



FUNCTIONS OF MONEY IN DETERMINING THE ESTIMATED VALUE

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ABSTRACT

This article provides a comparative analysis of the function of value measurement of money, the function of the means of circulation, the function of the means of payment, the function of the means of accumulation, as well as the commodity theory of money and other theories. The article also compares and analyzes issues such as the important and fundamental functions of money, the view of money as a commodity, and the related commodity theory of money, the basis of the commodity theory of value on labor theory, among others, with the views of scientists in the field.

As you know, money performs five functions: the function of a measure of value; the function of a medium of circulation; the function of a means of payment; the function of a means of saving; the function of world money [1].

The function of the monetary measure of value is recognized by economic scientists as its important and main function. But first there was a view of money as a commodity and a related theory of money as a commodity. Since the commodity theory of money unites both categories, it is not recommended to consider it as a very simple and outdated theory. In this theory, it should be borne in mind that we are talking not only about gold, but also about the necessary labor costs. The commodity theory of money is based on the labor theory of value. Socially necessary labor costs that determine the value of goods are a category inherent in commodity production [2].

This theory, which arose at the end of the XIX century, cannot explain how money is widely distributed, that is, it begins to perform the function of a measure of value, or the problem of monetary uncertainty associated with the lack of special knowledge about monetary transactions. The commodity theory of money was published in 1892 by the founder of the Austrian School of Economics The rationale is given in K.Menger's famous article on the natural origin of money. The article was called "On the origin of money" [3].

But the value theory of money that appeared later, inextricably linking money not with a commodity, but with value and price, correctly explained the true content of money in the modern sense, and also served as an important conceptual basis for the development of legislation on money. A fundamentally different view of money in this sense is represented by



the classic of sociology of the beginning of the XX century. The philosophy of money was first reflected in Simmel's work "the philosophy of money". In this work, the German sociologist and philosopher explains in detail two important rules concerning the nature of money. Simmel, the master of the essay, resorts to an unusual format and offers a relatively broad theory of money, an "abstract philosophical construction" of money, in this work of almost 600 pages.

Simmel's monetary theory begins with the theory of value and (or) price, which, in turn, is associated with a significant difference between the subject and the object. Simmel argued that such a difference cannot exist in a person's consciousness in advance and arises as a result of the formation of a desire (desire) for a certain thing-a thing. A person also has the opportunity to possess it, which is the opposite of this (resistance). It is at this moment that the awareness of the old as something opposite to the subject arises, the awareness of the subject is achieved. The essence of the assessment is that it represents the resistance of an object to owning it, while the means of measuring such resistance is money. Although evaluation is a subjective category, it indicates the reflection of the subject in the object: for Simmel, objects are neutral in advance, and his opinion that objects have a certain evaluation is theoretically assessed as erroneous. From a practical point of view, an assessment is understood as a description of an object. As can be seen, there are also psychological factors of subjective understanding of evaluation: the collision of desire with an object is formed at the level of individual consciousness in the same way as the measure of evaluation. This means that the main function of money is to act as a measure of estimated value. But Simmel's theory is more related to psychological processes and does not imply a single system of measuring money guaranteed by the state.

The word value in English is often used both in the meaning of evaluation and in the meaning of value. In particular, Simmel's "philosophy of money" presents the subjective theory of price (The subjectivist theory of value) [4]. However, K. Marx's "Capital" talks about the labor theory of value (the labor theory of value). In turn, the German word Der Wert also means value and appreciation. But in the scientific literature, G. Simmel's "Theory of prices" is usually mentioned, K. Marx's "theory of value" is mentioned.

N. Dodd and J. Ingem touches on the basic function of money, interpreting it as a system of measuring value. In this matter , they are G. They followed the same approach as Simmel. They opposed the commodity theory of money and linked the origin of money with the natural development of the market as a perception of the personal interests of rational economic agents.

This concept of "legal forms of establishing the functions of money" has not yet been used or defined in the legal literature by other authors. Thus, the author of this scientific study considers this definition to be the author's and introduced into scientific circulation for the first time.

Let us pay attention to the fact that in this definition it is indicated that the functions of money can be performed by a monetary commodity and (or) a monetary unit and (or) a monetary sign. The legal analysis of the correlation of these concepts is the subject of independent research by the author, according to the results of which the definition proposed in this article can be refined and improved.



Turning directly to the legal forms of establishing the functions of money, it is necessary to initially highlight the question of the concept and types of the main functions of money. However, we note that not all of the functions of money proposed in legal science are recognized by the author of this article at this stage as mandatory and presumable, which will be reflected in the course of this study. Recall that the functions of money are the main directions of money's manifestation of its essence in commodity-money relations as an economic category; the external manifestation of the properties of money in the system of commodity-money relations. "A function is an existence that we think of in action".

Traditionally, there are five main economic functions of money. However, now it is still customary to distinguish five main functions of money: a means of payment; a measure of value; a means of circulation; a means of accumulating value; world money.

In the scientific literature, a number of legal signs are noted that reveal the legal nature of money: 1) money is a special sign expressed in the form prescribed by law; 2) the state establishes the payment power of banknotes; 3) the monopoly right of the state to issue banknotes; 4) money implements its economic functions with the help of legal norms [5]. According to some authors, "money is what is called the state as money" [6].

There are also such legal signs of money as their obligation to be accepted by everyone, the official nature of the establishment of a monetary unit, the derivation of money from the right of the state to issue money, solvency, subordination of the use of money to certain rules enshrined in regulatory legal acts [7].

Note that for the purposes of this study, the concepts of "functions of money" and "signs of money" are not identical. However, the legal functions of money are not currently distinguished in the science of law, and therefore, from the point of view of law, the legal features of money are analyzed to a greater extent, including through their functioning.

The legal forms of establishing the monetary function of a measure of value are the norms of law and the provisions of civil law transactions corresponding (or not contradicting) them, which fix the possibility and procedure for using a monetary commodity, monetary unit or monetary sign as a measure of the value of goods, works and (or) services. Money is initially a specific commodity that serves as a universal and universal equivalent of the cost of other goods, works and services. This means that the value of any product, work or service can be expressed in the form of a price, which in turn is represented as a sum of money. In general, the term value is rarely found in national legislation, and we do not find a detailed explanation of what price or value is and how they are interrelated with such a function of money as a measure of value. For example, Article 2 (18) of the Law of the Republic of Kazakhstan "On Transfer Pricing" defines the term "market price", according to which it is "the price of goods (work, services) formed during the interaction of supply and demand in the market of identical (and in their absence - homogeneous) goods (works, services) in comparable economic conditions determined in accordance with the "outstretched arm" principle".

At first glance, it may seem that the legislator is engaged in tautology in this definition, but the essence of the above definitions is not to establish the essence of the price, but to establish the essence of one or another of its characteristics (price in market conditions and price in terms of the transaction).



Thus, in the context of these norms, the concept of "price" as such is not defined. There is also no legislative definition of the term "value", with the exception of "market value", which will be discussed below.

It turns out that the legislator quite often uses terms in his legal technique without revealing their essence and definition, relying on the fact that economic and legal science has already given such definitions of a general theoretical nature, are well-known and commonly used, and therefore do not need their legal consolidation.

Since the valuation of the goods, as we understood earlier, is an ideal form, that is, it represents an ideal image and representation of the owner of this product about how much labor was spent on the production of this product and how such costs are expressed in money, therefore, indirectly determining the price of the goods finds its consolidation in civil legislation by indicating the coordination of the cost the parties to the legal relationship at the time of the sale of this very product. Civil legislation allows the parties to the contract to reach an agreement on the price of goods, work or services in the provisions of the contract, to set such a price in the offer or to determine the price based on the market value of the goods.

Thus, before the goods are sold, and the money objectively and physically serves as a means of circulation, the goods must be valued in the form of a sum of money. Consequently, money serves as a universal measure of value. The legal form of establishing this monetary function will be both a rule of law that allows the parties to set the price by agreement, and the terms of the corresponding civil contract, where such a price will be directly established.

The cost of the goods in the store could consist of the amount of effort and time spent on them. However, this is not possible, because people do not spend the same amount of effort for a specific period of time.

Another evaluation option is to express the value of one product through another. For example, this method is used in barter transactions. However, it is also not suitable for measuring the value, because the same thing can be exchanged for anything. Imagine the following situation.

Consider an example. Sonya offered to do a manicure to her friend in exchange for candles, which she makes herself. She turned to another friend with a similar offer, but instead asked to help her with coloring. A candle costs about 500 rubles, while coloring costs much more. It will be very difficult to estimate the cost of Sony's services in this way.

From these examples it becomes clear that the best way to determine the value of the goods and set it is money. Such a scheme is the basis of any market economy.

Conditionally, it is sharpened to perform two subfunctions:

- to express the cost;
- to measure the cost.

If everything is clear with the first thesis, then the second one requires a little clarification. Before setting the price for a particular item in the store, it is necessary to find out its average cost on the market. This will be considered a price measurement.

For example, according to paragraph 1 of Article 406 of the Civil Code of the Republic of Kazakhstan, the buyer undertakes to pay a certain amount of money (price) for the goods. In this legislative formulation, several guidelines are fixed at once, indicating that such norms can represent legal forms of establishing a monetary function of a measure of value: price is a



monetary expression of the value of a commodity; before a commodity enters circulation, it must be evaluated with the help of money as a universal equivalent, the ratio with which helps to establish the value of various goods in relation to each other; and such an amount is subject to determination, that is, presentation in the form of a specific amount of money.

We believe that the considered legal forms of particular cases of establishing a monetary function are not enough, since they are indirect and can only be judged between the lines of the legislation of the Republic of Kazakhstan. Unfortunately, neither the acts of financial legislation nor the acts of civil legislation define what price and value are, in what relation they are to each other and how they implement in practice the function of money as a measure of value. It is necessary to pay close attention to the legislative consolidation of the economic functions of money. In particular, the adoption by the legislator of the relevant legal norms on the definition of the concepts and essence of value, price, their ratio and the need to evaluate any goods, works and services in money as a means serving as a universal measure of value will contribute to a better understanding of the legal definition of the concept of "money" and the understanding of the concept of the functioning of money as a measure of value.

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