation of financial assets, and the absorption of ruined capitals. The common content of these processes is the increase in the wealth of one part of Capital through the reduction of the wealth of another.

Thus, anomalous profit appropriation enables individual Capital to continue its self-valorization at the expense of other capitals without overcoming the contradiction of aggregate Capital. Moreover, since every capitalist is subject to the operation of the Law of Profit, the struggle for the redistribution of value assumes a universal character.

Under imperialism, this process extends beyond relations between individual enterprises and capitalists. The wealth of entire capitalist powers becomes the object of appropriation: their property, financial assets, accumulated resources, and productive capacities. The struggle for the redistribution of profit assumes an international character and becomes one of the economic foundations of the violent redivision of the world.

29. Anomalous Domain Expansion

Under the conditions of the crisis of capitalism, anomalous movement manifests itself not only in the direct appropriation of already existing wealth, but also in attempts to transform the global conditions under which profit is obtained. We define this form of movement as anomalous domain expansion (Anomalous Domain Expansion, ADE).

As established earlier, normal Domain Expansion (DE) ensures the material and financial relations necessary for the reproduction of Capital and the realization of its profit. However, when the limit of exploitation is reached, a particular contradiction arises: the possibilities for further increasing profit through production have been exhausted, while the Law of Profit continues to require the self-valorization of Capital.

Under these conditions, imperialist powers turn to the redivision of the world Domain, expecting to restore the possibilities for further obtaining profit through changes in the conditions of its realization.

The essence of anomalous expansion lies in the effort to establish exclusive control over parts of the Domain or over the Domain as a whole, restricting the access of other capitalist powers to the corresponding markets, material resources, and financial relations. At the same time, the object of the struggle is not merely territory, but the entire aggregate of relations through which the realization of profit takes place.

The particular characteristic of ADE consists precisely in the fact that Capital attempts to overcome the limitation on obtaining profit by changing the conditions of its realization. Since the realization of profit takes place through relations with the Domain, the limitation on its further increase compels Capital to turn towards the redivision of these relations. For Capital, production and realization constitute successive moments of a unified process of obtaining profit. Consequently, the impossibility

of further increasing the profit obtained manifests itself in the effort to change the conditions of its realization.

However, anomalous Domain Expansion does not eliminate the actual cause of the crisis of capitalism—the limit of the exploitation of labour that has been reached. The redistribution of world markets, trade relations, and sources of resources does not increase the mass of surplus value, whose further normal increase is restricted by this limit. Consequently, the redivision of the Domain does not ensure the increase in profit for the sake of which it is undertaken.

This constitutes the contradiction of anomalous expansion. Capital strives to obtain additional profit through the redivision of the conditions of its realization, although the redivision itself is incapable of creating that profit. Changes in the distribution of the Domain among imperialist powers do not overcome the historical limitation of capitalist production and therefore do not resolve the crisis of capitalism.

Nevertheless, the Law of Profit continues to operate. Every imperialist power strives to ensure the further self-valorization of its own Capital and therefore intensifies its pressure upon the Domain. A struggle arises for exclusive control over markets, trade routes, sources of resources, and spheres of economic influence. Anomalous expansion represents the continuation of Domain Expansion under conditions in which its further operation is no longer capable of ensuring the achievement of its intended objective.

It is precisely for this reason that ADE assumes the character of a redivision of the world. Imperialist powers strive to displace one another from existing economic relations, subordinate material and financial flows to themselves, and establish control over the conditions of profit realization. Such a struggle necessarily leads to the violent redistribution of global influence and to world war.

Anomalous expansion must also be distinguished from anomalous profit appropriation (APA). APA expresses the direct appropriation of already existing value, whereas ADE expresses an attempt to change the conditions of profit realization through the redivision of the world Domain. In the first case, the object of movement is existing wealth; in the second, it is the relations through which Capital expects to obtain profit in the future.

In the course of such a struggle, individual capitalist powers may find themselves cut off from the world resource and financial relations necessary for their reproduction. A particular mechanism for the extraordinary maintenance of their reproduction then emerges, associated with militarization and the expectation of future material flows.

30. The Mefo Law

Anomalous Domain Expansion is accompanied by a struggle between imperialist powers for the redistribution of world markets, material resources, and financial relations. In the course of this struggle, individual parts of the imperialist Center may find themselves in a position where their access to the world Domain is almost completely blocked. Under these conditions, a particular mechanism of the reproduction of Capital emerges, which we define as the Mefo Law (Isteni 2026c).

As established earlier, the reproduction of Capital requires the acquisition of the material resources of the Domain and participation in the corresponding commodity-money and financial relations. At the same time, an individual capitalist power is not required to possess its own colonies or exclusive

control over any particular part of the periphery. Participation in a world system that already possesses a Domain and ensures the necessary material flows is sufficient.

However, the situation changes fundamentally when such a power is cut off from world resource, trade, and credit relations. Capital continues to require the material conditions of production and profit realization, but the normal means of obtaining them become inaccessible. At the same time, the stability of its monetary-financial system is disrupted because it loses its necessary connection with external material reproduction.

The Mefo Law emerges under conditions in which Capital's normal external access is blocked, while the necessity of continuing its reproduction remains. Under these circumstances, Capital turns to extraordinary credit mobilization and the militarization of the economy, accompanied by the mobilization and restructuring of its productive and financial relations, expecting to restore the necessary material relations through the future seizure of resources.

The distinctive characteristic of this mechanism lies in the fact that militarization and economic mobilization simultaneously perform two interconnected functions.

Within the framework of the Mefo Law, we define fascization as the unity of militarization and economic mobilization—the restructuring of the economy and its subordination to the objectives of military production and the future seizure of material resources.

First of all, these processes make it possible to maintain internal economic activity. The state expands military orders, mobilizes productive capacities, organizes the financing of enterprises, and creates additional monetary and credit obligations. Through these measures, production, employment, incomes, and the functioning of the financial system are maintained. Thus, militarization in unity with economic mobilization becomes a means of temporarily stabilizing the economy under conditions of disrupted external reproduction.

However, such mobilization requires actual material backing. Consequently, the current expansion of monetary and credit obligations must rest upon the expected receipt of the necessary material resources in the future.

It is precisely here that the specific mechanism of the Mefo Law becomes apparent. Future material flows that have not yet entered the possession of Capital become the foundation of its present credit mobilization. The possibility of further reproduction is presupposed in advance, and on the basis of this anticipated reproduction, production, government expenditure, and financial obligations are organized in the present, resulting in temporary stabilization.

At the same time, the determining factor is the expectation of future actual material flows, not the expectation of war as such. War acquires economic significance as a means of obtaining the resources necessary to substantiate the monetary and credit claims already created. When the normal paths towards restoring external relations are completely blocked, seizure becomes the only means of obtaining these resources.

Therefore, militarization in unity with economic mobilization also performs a second function: it creates the material possibility of future conquest. Military production simultaneously maintains the present movement of Capital and creates the means through which it expects to restore access to the Domain. Today's financial stabilization becomes connected with the anticipated seizure of material resources tomorrow.

This constitutes the principal contradiction of the Mefo Law. In order to continue reproduction under conditions of restricted access to resources, Capital is compelled to militarize and mobilize

the economy for military purposes. However, militarization itself increases the demand for precisely those resources whose shortage originally necessitated extraordinary mobilization. The expansion of military production requires ever greater quantities of fuel, metals, labour power, and productive capacities.

Consequently, the mechanism through which Capital attempts to overcome its own material limitation simultaneously intensifies that limitation. The more resources are required to maintain the militarized system, the stronger becomes the necessity of further external seizure. At the same time, military expansion itself consumes resources and can destroy productive relations in conquered territories, restricting the possibility of transforming appropriated wealth into sustainable material reproduction. A kind of "cancerous tumour" emerges: its original objectives and functions change, while the properties of this tumour simultaneously become both the strength and the weakness of such a state.

Thus, the Mefo Law acquires the character of a self-deepening contradiction: extraordinary credit mobilization makes it possible to maintain the economy temporarily, fascization creates the possibility of obtaining resources in the future, but simultaneously increases the material requirements of the system and the necessity of further expansion.

An additional regularity of the Mefo Law follows from this: a capitalist power that enters such a regime finds itself in a position where its attempt to restore normal reproduction through militarization worsens the conditions for that restoration. Therefore, the Mefo Law contains a tendency towards the self-exhaustion and defeat of the militarized system.

The historical conclusion of such a movement does not mean the cessation of the existence of the capitalist power itself. Following the destruction of the extraordinary regime, it can once again be incorporated into the world system of material, trade, and financial relations, restoring access to the common Domain. In this way, the condition of external isolation that determined the necessity of militarized reproduction is eliminated.

Part V.
The Historical Experience of Germany

31. The Inadequacy of the Quantity Equation of Money: The Experience of Weimar Germany

At the beginning of the present investigation, we turned to the traditional quantity equation of money, according to which monetary circulation and the value of produced commodities are expressed by the following relationship:

$$MV = PY, \tag{31.1}$$

where M denotes the money supply, V the velocity of money, P the price level, and Y real gross domestic product. The right-hand side of the equation thus represents nominal GDP.

However, this equation contains a fundamental error: nominal GDP does not equal the aggregate value of all transactions conducted through money. Monetary circulation serves not only the sale of

final goods and services included in GDP, but also transactions involving intermediate commodities, means of production, real estate, financial assets, and already existing property. All these transactions involve the movement of money, yet they do not constitute a corresponding amount of newly produced value.

Irving Fisher's original equation of exchange had a different form:

$$MV = PT, \tag{31.2}$$

where T represents the aggregate volume of transactions and P their average price level. It is the aggregate value of transactions that corresponds to the monetary payments made during the period under consideration. Replacing the entire aggregate of transactions with gross domestic product changes the object of measurement and therefore violates the original equality. Richard Werner, in particular, draws attention to this problem, demonstrating that the inclusion of financial transactions substantially changes the relationship between monetary circulation and GDP (Werner 2013).

Another problem concerns the very category of the money supply. The modern monetary system includes cash, funds held in bank accounts, various forms of deposits, and credit claims. Consequently, the money supply can be measured through different aggregates—M0, M1, M2, M3, and others. These aggregates have different contents and cannot be inserted indiscriminately into a single equation as though they represented one uniform quantity of money directly participating in all transactions.

Moreover, the presence of a certain amount of monetary funds in accounts does not mean that the entire amount directly participates in circulation during the period under consideration. Consequently, a simple comparison of the monetary stock with the aggregate of payments made requires an additional definition of precisely which monetary funds and transactions are being counted.

Thus, the equation $MV = PY$ does not represent an actual equality between aggregate monetary circulation and the totality of economic transactions. Its left-hand and right-hand sides describe different magnitudes. Therefore, a direct comparison of independently measured monetary flows with nominal GDP does not ensure the presumed correspondence.

Even after correcting the original magnitudes, the quantity equation does not reveal the causal relationship necessary to explain inflation and deflation. This problem becomes particularly evident when we turn to historical evidence.

Let us consider the hyperinflation of Weimar Germany. The traditional explanation associates it with an excessive increase in the money supply: the state and the Reichsbank expanded monetary issuance, resulting in the depreciation of the mark and rising commodity prices. However, the historical coincidence of money-supply growth and inflation does not in itself establish that monetary issuance was the initial cause of the change in prices.

Indicative results are presented in Elena Seghezza and Pierluigi Morelli's study, Was a Sudden Stop at the Origin of German Hyperinflation? (2020). The authors examined monthly data for Weimar Germany from January 1921 to June 1923, comparing inflation, the real exchange rate of the mark, and the real monetary base through vector autoregression (VAR) and Granger causality tests (Seghezza and Morelli 2020).

The results of the tests were as follows:

Thus, within the statistical model under consideration, changes in the real monetary base did not exhibit a statistically significant predictive relationship with subsequent inflation. Conversely, changes in the exchange rate statistically preceded both inflation and changes in the monetary base.

Table 1: Granger Causality Test Results for Weimar Germany

Tested relationship	Wald statistic	Result
Real monetary base → inflation	1.35	Statistically insignificant
Real exchange rate → inflation	20.99	Significant at $p < 0.01$
Real exchange rate → monetary base	17.27	Significant at $p < 0.01$

Source: (Seghezza and Morelli 2020).

Of particular importance is the fact that the study makes it possible to reconstruct the sequence of events themselves. In the early 1920s, Germany received substantial foreign financial funds. Foreign investors acquired marks, securities, and bank deposits in anticipation of the subsequent stabilization of the German currency.

However, expectations changed in the summer of 1922. The cessation of foreign capital inflows and their subsequent reversal were accompanied by a sharp depreciation of the mark. Whereas on June 1, 1922, the dollar was worth approximately 272 marks, by the end of August it was worth approximately 1,725 marks. This was followed by increases in import, wholesale, and consumer prices, an intensification of the economic crisis, and a further expansion of monetary issuance.

Monetary issuance here formed part of the subsequent financial adjustment to a disturbance that had already occurred, rather than providing the initial explanation for its emergence.

The findings of Carl-Ludwig Holtfrerich, who investigated German inflation between 1914 and 1923, are of similar significance. He demonstrates that changes in the exchange rate determined turning points in price dynamics, while the money supply continued to increase even during periods of relative stability or appreciation of the mark. Consequently, an increase in the quantity of money did not in itself explain either the precise timing of the acceleration of inflation or the sequence of changes in the value of the German currency (Holtfrerich 2023).

Within the theory of ideal gold, such movement receives a different explanation, one that corresponds to the data. The fiat-credit monetary system of Capital exists in unity with the external material and financial relations that constitute its connection with the Domain. Therefore, a disruption of this connection directly affects the stability of monetary claims and the conditions of their further reproduction. The loss of external access can cause currency destabilization, which subsequently spreads to commodity prices and the internal monetary system. In other words, when access to the Domain is disrupted, the reproduction of the system is disrupted, manifesting itself first and foremost in the destabilization of ideal gold—in this case, the particular currency of a particular imperialist country of the Center.

Thus, the historical experience of Weimar Germany demonstrates the inadequacy of explaining hyperinflation solely through an increase in the money supply. The quantity equation of money does not reveal the causes of the monetary disturbance, whereas the theory of ideal gold makes it possible to establish the connection between the disruption of Capital's external reproductive relations and the subsequent destabilization of its monetary-financial system.

32. The Return to the Domain: Germany's Stabilization, 1924–1929

In the preceding section, we examined the hyperinflation of Weimar Germany and established that its development was determined not by a mere increase in the money supply, but by the disruption of

external financial relations, accompanied by the depreciation of the mark and the subsequent rise in domestic prices. However, the following historical period is even more revealing: the restoration of the German monetary-financial system after hyperinflation and the economic expansion of 1924–1929.

This period allows us to examine the reverse movement. Whereas the disruption of external relations was previously accompanied by monetary destabilization, the restoration of access to international credit, trade, and material resources was now accompanied by currency stability and the expansion of production. It is precisely the sequence of these changes that makes it possible to reveal the content of stabilization from the standpoint of the theory of ideal gold.

The initial cessation of hyperinflation occurred as early as November 1923, when the Rentenmark was introduced. At the same time, the government restricted monetary issuance, reduced budgetary expenditure, and implemented financial reforms. The new currency was established at an exchange rate of 4.20 Rentenmarks per US dollar. However, the cessation of hyperinflation and the restoration of the conditions for further capitalist reproduction constitute different economic processes. The former meant an end to the immediate depreciation of money; the latter presupposed the restoration of the entire aggregate of relations necessary for production, circulation, and profit realization.

Particularly revealing in this respect is the report of Charles Dawes's commission dated April 9, 1924. The commission explicitly connected the possibility of sustainable stabilization of the German budget and currency with the restoration of domestic and foreign credit, as well as the restoration of Germany's economic unity. The authors of the report proceeded from the understanding that monetary and budgetary stabilization could not be sustainably ensured while the previous restrictions on economic activity and credit relations remained in place (Dawes Commission 1924).

Consequently, already during the development of the international stabilization program, Germany's monetary stability was considered in direct connection with the restoration of its economic and financial relations. Monetary reform formed part of a broader transformation of the conditions of reproduction.

The decisive stage of this process was the adoption of the Dawes Plan in 1924. The plan provided for changes in the arrangements for reparations payments, the international reorganization of the Reichsbank, and the extension to Germany of an initial foreign loan amounting to 800 million Reichsmarks. At the same time, conditions were created for attracting further foreign capital. The reparations system was restructured so that Germany could continue its economic activity and make payments within restored international financial relations (Dawes Commission 1924).

This was followed by a massive inflow of foreign capital. According to the study by Tai-kuang Ho and Kuo-chun Yeh, Were Capital Flows the Culprit in the Weimar Economic Crisis? (2019), cumulative net foreign capital inflows into Germany amounted to 15.4 billion Reichsmarks between 1924 and 1931, corresponding to approximately 20% of one year's German GDP. The maximum annual inflow was reached in 1928 and amounted to 3.1 billion Reichsmarks. In the same year, the United States accounted for approximately 70% of Germany's gross capital imports (Ho and Yeh 2019).

These magnitudes indicate a large-scale transformation of Germany's position within the international financial system. The state, enterprises, banks, and municipal institutions gained access to external credit through which economic activity, investment, and foreign obligations were financed. Germany once again acquired the possibility of using the financial resources of the world capitalist system without possessing its own colonial Domain.

However, foreign lending constituted only the financial side of the process. To understand its material content, it is necessary to examine Germany's international trade.

An important source is the report of the Statistical Department of the Reichsbank, Wandlungen im deutschen Außenhandel, dated June 8, 1931. It provides the following data on Germany's foreign trade during the stabilization period (Statistische Abteilung der Reichsbank 1931):

Table 2: Germany's Foreign Trade During the Stabilization Period

Year	Imports, bn RM	Exports, bn RM	Trade balance, bn RM
1925	12.36	9.29	−3.07
1927	14.23	10.80	−3.43
1928	14.05	12.03	−2.02
1929	13.45	13.48	0.04

Source: (Statistische Abteilung der Reichsbank 1931).

The data show that Germany's economic expansion was accompanied by substantial volumes of international trade and, in certain years, by large excesses of imports over exports. In 1927, the value of imported commodities exceeded the value of exports by more than 3.4 billion Reichsmarks. At the same time, substantial foreign financial inflows enabled Germany to maintain external payments and fulfill reparations obligations without having to secure an immediate corresponding trade surplus.

Consequently, external lending and international commodity circulation operated as interconnected sides of a unified reproductive process. Foreign capital provided the financial means for making payments, while world trade ensured the actual inflow of material resources and commodities.

The geographical structure of German imports is particularly important. According to the same Reichsbank report, approximately 47% of German imports in 1929 originated from countries outside Europe. A substantial share of these deliveries consisted of raw materials and foodstuffs. At the same time, approximately three-quarters of German exports were directed towards European countries (Statistische Abteilung der Reichsbank 1931).

Thus, Germany's economic relations had a particular structure: its developed industry obtained a substantial share of the necessary material resources through the world market, while the principal markets for the realization of its industrial products were located predominantly in Europe.

It is precisely here that the material content of Germany's return to the Domain becomes apparent. In order to obtain resources, Germany did not need to possess directly the territories in which they were produced. It acquired the necessary commodities through international trade relations, while the possibility of maintaining these relations was supported by the country's participation in the broader monetary-credit system of imperialism.

In this case, the Domain was not an aggregate of German territorial possessions, but the actual material relations to which access was provided through the world capitalist system. Access to the common Domain eliminated the necessity of separately possessing particular territorial parts of it.

This circumstance makes it possible to reveal the significance of external credit much more profoundly than through the conventional conception of borrowing monetary funds. Foreign credit did not merely increase the financial resources available to Germany. It ensured the possibility of maintaining external payments and acquiring actual commodities and resources necessary for the reproduction of German Capital.

Financial claims acquired the possibility of realization through material relations existing beyond the national economy. It is precisely this unity of the financial system and the material Domain that we previously defined as ideal gold.

On this basis, Germany's economic expansion also becomes comprehensible. According to data from the German Historical Museum, by 1929 the volume of German production had increased by approximately 50% compared with 1924. Industry, investment, international trade, and domestic commodity circulation expanded (Scriba 2014).

The econometric study by Ho and Yeh confirms the substantial role of foreign capital flows in this dynamic. Using a quantitative model of international capital flows and their sudden cessation, the authors established that foreign capital inflows intensified Germany's economic expansion in 1926–1928. At the same time, the subsequent reversal of these flows became one of the most important factors in the economic contraction of the early 1930s (Ho and Yeh 2019).

Consequently, external financial relations did not merely accompany the movement of German production: they exerted a substantial influence on its scale and dynamics. This is particularly important for our theory because it demonstrates the interconnection between material reproduction and the financial system.

Additional confirmation of this connection is provided by Natacha Postel-Vinay and Stephanie Collet's study, Hot Money Inflows and Bank Risk-Taking: Germany from the 1920s to the Great Depression (2024). The authors examined balance-sheet data for 137 German banks beginning in 1925 and established a statistically significant effect of foreign capital inflows on increasing bank leverage. In the main panel specification, the coefficient on foreign inflows was -0.0782 for the ratio of equity to total assets, with a significance level of $p < 0.01$ (Postel-Vinay and Collet 2024).

This result shows that participation in international lending changed not only the volume of monetary funds available to Germany, but also the very structure of its domestic banking system. Foreign financial flows became part of the organization of national credit, the expansion of bank balance sheets, and the further financing of economic activity.

Here a fundamental distinction arises between a quantitative explanation of monetary stability and the theory of ideal gold.

From the standpoint of the quantity equation of money, currency stability is considered through the relationship between the money supply, velocity of circulation, the price level, and output. However, this relationship does not in itself explain why the monetary system once again acquired the ability to expand lending and serve increasing production without a recurrence of hyperinflation, which actual relations backed this expansion, or why changes in international financial flows exerted such a substantial influence on the domestic economy.

The German case demonstrates that explaining these developments requires considering not only the quantity of money, but also the position of Capital in relation to the world's material and financial space. The restoration of international credit made it possible to maintain external settlements, support imports of necessary resources, finance production, and make payments. Conditions were thereby created for the sustainable reproduction of financial claims.

The theory of ideal gold reveals this process as the restoration of the unity between the monetary-credit system and its material body—the Domain. It is precisely for this reason that economic stabilization was expressed simultaneously in the restoration of international credit, the expansion of material circulation, the growth of production, and the stability of the monetary system.

At the same time, it is important that such restoration did not require Germany to create its own territorial periphery. Its incorporation into the world relations of the imperialist Center, already backed by an existing Domain, was sufficient. In other words, Germany obtained access to the material body of ideal gold through its participation in the common capitalist system.

However, this organization of reproduction presupposed the continuous functioning of external financial relations. By the end of the 1920s, the dependence of German Capital on these relations had reached enormous proportions. In 1929, Germany's total external debt amounted to approximately 25 billion Reichsmarks, of which around 12 billion consisted of short-term obligations (Sturm 2011).

Consequently, a substantial part of the German financial system was directly connected with the possibility of continuing to attract, service, and renew foreign credit. A cessation of external financing would necessarily affect not only international settlements, but also domestic monetary-credit reproduction.

The first indications of a change in this position appeared even before the full development of the economic crisis. According to Ho and Yeh, net foreign capital inflows declined from 3.1 billion Reichsmarks in 1928 to 1.4 billion in 1929 (Ho and Yeh 2019). This represented a substantial contraction of the external financial flow upon which the preceding expansion had been based.

33. The Breakdown of External Reproduction: Germany's Deflationary Crisis, 1929–1933

Between 1924 and 1929, the German economy recovered through the restoration of access to international credit and the material resources of the world Domain. However, from 1929 onward, these relations began to break down. Germany faced declining production, deflation, and mass unemployment despite retaining its own industrial potential.

33.1. The Contraction of Access to the World Domain

By the end of the 1920s, the German economy depended on foreign financing. A substantial part of its external borrowing was short-term, and enterprises and banks therefore needed to renew their credit continuously.

In 1929, foreign capital began to leave Germany. Following the stock market crash in the United States, the outflow intensified: foreign creditors withdrew funds and restricted new lending.

According to the study by Tai-kuang Ho and Kuo-chun Yeh, Were Capital Flows the Culprit in the Weimar Economic Crisis? (2019), net foreign capital inflows into Germany declined from 3.1 billion Reichsmarks in 1928 to 1.4 billion in 1929 and 1.2 billion in 1930. Subsequently, this movement developed into a massive capital outflow (Ho and Yeh 2019).

International trade contracted simultaneously. According to Reichsbank data, German imports fell from 13.45 billion Reichsmarks in 1929 to 10.39 billion in 1930, while exports declined from 13.48 to 12.04 billion Reichsmarks (Statistische Abteilung der Reichsbank 1931).

By 1932, the value of imports had fallen to 4.7 billion Reichsmarks, while exports amounted to 5.7 billion. Compared with 1929, these represented declines of approximately 65% and 58%, respectively. These changes reflected both declining trade volumes and falling world prices (Schweinoch and Scriba 2022b).

Germany did not seek to isolate itself voluntarily from the world economy. Its restricted access arose as a consequence of the external financial crisis. The country was losing the ability to use the credit and material flows that had previously supported its reproduction.

33.2. Stagnation Despite the Preservation of Productive Capabilities

The principal characteristic of the crisis was that Germany retained industrial equipment, labour power, and technical knowledge. Enterprises could use substitutes for unavailable resources, modify technologies, and shift to the production of other commodities.

However, instead of a general adjustment of the economy, a massive contraction of production occurred.

The econometric study by Ho and Yeh demonstrates that the cessation of foreign financing became one of the principal factors in Germany's economic decline. The external financial shock was more significant for the contraction of the economy in 1931 than changes in productivity or reparations payments considered separately (Ho and Yeh 2019).

The scale of the crisis is reflected in the following indicators, with the level of 1928 set equal to 100:

Table 3: Selected Indicators of the German Economic Crisis, 1929–1932

Indicator	1929	1930	1931	1932
Industrial production	103	86	61	46
Production of investment goods	103	84	54	35
Employment	99	92	80	71
Cost of living	102	98	90	80

Index: 1928 = 100.
Source: (Petzina et al. 1978).

Between 1929 and 1932, industrial production fell by more than half, while the production of investment goods declined by almost two-thirds.

Why was the economy unable to adjust by changing production? Because technical possibilities for producing commodities are not sufficient for Capital. It must realize their value, obtain profit, and continue its self-valorization.

The disruption of relations with the Domain restricted not individual branches of production, but the conditions of the reproduction of Capital as a whole. The substitution of raw materials or changes in technology could not restore the disrupted international financial and material relations.

33.3. The Banking Crisis and Deflation

The contraction of foreign financing rapidly affected the German banking system.

Isabel Schnabel's study, The German Twin Crisis of 1931 (2004), demonstrates that the German crisis involved two interconnected processes: a flight from the Reichsmark and mass withdrawals of bank deposits. The foreign indebtedness of German banks intensified the mutual effects of the currency and banking crises (Schnabel 2004).

By June 16, 1931, the Reichsbank had lost approximately 130 million dollars in gold reserves and another 100 million dollars in foreign-exchange reserves (Stimson 1931).

On July 13, 1931, one of Germany's largest banks, Darmstädter und Nationalbank (Danatbank), collapsed. The resulting panic forced the government to close banks on July 14–15. Foreign-exchange restrictions and capital controls were subsequently introduced (Schnabel 2004).

Unlike the hyperinflation of 1922–1923, the financial crisis was now accompanied by deflation.

According to Alessandro Roselli's study, Hyperinflation, Depression, and the Rise of Adolf Hitler (2021), Germany's money supply contracted by approximately 28% between 1929 and 1932, while consumer prices fell by around 23% between 1929 and 1933 (Roselli 2021).

Lending, production, employment, the money supply, and prices all declined. The German economy was losing the ability to maintain its previous reproduction.

The government of Heinrich Brüning, which came to power on March 30, 1930, responded by reducing government expenditure, increasing taxes, and restricting wages and social benefits.

An econometric study by Stephanie Ettmeier and Alexander Kriwoluzky (2022) demonstrated that fiscal expenditure cuts additionally reduced Germany's real GDP by approximately 4.5% by 1932 (Ettmeier and Kriwoluzky 2022).

By 1932, the annual average number of registered unemployed persons had reached approximately 5.6 million, exceeding 6 million in certain months (Schweinoch and Scriba 2022b).

33.4. The Political Crisis and Hitler's Rise to Power

The economic depression was accompanied by the destruction of the political stability of the Weimar Republic.

In March 1930, the last parliamentary coalition supported by a majority in the Reichstag collapsed. A period of presidential cabinets began, whose activities increasingly relied on the emergency powers of the Reich President.

Brüning's government came to an end in May 1932. It was succeeded by the cabinets of Franz von Papen and Kurt von Schleicher, but they failed to restore a stable system of parliamentary government (Deutscher Bundestag n.d.).

In the Reichstag elections of July 1932, the NSDAP received 37.4% of the vote, becoming the largest parliamentary party. In the subsequent November elections, its share declined to 33.1%, but the party retained its position as the largest political force in the Reichstag (Schweinoch and Scriba 2022a).

On January 30, 1933, Reich President Paul von Hindenburg appointed Adolf Hitler Chancellor of Germany (Bundesarchiv n.d.).

By that time, the German economy had experienced deflation, a banking crisis, mass unemployment, and a sharp contraction of production. The previous conditions of its participation in the world material-financial system had not been restored.

An extraordinary mobilization and militarization of the economy subsequently began, associated with the operation of the Mefo Law examined in Section 30.

34. The Mefo Law in Action: Germany's Economic Recovery, 1933–1938

After Hitler came to power, Germany began an extraordinary restructuring of its economy. The state expanded the financing of production, organized mass employment, and directed a substantial part of industry towards military orders. At the same time, the previous access to international credit and world resource relations was not restored.

The economy began to recover through mobilization and militarization, despite the continuing restriction of its relations with the world Domain.

34.1. Political and Social Mobilization

The mobilization of Germany encompassed not only industry and labour power, but also state authority, social organizations, education, culture, and the everyday lives of the population. Beginning in 1933, the National Socialist government systematically restructured society to carry out large-scale militarization and prepare for a future war.

First of all, political opposition was eliminated, and state and social institutions were subordinated to the objectives of the new regime. Following Hitler's appointment as Chancellor, the elimination of political opposition began. On March 23, 1933, the Enabling Act was adopted, allowing the government to enact laws without parliamentary approval. Subsequently, independent political parties were abolished, the autonomy of the German states was restricted, and government institutions were subordinated to the new regime (Deutsches Historisches Museum 2015).

On May 2, 1933, independent trade unions were crushed. Their property was confiscated, and their leaders were subjected to persecution. In their place, the German Labour Front (Deutsche Arbeitsfront, DAF) was established, through which the state exercised organizational and ideological control over labour relations. Independent representation of workers and the right to strike were eliminated (Deutsches Historisches Museum 2015).

At the same time, mass propaganda was being developed. The Ministry of Public Enlightenment and Propaganda, established on March 13, 1933, under Joseph Goebbels, gained control over the press, radio, cinema, and a substantial part of cultural activity. Propaganda disseminated ideas of national revival, military power, overcoming the consequences of defeat in the First World War, and the necessity of social unity (Scriba 2015).

An important part of mobilization was the formation of militaristic attitudes among the population. The state organized mass marches, rallies, paramilitary events, and the ideological training of young people. Following the elimination of competing youth organizations, the Hitler Youth became a nationwide mechanism of indoctrination. The law of December 1, 1936, established compulsory membership of young people in this organization (Deutsches Historisches Museum n.d.[b]).

Mobilization was also accompanied by the direct preparation of labour and military personnel. In 1935, compulsory six-month service in the Reich Labour Service (Reichsarbeitsdienst, RAD) was introduced for young men. Its members were employed in construction, land development, and other activities while simultaneously undergoing paramilitary training. On March 16 of the same year, Germany reintroduced universal military conscription and began a massive expansion of its armed forces (Deutsches Historisches Museum n.d.[a],[c]).

By the mid-1930s, mobilization encompassed public administration, labour relations, industry, youth organizations, and public consciousness. The suppression of political opposition made it possible to implement mobilization measures; propaganda generated public support for militarization; and the system of labour and military training provided the necessary personnel.

34.2. The Restructuring of Production and Employment

In 1933, the government expanded public works programs, housing and road construction, granted tax concessions to particular industries, and increased government orders. At the same time, the restructuring of industry in accordance with the objectives of rearmament began.

Military expenditure rapidly exceeded the scale of ordinary employment programs. According to Hans-Ulrich Thamer, expenditure on armaments increased from 720 million Reichsmarks in 1933 to 10.8 billion in 1937. The total expenditure on government employment-creation programs during the period under consideration amounted to approximately 6 billion Reichsmarks (Thamer 2005b).

Government orders were accompanied by a redistribution of productive capacities, labour resources, and investment towards military industry. Enterprises restructured their output, expanded the production of armaments and military equipment, and civilian industries became increasingly subordinated to the requirements of the militarized economy.

34.3. Extraordinary Credit Expansion and Financial Stabilization

Additional financial resources were required to pay for expanding government orders. Their provision was organized, among other means, through special bill-financing mechanisms.

In 1934, MEFO bills began to be used extensively. Enterprises fulfilling military orders received bills backed by government guarantees. These bills could be discounted at commercial banks, while the banks could rediscount the corresponding obligations at the Reichsbank. This made it possible to finance production without immediately paying the entire value of government orders from current budgetary revenues.

The scale of this mechanism was substantial. According to documents from the Nuremberg Trials, by April 1, 1938, the volume of MEFO bills issued had reached 12 billion Reichsmarks (International Military Tribunal 1946).

Credit financing supported the operation of enterprises, government purchases, and employment. At the same time, economic activity began to recover.

According to Richard Overy, Germany's real gross national product had already returned to its 1928 level by 1935, while industrial production reached its pre-crisis peak by 1936 (Overy 1996).

Unemployment declined sharply in parallel:

Table 4: Registered Unemployment in Germany, 1933–1937

Year	Registered unemployed
1933	4.8 million
1934	2.7 million
1936	1.6 million
1937	Fewer than 1 million

Source: (Thamer 2005b).

The monetary system also acquired relative stability. According to historical cost-of-living indices, with the level of 1928 set equal to 100, the index stood at 78 in 1933 and 83 in 1938 (Berghahn 1987).

Thus, industrial recovery and large-scale credit financing were accompanied by relatively small changes in the official level of consumer prices. At the same time, beginning in 1936, the state

strengthened controls over prices and wages, so the stability of recorded prices was also maintained through administrative measures.

Germany succeeded in restoring internal economic activity through government credit, mobilization, and militarization without restoring the previous mechanism of international lending.

34.4. The Material Limitations of Recovery

However, the recovery of production did not eliminate the shortage of external resources.

Already in 1934, the expansion of industrial activity and military orders was accompanied by a renewed intensification of the foreign-exchange shortage. The German economy required imported metals, fuel, foodstuffs, and industrial raw materials, but possessed limited means of acquiring them.

In September 1934, Hjalmar Schacht introduced the New Plan (Neuer Plan), which provided for state control over imports, the allocation of foreign exchange, and international settlements. Priority was given to purchases of resources required for military industry and the production of export commodities (Thamer 2005b).

In 1936, the Four Year Plan was introduced, directed towards further militarization and the development of substitutes for imported resources. The state expanded the production of synthetic fuel, rubber, and other materials while simultaneously strengthening its control over industry.

However, the requirements of military production continued to increase. According to the German Federal Agency for Civic Education, expenditure on armaments increased from 3.3 billion Reichsmarks to 9 billion by 1936. The expansion of production was accompanied by an intensifying shortage of raw materials and foreign exchange (Thamer 2005a).

It is particularly revealing that the development of domestic production of substitutes did not eliminate dependence on imports. According to Thamer, Germany's dependence on foreign oil declined only from 66% in 1936 to 60% in 1938, despite the expansion of domestic production (Thamer 2005b).

By 1938, Germany possessed a recovered industrial sector and a substantially expanded army, while its economy and society had been mobilized for militarization and future war. However, the material backing of this system continued to depend on restricted access to external resources, while the requirements of military production were constantly increasing.

35. Germany's Return to the World Domain: Postwar Recovery, 1945–1955

Following the Second World War, Germany once again found itself in a position in which normal capitalist reproduction had been disrupted. However, conditions now emerged for the reverse process—the restoration of access to the world system.

Of particular interest is West Germany, which, following the destruction of the previous economic order, was incorporated into the international system of the imperialist Center. Its subsequent recovery makes it possible to trace the operation of ideal gold as the relations between Capital and the Domain were restored.

35.1. The Economy After Defeat

Following the surrender on May 8, 1945, the German economy was in a state of profound destruction. Military operations had damaged transportation infrastructure, industrial enterprises, electricity supplies, and housing. The country was divided into occupation zones, while foreign trade was controlled by the Allied powers.

Conditions were particularly severe during the winter of 1946–1947. Shortages of fuel, food, and transportation caused widespread disruptions in supply. According to the German Federal Agency for Civic Education, average food consumption in 1946 amounted to approximately 1,450 kilocalories per person per day, compared with more than 3,100 kilocalories in 1936. The destruction of transportation links made even the movement of coal from mining regions difficult (Benz 2005).

Production also remained at a low level. According to a study published by the International Monetary Fund, at the beginning of 1948 Germany's manufacturing output amounted to less than 60% of its 1936 level (Mayer and Thumann 1990).

At the same time, a substantial part of the industrial equipment had survived. The principal obstacles to its use were disruptions in supply, transportation, monetary relations, and international trade.

35.2. The Restoration of Material Flows

Beginning in 1947–1948, the policy of the Western Allies changed. Instead of further restricting German industry, they began incorporating it into the general economic recovery of Europe.

In April 1948, the European Recovery Program (ERP), known as the Marshall Plan, came into operation. It provided for the extension of credit and the supply of foodstuffs, raw materials, equipment, and other commodities.

Between 1948 and 1952, West Germany received approximately 1.4 billion dollars in assistance (Bundeszentrale für politische Bildung 2022).

The composition of these deliveries is particularly revealing. According to historical statistics for the ERP, West Germany received the following goods and services during the fiscal years 1948/49–1952/53:

Table 5: ERP Deliveries to West Germany, 1948/49–1952/53

Category	Value, million USD
Foodstuffs, animal feed, and seeds	684
Industrial raw materials	725
Machinery and transportation equipment	36
Transportation costs	122

Source: (Kreditanstalt für Wiederaufbau n.d.).

The majority of deliveries consisted of foodstuffs and industrial raw materials. Foreign financing ensured the receipt of actual material resources necessary for the restoration of production.

International trade relations were being restored in parallel. In 1948, the Organisation for European Economic Co-operation (OEEC) was established to coordinate the distribution of assistance and the gradual removal of trade restrictions.

In 1949, the Petersberg Agreement opened the way for the Federal Republic of Germany to expand foreign trade and participate in international organizations (Hinz-Wessels and Würz 2014).

West Germany once again obtained access to the resources of the world Domain through international lending and trade, without possessing its own colonial periphery.

35.3. Monetary Reform and the Restoration of Financial Relations

On June 20, 1948, monetary reform was implemented in the Western occupation zones. The Reichsmark was replaced by the Deutsche Mark. The population initially received 40 new marks per person, while existing bank savings were substantially reduced through conversion.

At the same time, a substantial part of the restrictions on trade and pricing was abolished. Commodities began returning to ordinary circulation, and enterprises acquired the ability to conduct settlements in the new currency (Deutsche Bundesbank 2008).

Industrial production responded with rapid growth. According to the Bundesbank, between June and August 1948, industrial output in the combined American and British occupation zones increased by approximately 25%, followed by a further increase of 23% by the end of the year. Already in November 1949, West German production reached its 1936 level (Deutsche Bundesbank 2008).

However, recovery was not confined to the introduction of a new monetary unit. It was accompanied by the inflow of foreign raw materials, the resumption of commodity circulation, and the expansion of international financial relations.

In 1950, the European Payments Union (EPU) began operating. It provided multilateral settlements and mutual credit among participating countries, facilitating international trade under conditions of limited convertibility of European currencies.

In August 1952, the Federal Republic joined the International Monetary Fund, while the London Debt Agreement of 1953 contributed to the restoration of its international creditworthiness (Bührer 2002; Deutsche Bundesbank 2012).

The Deutsche Mark was becoming a stable monetary form for the reproduction of Capital once again incorporated into the world system of material and financial relations.

35.4. Industrial Expansion and the Growth of World Trade

In the early 1950s, the German economy entered a period of rapid expansion of production. Metallurgy, mechanical engineering, the chemical industry, and automobile manufacturing recovered.

Foreign trade expanded particularly rapidly:

Table 6: West German Foreign Trade, 1949 and 1955

Indicator	1949, bn DM	1955, bn DM
Imports	7.8	24.5
Exports	4.1	25.7

Source: (Deutscher Bundestag 1956).

Over six years, the value of German imports increased more than threefold, while exports increased more than sixfold. Germany expanded its acquisition of foreign commodities and material resources while simultaneously becoming one of the major suppliers of industrial products to the world market.

Additional opportunities for the realization of German products arose from the increase in international demand during the Korean War of 1950–1953. German enterprises supplied machinery,

automobiles, chemical products, and electrical equipment abroad. Domestic production expanded alongside international commodity circulation (Hinz-Wessels and Würz 2014).

According to Werner Bührer's study, in the first half of 1952 the West German economy entered a period of sustained independent growth. In 1955, real gross national product increased by 11.5% in a single year (Bührer 2002).

The restored material and financial relations ensured the expansion of production without a transition to extraordinary military mobilization. Germany restored its industry through international trade, investment, lending, and the realization of its products in foreign markets.

36. The Historical Resolution of the Crisis of Capitalism: Germany and the World Domain

According to Polar Marxism, Germany itself was not experiencing the crisis of capitalism during the period under consideration. The rate of exploitation in Germany had declined, and therefore the internal conditions for the emergence of such a crisis were absent. However, Germany belonged to the imperialist Center, individual parts of which continued to experience the crisis of capitalism, above all the United States, where the historical limit of exploitation had been reached.

The contradiction consisted in the fact that the crisis of capitalism in one part of the imperialist Center exerted pressure upon its other parts. Germany became one of the weak links onto which this pressure was transferred.

Between 1924 and 1929, the international financial system supported the German economy through lending and access to the world Domain. As demonstrated earlier, this ensured the recovery of production and monetary stability. However, changes in external conditions led to the cessation of the previous financial flows. Germany found itself cut off from the relations upon which its reproduction depended, even though it had not itself reached the limit of exploitation.

It is precisely this condition that explains the subsequent transition to the Mefo Law. Having lost normal access to the Domain, German Capital turned to extraordinary credit expansion, the mobilization of society, and the militarization of the economy. Such recovery made it possible to maintain production temporarily, but required the future acquisition of material resources to which access remained restricted.

According to Polar Marxism, the crisis of capitalism is resolved through world war. At the same time, the Second World War was initiated not by the United States, where the crisis of capitalism persisted, but by powers subjected to the pressure of these contradictions and compelled to transition to extraordinary military reproduction. Thus, the world crisis determined the necessity of war, while its immediate initiators were the states onto which its pressure had been transferred.

The Mefo Law also determined the outcome of this movement. Militarization temporarily restored economic activity while simultaneously increasing the demand for resources. The continuation of reproduction required further expansion, which in turn intensified material exhaustion. The defeat of the militarized power followed from the very mechanism of the Mefo Law.

However, the most revealing circumstance is not Germany's defeat itself, but what happened after the war.

The Second World War resolved the crisis of capitalism in the hegemon. In the United States, the rate of exploitation declined, and the condition that had determined the necessity of further resolving

the crisis through world war came to an end. Along with this, the conditions of Germany's existence within the world capitalist system changed.

Germany, having lost the war and suffered enormous destruction, once again obtained access to the world Domain. Its economy was incorporated into international material, trade, and financial relations. As a result, normal capitalist reproduction was restored, and the necessity of an extraordinary militarized system disappeared.

A fundamental question arises: why did Germany, having lost two world wars, not only survive but once again become one of the most developed capitalist powers?

Because military defeat does not in itself determine the economic fate of a country. The subsequent economic condition of Capital is determined by its relations with the world Domain.

Before the Second World War, Germany could retain its industrial potential while simultaneously experiencing economic devastation as a consequence of restricted access to the Domain. After the war, it was able to restore production even after enormous material destruction because that access had been restored.

Consequently, the decisive factor was not whether Germany had won or lost, but whether the conditions existed for its normal incorporation into world capitalist reproduction.

This constitutes the concluding result of our investigation: the stability and development of Capital are determined neither by the outcome of war nor by the quantity of money in themselves, but by the reproduction of ideal gold—the unity of its monetary-financial system and the material Domain.

Part VI.
Anticapital and the Transformation of Ideal Gold

37. From Domain Expansion to the Emergence of the Anticenter

Up to this point, we have primarily examined the movement of Capital and the regularities governing the reproduction of its ideal gold. However, Domain Expansion (DE) itself generates a particular contradiction which, in the course of historical development, leads to the emergence of an opposing social-reproductive force—Anticapital.

As established earlier, Domain Expansion is directed towards the continuous reproduction of the periphery as the material foundation of the imperialist Center. Capital organizes the production of necessary resources, establishes commodity-money and financial relations, and intensifies its pressure upon the Domain as it expands. At the same time, the reproduction of the periphery is subordinated to the needs of the Center, while its productive specialization is determined primarily by the necessity of supplying the Center with material resources.

However, the organization of the Domain simultaneously creates the material prerequisites for the emergence of an opposing movement.

In order to obtain resources, Capital must organize the labour of the population of the periphery, establish productive relations, infrastructure, and the necessary economic connections. As a result, a particular material and social organization takes shape within the Domain, capable of becoming

the foundation of independent reproduction. In other words, through its own expansion, Capital creates not only the conditions of production necessary for itself, but also the material prerequisites for overcoming the reproductive relationship it has established.

At the same time, the pressure exerted by the Center upon the Domain continuously increases. Capital's drive towards infinite self-valorization requires the continuous expansion of access to material resources and the intensification of the exploitation of the periphery. However, this movement simultaneously intensifies the contradiction between the necessity of the periphery's independent development and the organization of its reproduction established by Capital.

It is within this contradiction that the prerequisites of Anticapital emerge. An opposing tendency develops within the periphery, directed towards overcoming its subordinate reproductive position and independently developing the productive forces.

The anomalous movement of Capital acquires particular significance. When the limit of exploitation is reached and the crisis of capitalism emerges, Domain Expansion assumes an anomalous character (ADE). Imperialist powers intensify their struggle for the redivision of world relations, seeking to obtain additional profit through the redistribution of the conditions of its realization. As a result, the pressure upon the periphery assumes extraordinary forms, accompanied by the destruction of existing relations, violent redivision, and world war.

Thus, normal Domain Expansion creates the material prerequisites for the opposing movement, while its anomalous development intensifies the corresponding contradictions, bringing them to the point of revolutionary eruption.

Revolution represents a qualitative transformation of the social-reproductive relationship. The material base previously organized for the reproduction of sovereign Capital passes under the authority of a new social force. Along with the change in political power, the direction of reproduction also changes: the productive forces of the periphery begin to be organized in accordance with the necessity of its independent development.

It is precisely this transformation that signifies the emergence of Anticapital as a social-reproductive force opposed to Capital.

The historical expression of this process is the formation of the Anticenter. Whereas the imperialist Center represents the sphere of domination of sovereign Capital, organizing the periphery for its own reproduction, the Anticenter represents an opposing organization of social production, arising directly from the periphery and directed towards its independent development.

At the same time, the Anticenter does not necessarily represent a single geographical point or one state. It expresses a particular social-reproductive configuration whose scale and historical forms are determined by the development of Anticapital itself.

The first historical embodiment of the Anticenter is the Soviet Union, which emerged as a result of a revolutionary transformation on the periphery of world Capital. Subsequently, the Chinese Anticenter emerges, representing another historical development of anticapitalist reproduction. The next anticipated stage of this movement is Cenes—the Anticenter of the third type.

The emergence of the Anticenter fundamentally transforms the character of world relations. The periphery ceases to be exclusively a subordinate sphere of the reproduction of Capital and acquires its own social force directed towards overcoming the specialization established by Capital.

However, the periphery itself does not disappear. The imperialist Center continues to exist, relations between the Center and the Domain (CDR) persist, and Capital continues to require the material

backing of ideal gold. Consequently, Domain Expansion also persists, through which the Center continues to reproduce the relations necessary for its existence.

The fundamental change consists in the emergence of an opposing movement operating directly within the former periphery. Alongside the regularities of Capital, the opposing regularities of Anticapital now begin to operate, directed towards the independent development of material production and the transformation of Domain relations.

As a result, the previous organization of world reproduction acquires a polar character. The Center continues to carry out Domain Expansion, while the Anticenter generates an opposing movement that changes the direction of the reproduction of the periphery. It is precisely the struggle between these two social forces that transforms the relations between the Center and the Domain themselves.

At the same time, the opposing movement affects not only the periphery. Since the reproduction of the Center is directly connected with the Domain, the transformation of the latter also changes the conditions of existence of Capital itself. The regularities arising under the influence of Anticapital begin to distort the reproduction of the Center, the relations between the Center and the Domain (CDR), and the very character of Domain Expansion (DE).

From this moment onward, world reproduction must be considered as the interaction of two opposing social forces—Capital and Anticapital, also in the sense of the Center and the Anticenter leading the Domain.

38. Domain Contraction and the Distortion of DE

In the present investigation, we shall not examine Anticapital or the regularities of its emergence and development in depth. Here, we shall consider Anticapital exclusively insofar as its activity affects the reproduction of ideal gold.

As established in the preceding section, the emergence of Anticapital introduces a social-reproductive force opposed to Capital. Accordingly, an opposing movement also emerges, counteracting Domain Expansion (DE) and the pressure it exerts upon the periphery. We define this opposing movement as Domain Contraction (DC).

Whereas DE is directed towards preserving and expanding the reproductive domination of the Center over the Domain, DC operates in the opposite direction, restricting this domination and transforming the relations established by Capital.

At the same time, Domain Contraction does not necessarily imply a literal reduction of the Domain's territory. It may manifest itself in opposition to the movement of DE itself and in changes to the character of Domain relations without terminating economic connections with the Center. At the same time, a direct territorial contraction of the sphere under the reproductive domination of Capital is also possible. A historical example is the emergence of the Soviet Union, when an enormous part of the former periphery escaped the direct subordination of the Center, although economic relations with it did not cease entirely.

Under the influence of Domain Contraction, the very direction of the reproduction of the periphery changes. Anticapital begins to develop production independently, guided by the Primacy of Development, and to use the material resources of the Domain primarily for the development of its own productive forces. Thus, resources and productive capacities previously directed predominantly towards backing ideal gold and reproducing the imperialist Center begin to be used for the development

of the periphery itself. An opposing process emerges: the productive forces of the Domain begin to develop in accordance with its own needs, overcoming the restrictions established by Capital.

However, this transformation does not signify the complete cessation of the original resource specialization or the destruction of the relations of ideal gold. The Domain may continue producing and supplying resources to the Center while simultaneously developing its own industry and expanding the use of material resources for domestic needs. We are dealing with the gradual overcoming of the specialization established by Capital through the independent development of the periphery. Therefore, Domain Contraction is expressed not in the necessary disappearance of previous relations, but in their successive transformation under the influence of Anticapital.

Thus, following the emergence of Anticapital, two opposing reproductive forces begin to act upon the Domain simultaneously—Domain Expansion (DE) and Domain Contraction (DC). The former is directed towards preserving the Domain and its specialization in accordance with the requirements of the imperialist Center. The latter is directed towards overcoming this specialization and independently developing the productive forces of the periphery. Consequently, the further reproduction of the Domain takes place under conditions of struggle between two forces acting upon the same social-reproductive relations in opposite directions.

This struggle distorts Domain Expansion itself. Capital continues to require the material resources of the Domain, its markets, and its financial relations, but it is now compelled to conduct its expansion under conditions of the independent development of the periphery. The productive capabilities of the periphery, its economic needs, and the structure of international exchange change, and along with them change the conditions under which Capital carries out its own reproduction.

As a result, Capital, while continuing to act in pursuit of profit, begins to participate in productive and financial relations that simultaneously contribute to overcoming the original specialization of the Domain. Its own expansion comes under the influence of an opposing force capable of transforming and utilizing the movement of Capital.

This process is particularly evident in China, where Anticapital of the second type (RDP of the second type) operates. Western capitalist enterprises, seeking to obtain profit, invest directly in the Chinese economy, establish industrial enterprises, organize production, and participate in the development of local productive infrastructure. Instead of predominantly obtaining resources from the periphery for subsequent use within the Center, Capital begins to develop production directly on the territory of the periphery.

However, this activity takes place under conditions in which the Chinese Anticenter exists and utilizes the movement of Capital for its own development. The enterprises, productive capacities, and economic connections created become part of China's industrial reproduction. Moreover, the products manufactured enter the markets of the Center itself, among others. Capital, pursuing its own profit, simultaneously participates in the expansion of the productive forces of the periphery, whose independent development contradicts the original organization of the Domain.

The original specialization of the Domain in the primary sector of the economy cannot be explained by Capital's desire to prevent competition from the periphery. Competition is a normal form of the movement of Capital itself and takes place continuously within the imperialist Center. Some enterprises displace others, lose markets, become bankrupt, and are replaced by new producers. However, this does not lead to a necessity to restrict the industrial development of the Center itself. Consequently,

competition does not explain why a particular productive specialization is originally established for the periphery.

The appearance of Chinese industrial products on Western markets is governed by the same regularities of competition. Chinese producers may displace individual Western enterprises, but such a redistribution of markets constitutes an ordinary phenomenon of the capitalist economy. The reason for the original specialization of the Domain lies not in competition, but in the necessity of the Domain for the material backing of ideal gold and the realization of the Center's profit. Therefore, overcoming this specialization under the influence of Anticapital must be explained through the struggle between Domain Expansion and Domain Contraction, rather than through the interests of individual competing capitalists.

39. Currencies and Anticurrencies

The contemporary world economy encompasses numerous different currencies. Despite differences in their historical origins and organization, practically all of them possess similar monetary functions. Bank accounts, credit obligations, and other financial instruments also exist within a wide variety of economic systems. This external similarity can make the understanding of ideal gold more difficult, since fundamentally different social-reproductive relations may be concealed behind practically identical monetary forms.

Within Polar Marxism, the entire diversity of currencies is divided into two types—currencies (Currency) and anticurrencies (Anticurrency). Even the Soviet ruble was a currency in the ordinary sense of the word, but within this classification it belonged to the anticurrencies. This distinction is determined by the character of the social reproduction within which the corresponding monetary forms exist.

A detailed investigation of currencies and anticurrencies lies beyond the scope of the present work and constitutes an independent subject of Polar Marxism.

40. Some Additional Propositions on the Reproduction of Ideal Gold

It follows from the established relationship between the Center and the Domain that the monetary funds received by the periphery may take different directions in their subsequent movement. They may be used to purchase the products of the Center, retained in monetary form, or directed towards the acquisition of various financial and debt obligations. In the first case, the Domain directly ensures the realization of value produced by the Center, whereas in the remaining cases the financial claims of the periphery against the Center are accumulated and reproduced. Thus, relations between the Center and the Domain are reproduced through different forms of movement within one and the same fiat-credit monetary system.

From this arises another characteristic of the relations between the Center and the Domain: the periphery becomes a kind of hostage to sales. By accumulating monetary and financial claims against the Center, it acquires an interest in preserving their actual value and in maintaining the possibility of subsequently purchasing the products of Capital with them. Consequently, the Center is interested in the expansion and accumulation of its monetary claims within the Domain, while the Domain itself becomes interested in preserving the financial system of the Center, which ensures the actual value of

its accumulated claims. Thus, the reproduction of CDR creates a mutual financial dependence based on the equivalent exchange established earlier.

Finally, the state can be defined as the machine of ideal gold. The sovereign reproduction of Capital presupposes the reproduction of the state itself as the social organization of its domination. Through the state, money is issued, monetary-credit and financial relations are organized, the political domination of Capital is secured, and its imperialist expansion is maintained. Consequently, the state monetary system and the organization of relations with the Domain constitute interconnected sides of the reproduction of ideal gold. It is within the state that the social organization of this reproduction finds its concentrated expression.

The results obtained reveal a direct connection with the Law of Realization previously established in Polar Marxism, which operates through two interconnected laws—the Law of Debt and the Law of Sales (Isteni 2026c). The Law of Debt reveals the credit-debt side of the realization of value, while the Law of Sales reveals the necessity of the corresponding space for its monetary realization. In ideal gold, both sides acquire a unified reproductive expression: the fiat-credit monetary form of Capital ensures debt relations, while the Domain constitutes an independent material-reproductive sphere ensuring the realization of profit. Thus, the theory of ideal gold reveals the monetary-material form through which the Law of Realization operates under the conditions of the reproduction of sovereign Capital.

A further proposition follows from everything established above: compliance with the Polar-Marxist Pareto Principle (PMPP) depends directly on the openness of the capitalist system. Under conditions of the closed reproduction of Capital, that is, in the absence of the Domain, the PMPP is violated because the independent material value necessary to back the entire aggregate of monetary claims is absent. Conversely, open imperialist reproduction, presupposing the existence of the Domain, ensures compliance with the PMPP through the production of the material body of ideal gold. An additional historical consequence follows from this: the capacity of a state to preserve and develop its social production even under conditions of prolonged external isolation constitutes an additional argument in favour of the non-capitalist character of its reproductive relations. At the same time, the inability of a state to withstand such isolation does not in itself indicate the capitalist character of its social system.

41. Critique of Western Theories of Fiat-Credit Money

The established regularities of the reproduction of ideal gold make it possible to reconsider certain propositions of contemporary Western monetary theory. Of fundamental significance here is the distinction between the creation of a monetary claim and the backing of its actual value. It is precisely the conflation of these two relations that leads particular mechanisms of monetary circulation to be mistaken for explanations of the actual foundation of the monetary form itself.

Let us first consider the credit theory of money. Contemporary studies of the banking system correctly establish that a commercial bank creates a deposit through the issuance of a loan (McLeay et al. 2014). However, the banking operation produces a monetary claim and a corresponding debt obligation. It does not produce the independent value necessary for the material realization of the resulting claim. For example, a loan used to purchase oil creates purchasing power, but does not create the value of the oil itself: that value has already been produced by the labour of its supplier.

Consequently, the possibility of making an individual purchase through credit does not demonstrate the possibility of materially fulfilling the entire aggregate of monetary claims. It is precisely this distinction that we established through the PMPP.

A similar contradiction emerges when examining the state theory of money and Modern Monetary Theory (MMT). State authority can establish monetary obligations, require tax payments, and thereby create the necessity of using a particular currency (Wray 2014). However, taxation represents a relationship involving the redistribution of value that has already been produced. Establishing an obligation to pay taxes does not constitute the production of additional value backing the monetary form. Moreover, tax obligations to the state of the Center do not extend directly to the producers of the Domain, who independently reproduce material resources. Consequently, the state's capacity to create demand for its own currency within its jurisdiction is not equivalent to the capacity to back its actual value through world material reproduction. In Section 5, we have already established why government monetary issuance itself does not resolve this contradiction.

The Fiscal Theory of the Price Level shifts the explanation of the value of government obligations to expected future budget surpluses (Cochrane 2023). However, future tax revenues also presuppose the existence of social value from which they will be obtained. A financial claim is backed by anticipated future financial receipts, while those receipts must themselves be backed by actual production. Thus, the explanation once again returns to the original question concerning the origin of the value constituting the material foundation of monetary claims. The expectation of a future redistribution of value does not replace its independent production.

This contradiction acquires particular significance when examining the world currency. Gita Gopinath and Jeremy Stein explain its international dominance through the mutual reinforcement of the use of a particular currency in trade settlements, bank financing, and the accumulation of financial assets (Gopinath and Stein 2021). However, this interaction itself presupposes the existence of international relations that make the corresponding currency necessary. Within our theory, the causal sequence is revealed through the reproduction of the Domain: the Center acquires independently produced value through its monetary form; the claims received are used by the periphery to purchase products of the Center or are accumulated within its financial system. In this way, the reproduction of the material body of ideal gold simultaneously reproduces the international circulation and accumulation of the world currency. The international dominance of the monetary form expresses the established material-reproductive relationship and does not arise exclusively from the mutual reinforcement of financial and settlement practices.

Thus, the monetary theories considered examine actual mechanisms of the fiat-credit system, but these mechanisms cannot serve as independent explanations of its material reality. Credit creates a monetary claim, the state organizes its circulation, the budget redistributes value, and international financial relations ensure the movement and accumulation of obligations. Yet none of these operations produces the necessary independent value by itself.

It is precisely for this reason that the material backing of the fiat-credit monetary form of Capital must be derived from the reproduction of the Domain, rather than from the movement of the monetary form itself. This constitutes the fundamental distinction between the theory of ideal gold and the monetary conceptions examined.

Conclusions

The present investigation has established the reproductive nature of ideal gold as the monetary-material form of sovereign Capital. The transition from commodity money to the fiat-credit monetary form does not eliminate the necessity of material backing. Instead, it separates the monetary form from its material foundation, transforming their unity into a relationship between distinct spheres of social reproduction. Ideal gold therefore exists as the unity of the fiat-credit monetary system of the imperialist Center and the Domain of Capital, which independently reproduces the actual value necessary for its material backing and the realization of profit.

The Polar-Marxist Pareto Principle (PMPP) establishes the fundamental condition governing this relationship: the entire aggregate of monetary claims must possess the possibility of simultaneous realization in actual socially produced value without the realization of one participant's claims depriving others of the same possibility. From this standpoint, the creation of money and credit obligations is categorically distinct from the production of the value backing them. The examination of closed capitalist reproduction demonstrated that monetary issuance, government expenditure, the redistribution of demand, and the circulation of existing money cannot independently resolve the problem of continuously realizing aggregate profit while preserving expanded reproduction and satisfying the PMPP. Consequently, the material foundation of the fiat-credit monetary form must be sought beyond the closed reproductive circuit of sovereign Capital.

This necessity receives its concrete expression in the Domain of Capital. Its defining characteristic is reproductive exteriority in relation to the imperialist Center. The Domain simultaneously provides independently produced material value and constitutes an external market for the realization of the Center's products. These functions are fulfilled through equivalent exchange, in which the Center acquires actual value produced within the Domain, while the Domain receives monetary claims that may be used to purchase the products of Capital. The relationship between the Center and the periphery is thereby established as a necessary condition of capitalist reproduction itself, rather than as a consequence of unequal exchange or a merely geographical division of the world.

The material body of ideal gold is constituted not simply by natural resources, but by their unity with the labour and social reproduction of the people who produce them. Its resources possess dual materiality: their productive materiality makes them necessary for the operation and expansion of Capital, while their equivalent materiality allows the value embodied in them to back its fiat-credit monetary form. This unity explains both the original specialization of the Domain in the primary sector and the contradiction inherent in Domain Expansion (DE). Capital requires ever greater access to material resources, yet the complete transformation of the Domain into the imperialist Center would destroy the reproductive exteriority necessary for its own existence. The expansion of Capital therefore produces the necessity of continuously reproducing the Domain while intensifying the pressure exerted upon it.

The financial consequences of this relationship are equally fundamental. The monetary funds received by the Domain may return to the Center through purchases of commodities or accumulate as financial and debt claims against it. Consequently, the accumulation of the Center's obligations to the periphery constitutes a regularity of the reproduction of ideal gold. The expansion of the fiat-credit system and the growth of external financial claims are connected with the continuing acquisition of independently produced material value. The world currency of Capital performs the

function of uniting these relations within a common system of circulation, credit, and accumulation. In the contemporary world, the US dollar embodies this function, while petrodollar relations provide a particularly clear historical expression of the unity between the material resources of the Domain and the world monetary form of Capital.

The same relationship explains why disturbances originating beyond the internal production of the Center can directly destabilize its monetary-financial system. Changes in the reproduction of the Domain affect both the material conditions of capitalist production and the actual foundation of financial claims. The historical experience of Germany demonstrates the significance of this connection. The monetary destabilization of 1922–1923, the recovery accompanying the restoration of international credit and material flows in 1924–1929, and the subsequent deflationary crisis following their contraction reveal the decisive role of external reproductive relations. Monetary stability and economic expansion cannot be explained through changes in the quantity of money alone; they must be understood through the conditions governing the reproduction of ideal gold.

The German experience also reveals the distinction between normal and anomalous movement of Capital. When the crisis of capitalism arises from the attainment of the limit of exploitation, the continuing necessity of self-valorization gives rise to anomalous profit appropriation (APA) and anomalous Domain Expansion (ADE). The struggle for additional profit becomes a struggle over existing value and the conditions of its realization, leading to the violent redivision of world relations. Under conditions of restricted access to the Domain, the Mefo Law expresses the extraordinary mechanism through which credit mobilization and militarization temporarily sustain reproduction on the basis of anticipated future material flows. Yet this mechanism simultaneously increases the need for the resources whose shortage gave rise to it, generating a tendency towards self-exhaustion. Germany's subsequent postwar recovery demonstrates the reverse process: the restoration of access to the world Domain made normal capitalist reproduction possible again despite the destruction caused by military defeat.

Finally, the investigation has established that Domain Expansion itself creates the material prerequisites for the emergence of Anticapital. Through revolutionary transformation, productive forces previously subordinated to the reproduction of sovereign Capital become the foundation of an opposing social-reproductive organization—the Anticenter. Its emergence introduces Domain Contraction (DC), directed towards overcoming the specialization established by Capital and developing the productive forces of the periphery independently. The interaction of DE and DC transforms the original relations between the Center and the Domain. Capital continues to require the material and financial relations of ideal gold, but its own movement increasingly takes place under the influence of an opposing force capable of utilizing that movement for the independent development of the periphery. Thus, the reproduction of ideal gold acquires its historical form within the polar interaction of Capital and Anticapital.

The results also reveal the monetary-material expression of the Law of Realization through the unity of the Law of Debt and the Law of Sales. The fiat-credit monetary form organizes and reproduces financial claims, while the Domain provides the independent material foundation and external sphere necessary for their realization. The state, as the machine of ideal gold, concentrates the political, monetary, and financial organization of this relationship. Consequently, the actual value of the monetary form of sovereign Capital cannot be derived from monetary issuance, credit creation, fiscal

obligations, or financial circulation considered in isolation. It is determined by the reproduction of the social relations that unite the imperialist Center with its material Domain.

The fundamental result of this study is therefore the establishment of ideal gold as a necessary relationship of world capitalist reproduction. Its monetary form, material body, financial circulation, historical crises, and transformations under the influence of Anticapital are interconnected expressions of that relationship. The reality of fiat-credit money is thus rooted in the material and social organization of world reproduction, whose polar development determines the conditions under which sovereign Capital continues its self-valorization.

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