

The

Philosophy of Money

GEORG SIMMEL

THIRD ENLARGED EDITION

Edited by David Frisby

Translated by Tom Bottomore and David Frisby

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Tom Bottomore and David Frisby
from a first draft by Kaethe Mengelberg

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Note on the Translation

The translation contained in this volume is of the second, enlarged edition of *Philosophie des Geldes*, published in Berlin in 1907, and is identical to later editions (3rd ed. 1920; 4th ed. 1922; 5th ed. 1930; 6th ed. 1958). The first edition of the work appeared in 1900 and was somewhat shorter (pp. xvi+ 554). As Simmel explains in the preface to the second edition, the substance of the work was not substantially altered and in fact the major additions occur in the early chapters on value.

The German original appears without sub-headings in the text and without an index. Since almost no writers are cited in the text, and since Simmel provided an annotated table of contents, it was decided to insert these annotations, wherever possible, into the body of the text both in order to break down the somewhat monolithic nature of Simmel's prose and to act as a substitute for an index. Occasionally, too, Simmel's paragraphs have been broken down into smaller units.

D.F.

The text of the translation is reprinted from the 1982 corrected version. An index of names has been added for the whole volume.

Since the Preface to the Second Edition contains material that supplements my original Introduction, the reader is advised to consult the latter first before turning to the new preface. An account of the emergence and constitution of the text (together with an indication of textual variations) has been appended to the translation.

D.F.

a greater quantity and intensity of values than would be possible without exchange transactions. It has been said that the divine principle, after having created the elements of the world, withdrew and left them to the free play of their own powers, so that we can now speak of an objective cosmos, subject to its own relations and laws; and further, that the divine power chose this independence of the cosmic process as the most expedient means of accomplishing its own purposes for the world. In the same way, we invest economic objects with a quantity of value as if it were an inherent quality, and then hand them over to the process of exchange, to a mechanism determined by those quantities, to an impersonal confrontation between values, from which they return multiplied and more enjoyable to the final purpose, which was also their point of origin: subjective experience. This is the basis and source of that valuation which finds its expression in economic life and whose consequences represent the meaning of money. We turn now to their investigation.

II

Exchange as a means of overcoming the purely subjective value significance of an object

The technical form of economic transactions produces a realm of values that is more or less completely detached from the subjective-personal substructure. Although the individual buys because *he* values and wants to consume an object, his demand is expressed effectively only by an object in exchange. Thus the subjective process, in which differentiation and the growing tension between function and content create the object as a 'value', changes to an objective, supra-personal relationship between objects. The individuals who are incited by their wants and valuations to make now this, now that exchange are conscious only of establishing value relationships, the content of which forms part of the objects. The quantity of one object corresponds in value with a given quantity of another object, and this proportion exists as something objectively appropriate and law-determined—from which it commences and in which it terminates—in just the same way as we conceive the objective values of the moral and other spheres. The phenomenon of a completely developed economy, at least, would appear in this light. Here the objects circulate according to norms and measures that are fixed at any one moment, through which they confront the individual as an objective realm. The individual may or may not participate in this realm, but if he wants to participate he can do so only as a representative or executor of these determinants which lie outside himself. The economy tends toward a stage of development—never completely unreal and never completely realized—in which the values of

objects are determined by an automatic mechanism, regardless of how much subjective feeling has been incorporated as a pre-condition or as content in this mechanism. The value of an object acquires such visibility and tangibility as it possesses through the fact that one object is offered for another. This reciprocal balancing, through which each economic object expresses its value in another object, removes both objects from the sphere of merely subjective significance. The relativity of valuation signifies its objectification. The basic relationship to man, in whose emotional life all the processes of valuation admittedly take place, is here presupposed; it has been absorbed, so to speak, by the objects, and thus equipped they enter the arena of mutual balancing, which is not the result of their economic value but its representative or content.

In exchange, objects express their value reciprocally

The fact of economic exchange, therefore, frees the objects from their bondage to the mere subjectivity of the subjects and allows them to determine themselves reciprocally, by investing the economic function in them. The object acquires its practical value not only by being in demand itself but through the demand for another object. Value is determined not by the relation to the demanding subject, but by the fact that this relation depends on the cost of a sacrifice which, for the other party, appears as a value to be enjoyed while the object itself appears as a sacrifice. Thus objects balance each other and value appears in a very specific way as an objective, inherent quality. While bargaining over the object is going on—in other words, while the sacrifice that it represents is being determined—its significance for both parties seems to be something external to them, as if each individual experienced the object only in relation to himself. Later on we shall see that an isolated economy also imposes the same necessity of sacrifice for the acquisition of the object, since it confronts economic man with the demands of nature; so that in this case, too, the same relationship endows the object with the same objectively conditioned significance even though there is only one participant in the exchange. The desire and sentiment of the subject is the driving force in the background, but it could not by itself bring about the value-form, which is the result of balancing objects against each other. The economy transmits all valuations through the form of exchange, creating an intermediate realm between the desires that are the source of all human activity and the satisfaction of needs in which they culminate. The specific characteristic of the economy as a particular form of behaviour and communication consists not only in exchanging *values* but in the *exchange* of values. Of course, the significance that objects attain in exchange is not wholly independent of their directly subjective significance which originally determines the relationship. The two are inseparably related, as are form and content. But the objective

process, which very often also dominates the individual's consciousness, disregards the fact that values are its material; its specific character is to deal with the equality of values. In much the same way, geometry has as its aim the determination of the relationship between the size of objects without referring to the substances for which these relationships are valid. As soon as one realizes the extent to which human action in every sphere of mental activity operates with abstractions, it is not as strange as it may seem at first glance that not only the study of the economy but the economy itself is constituted by a real abstraction from the comprehensive reality of valuations. The forces, relations and qualities of things—including our own nature—objectively form a unified whole which has to be broken down by our interests into a multitude of independent series or motives to enable us to deal with it. Every science investigates phenomena that are homogeneous and clearly distinguished from the problems of other sciences, whereas reality ignores boundaries and every section of the world presents an aggregate of tasks for all the sciences. Our practice excludes unilateral series from the outer and inner complexity of things and so constructs the great systems of cultural interests. The same is true for our sentiments. When we experience religious or social sentiments, when we are melancholy or joyful, it is always abstractions from total reality that are the objects of our feeling—whether because we react only to those impressions that can be brought within the scope of some common cultural interest, or because we endow every object with a certain colouring which derives its validity from its interweaving with other colourings to form an objective unity. Thus, the following formula is one way in which the relationship of man to the world may be expressed: our practice as well as our theory continually abstracts single elements from the absolute unity and intermingling of objects, in which each object supports the other and all have equal rights, and forms these elements into relative entities and wholes. We have no relationship to the totality of existence, except in very general sentiments; we attain a definite relation to the world only by continually abstracting from phenomena, in accordance with our needs of thought and action and investing these abstractions with the relative independence of a purely inner connection which the unbroken stream of world processes denies to objective reality. The economic system is indeed based on an abstraction, on the mutuality of exchange, the balance between sacrifice and gain; and in the real process of its development it is inseparably merged with its basis and results, desire and need. But this form of existence does not differentiate it from the other spheres into which we divide the totality of phenomena for the sake of our interests.

*The value of an object becomes objectified by exchanging
it for another object*

The decisive fact in the objectivity of economic value, which makes economics a special area of investigation, is that its validity transcends the individual subject. The fact that the object has to be exchanged against another object illustrates that it is not only valuable for me, but also valuable independently of me; that is to say, for another person. The equation, objectivity=validity for subjects in general, finds its clearest justification in economic value. The equivalence of which we become aware, and in which we develop an interest through exchange, imparts to value its specific objectivity. For even though each of the elements in exchange may be personal or only subjectively valuable, the fact that they are equal to each other is an objective factor which is not contained within any one of these elements and yet does not lie outside of them either. Exchange presupposes an objective measurement of subjective valuations, not in the sense of being chronologically prior, but in the sense that both phenomena arise from the same act.

Exchange as a form of life

It should be recognized that most relationships between people can be interpreted as forms of exchange. Exchange is the purest and most developed kind of interaction, which shapes human life when it seeks to acquire substance and content. It is often overlooked how much what appears at first a one-sided activity is actually based upon reciprocity: the orator appears as the leader and inspirer to the assembly, the teacher to his class, the journalist to his public; but, in fact, everyone in such a situation feels the decisive and determining reaction of the apparently passive mass. In the case of political parties the saying is current that: 'I am the leader, therefore I must follow them'; and an outstanding hypnotist has recently emphasized that in hypnotic suggestion—obviously the clearest case of activity on one side and absolute dependence on the other—there is an influence, that is difficult to describe, of the person hypnotized upon the hypnotist, without which the experiment could not be carried out. Every interaction has to be regarded as an exchange: every conversation, every affection (even if it is rejected), every game, every glance at another person. The difference that seems to exist, that in interaction a person offers what he does not possess whereas in exchange he offers only what he does possess, cannot be sustained. For in the first place, it is always personal energy, the surrender of personal substance, that is involved in interaction; and conversely, exchange is not conducted for the sake of the object that the other person possesses, but to gratify one's personal feelings which he does not possess. It is the object of exchange to increase the sum of value;

each party offers to the other more than he possessed before. It is true that interaction is the more comprehensive concept and exchange the narrower one; however, in human relationships the former appears predominantly in forms that may be interpreted as exchange. Every day of our lives comprises a process of gain and loss, of accretion and diminution of life's content, which is intellectualized in exchange since the substitution of one object for another becomes conscious there. The same synthesizing mental process that turns the mere co-existence of things into a systematic relationship, the same Ego that imposes its own unity upon the material world, has seized upon the natural rhythm of our existence and through exchange has organized its elements in a meaningful interconnection. It is above all the exchange of economic values that involves the notion of sacrifice. When we exchange love for love, we have no other use for its inner energy and, leaving aside any later consequences, we do not sacrifice any good. When we share our intellectual resources in a discussion, they are not thereby reduced; when we display the image of our personality, and take in those of other people, our possession of ourselves is not at all reduced by this exchange. In all these cases of exchange the increase of value does not involve a balancing of gain and loss; either the contribution of each party lies beyond this antithesis, or it is already a gain to be able to make it, and we accept the response as a gift which is made independently of our own offering. But economic exchange—whether it is of objects of labour or labour power invested in objects—always signifies the sacrifice of an otherwise useful good, however much eudaemonistic gain is involved.

The interpretation of economic life as interaction in the specific sense of an exchange of sacrifices meets with an objection raised against the equation of economic value with exchange value. It has been argued that even the completely isolated producer, who neither buys nor sells, has to value his products and his means of production, and to form a concept of value independent of exchange if his costs and output are to be properly related. But this fact proves exactly what it is supposed to disprove. The evaluation of whether a particular product justifies the expenditure of a given quantity of work or other goods is exactly the same as the evaluation of what is offered against what is received in exchange. The concept of exchange is often misconceived, as though it were a relationship existing outside the elements to which it refers. But it signifies only a condition or a change within the related subjects, not something that exists between them in the sense in which an object might be spatially located between two other objects. By subsuming the two events or changes of condition that are going on in reality under the concept of 'exchange', one is tempted to assume that something else has occurred beyond what is experienced by the contracting parties; just as the concept of a 'kiss', which is also 'exchanged', might tempt us to regard the kiss as something beyond the movement and experiences of two pairs of lips. So far as its immediate

content is concerned, exchange is only the causally connected double event in which one subject now possesses something he did not have before and has given away something he did possess before. Thus, the isolated individual who sacrifices something in order to produce certain products, acts in exactly the same way as the subject who exchanges, the only difference being that his partner is not another subject but the natural order and regularity of things which, just like another human being, does not satisfy our desires without a sacrifice. The valuations that determine his action are generally exactly the same as those involved in exchange. It is of no concern to the economic subject whether he invests his property or labour power in the land or transfers them to another person, if the result for him is the same. This subjective process of sacrifice and gain in the individual mind is in no way secondary to, or imitated from, exchange between individuals; on the contrary, the interchange between sacrifice and acquisition within the individual is the basic presupposition and, as it were, the essential substance of exchange between two people. Exchange is only a sub-variety in which the sacrifice is brought about by the demand of another individual; but it can be brought about with the same result for the subject by the technical-natural condition of things. It is of great importance to reduce the economic process to what really happens in the mind of each economic subject. One should not be deceived by the fact that the process of exchange is mutual; the natural or self-sufficient economy can be traced back to the same basic form as the exchange between two persons—to the practice of weighing against each other two subjective processes within the individual. This activity is not affected by the secondary question as to whether the stimulus comes from the nature of things or the nature of man, whether it operates in a subsistence or a market economy. Every enjoyment of values by means of attainable objects can be secured only by forgoing other values, which may take the form not only of working indirectly for ourselves by working for others, but often enough of working directly for our own ends. This also clarifies the point that exchange is just as productive and value-creating as is production itself. In both cases one is concerned with receiving goods for the price of other goods in exchange, in such a way that the final situation shows a surplus of satisfaction as compared with the situation before the action. We are unable to create either matter or force; we can only transfer those that are given in such a way that as many as possible rise from the realm of reality into the realm of values. This formal shift within the given material is accomplished by exchange between people as well as by the exchange with nature which we call production. Both belong to the same concept of value; in both cases the empty place of what we gave away is filled by an object of higher value, and only through this movement does the object that was previously merged with the Ego detach itself and become a value. The profound connection between value and exchange, as a result of which

they are mutually conditioning, is illustrated by the fact that they are in equal measure the basis of practical life. Even though our life seems to be determined by the mechanism and objectivity of things, we cannot in fact take any step or conceive any thought without endowing the objects with values that direct our activities. These activities are carried out in accordance with the schema of exchange; from the lowest level of satisfaction of wants to the attainment of the highest intellectual and religious goods, every value has to be acquired by the sacrifice of some other value. It is perhaps impossible to determine exactly what is the starting point and what is the consequence. For the two elements cannot be separated in the basic processes, which make up the unity of practical life; a unity that we cannot grasp as a whole and that we differentiate into these two elements. Or, alternatively, a never-ending process occurs between the two, in which every exchange refers back to a value, and each value refers back to an exchange. For our purposes it is more enlightening to trace value to exchange, since the opposite seems better known and more obvious. To recognize value as the result of a sacrifice discloses the infinite wealth that our life derives from this basic form. Our painful experience of sacrifice and our effort to diminish it leads us to believe that its total elimination would raise life to perfection. But here we overlook that sacrifice is by no means always an external obstacle, but is the inner condition of the goal itself and the road by which it may be reached. We divide the enigmatic unity of our practical relation to things into sacrifice and gain, obstruction and attainment, and since the different stages are often separated in time we forget that the goal would not be the same without impediments to overcome. The resistance that we have to overcome enables us to prove our strength; only the conquest of sin secures for the soul the 'joy of heaven' that the righteous man cannot enjoy. Every synthesis needs the analytical principle which it nevertheless negates, for without this principle it would not be a synthesis of different elements but an absolute unity; conversely, every analysis requires a synthesis which it dissolves, for analysis still needs a certain interconnectedness, without which it would be mere unrelatedness: even the most violent animosity is a stronger relationship than mere indifference, and indifference stronger than simple unawareness. In brief, the inhibiting counter-motion, to eliminate which a sacrifice is required, is often, perhaps even always, the positive pre-condition of the goal. The sacrifice does not in the least belong in the category of what ought not to be, as superficiality and avarice would have us believe. Sacrifice is not only the condition of specific values, but the condition of value as such; with reference to economic behaviour, which concerns us here, it is not only the price to be paid for particular established values, but the price through which alone values can be established.

Exchange is accomplished in two forms, which I propose to illustrate here with reference to the value of labour. In so far as there is a desire for leisure, or for the use of energy for its own sake in recreation, or for the avoidance of painful effort, all labour is undeniably a sacrifice. However, there is also a certain amount of latent work-energy which either we do not know how to employ or which manifests itself in an impulse to voluntary labour which is not incited by need or by ethical motives. A number of demands compete for this quantity of labour power, the use of which is not in itself a sacrifice, but not all of them can be satisfied. For every use of energy, one or more other possible and desirable uses have to be sacrificed. Unless we could utilize the energy to perform labour A also for labour B, there would not be any sacrifice in doing labour A; the same is true for B if we execute it instead of A. What is sacrificed eudaemonistically is not labour, but rather non-labour; we pay for A not by sacrificing labour—since, as we presuppose, here labour does not involve any disutility—but by renouncing B. The sacrifice that we give in exchange by our labour may be, so to speak, either absolute or relative: the disutility is either directly connected with labour, where this is experienced as toil and pain, or it is indirect in the case where labour is eudaemonistically irrelevant or even of a positive value, but we can acquire one object only by renouncing another. Thus the instance of enjoyable labour can also be related to the form of exchange as sacrifice which characterizes the economy.

The idea that objects have a specific value before they enter into an economic relationship—in which each of the two objects of the transaction signifies for one contracting party the desired gain and for the other the sacrifice—is valid only for a developed economy, but not for the basic processes on which the economy rests. The logical difficulty, that two things can only be of equal value if each of them has a value of its own, seems to be illustrated by the analogy that two lines can be equally long only if each of them has a definite length. But strictly speaking, a line gains the quality of length only by comparison with others. For its length is determined not by itself—since it is not simply ‘long’—but by another line against which it is measured: and the same service is performed for the other line, although the result of the measurement does not depend upon this act of comparison but upon each line as it exists independently of the other. Let us recall the category that embraces the objective value judgment, which I termed metaphysical; from the relationship between us and objects develops the imperative to pass a certain judgment, the content of which, however, does not reside in the things themselves. The same is true in judging length; the objects themselves require that we judge them, but the quality of length is not given by the objects and can only be realized by an act within ourselves. We are not aware of the fact that length is established only by the process of comparison and is not inherent in the individual object on which length depends, because we have abstracted

from particular relative lengths the general concept of length—which excludes the definiteness without which specific length does not exist. In projecting this concept onto objects we assume that things must have length before it can be determined individually by comparison. Moreover, definite standards have grown out of the innumerable comparisons of length, and they form the basis for determining the length of all tangible objects. These standards embody as it were the abstract concept of length; they seem no longer to be relative because everything is measured by them, while they themselves are no longer measured. The error is the same as if one believes that the falling apple is attracted by the earth, while the earth is not attracted by the falling apple. Finally, we delude ourselves as to the inherent quality of length by the fact that the multiplicity of elements, the relationship of which determines substance, already exists in the individual parts. If we were to assume that there is only a single line in the whole world, it would not have any specific length since it lacks any relation to others. It is impossible to measure the world as a whole, because there is nothing outside the world in relation to which it could have a specific size. This is true of a line so long as it is considered without being compared with others, or without its own parts being compared with each other; it is neither short nor long, but lies outside the whole category. This analogy makes clear the relativity of economic value rather than disproving it.

If we regard the economy as a special case of the general form of exchange—a surrender of something in order to gain something—then we shall at once suspect that the value of what is acquired is not ready made, but rather accrues to the desired object wholly or in part from the extent of the sacrifice required. These frequent and theoretically important instances seem indeed to contain an inner contradiction: would the sacrifice of a value be required for valueless objects? No reasonable person would give away a value without receiving an equal value in return, and it would be a perverted world in which the desired object attained its value only as a result of the price that had to be paid for it. This is an important point so far as our immediate consciousness is concerned, more important than the popular viewpoint will admit. In fact, the value that a subject sacrifices can never be greater, in the particular circumstances of the moment, than the value that he receives in return. All appearance to the contrary rests on a confusion of the value experienced by the subject and the value which the object in exchange has according to other apparently objective forms of appraisal. Thus, during a famine somebody will give away a jewel for a piece of bread because under the given conditions the latter is more valuable to him than the former. It always depends upon circumstances whether sentiments of value are attached to an object, since every valuation is supported by an elaborate complex of feelings which are always in a process of flux, adjustment and change. It is of no significance in principle whether the circumstances are momentary or relatively enduring. If the

starving person gives the jewel away he demonstrates unambiguously that the piece of bread is more valuable to him. There is no doubt that, at the moment of exchange, of offering the sacrifice, the value of the object received sets a limit up to which the value of the object offered in exchange can rise. Quite independent of this is the question as to where the object received derives its value; whether it is perhaps the result of the sacrifice offered, so that the balance between gain and cost is established *a posteriori* by the sacrifice. We shall see in a moment that value often originates psychologically in this seemingly illogical manner. Once the value has been established—no matter how—there is a psychological necessity to regard it as being of equal value with the sacrifice.

Even superficial psychological observation discloses instances in which the sacrifice not only increases the value of the desired object but actually brings it about. This process reveals the desire to prove one's strength, to overcome difficulties, or even simply to be contrary. The necessity of proceeding in a roundabout way in order to acquire certain things is often the occasion, and often also the reason, for considering them valuable. In human relations, and most frequently and clearly in erotic relations, it is apparent that reserve, indifference or rejection incite the most passionate desire to overcome these barriers, and are the cause of efforts and sacrifices that, in many cases, the goal would not have seemed to deserve were it not for such opposition. The aesthetic enjoyment of mountain climbing would no longer be highly regarded by many people if it did not exact the price of extraordinary effort and danger, which constitute its charm, appeal and inspiration. The attraction of antiques and curiosities is often of the same kind. If there is no aesthetic or historical interest attached to them, this is replaced by the mere difficulty of acquiring them; they are worth as much as they cost, which leads to the conclusion that they cost as much as they are worth. Furthermore, moral merit always signifies that opposing impulses and desires had to be conquered and sacrificed in favour of the morally desirable act. If such an act is carried out without any difficulty as a result of natural impulse, it will not be considered to have a subjective moral value, no matter how desirable its objective content. Moral merit is attained only by the sacrifice of lower and yet very tempting goods, and it is the greater the more inviting the temptations and the more comprehensive and difficult the sacrifice. Of all human achievements the highest honour and appreciation is given to those that indicate, or at least seem to indicate, a maximum of commitment, energy and persistent concentration of the whole being, and along with this, renunciation, sacrifice of everything else, and devotion to the objective idea. Even in those cases where, by contrast, aesthetic performance, and the ease and charm that originate from a natural impulse, exercise a supreme attraction, this is also due to the resonance of the efforts and sacrifices that are usually required for such accomplishments. The significance of a connection is

often transferred to its opposite by the mobility and inexhaustible power of association in our mental life; as, for example, the association between two representations may take place as a result of the fact that they affirm each other or deny each other. We realize the specific value of what we gain without difficulty and through good fortune only in terms of the significance of that which is hard to achieve and involves sacrifices; the latter has the same value, but with a negative sign, and it is the primary source from which the former value is derived.

Of course, these may be exaggerated or exceptional cases. In order to discover their general type in the economic sphere, it is necessary first of all to distinguish the economic aspect, as a special characteristic or form, from the fact of value as a universal quality of substance. If we accept value as being given, it follows from what has been said previously that economic value is not an inherent quality of an object, but is established by the expenditure of another object which is given in exchange for it. Wild grain, which can be harvested without effort and immediately consumed without any exchange, is an economic good only if its consumption saves some other expenditure. But if all the necessities of life could be obtained in this way without any sacrifice there would be no economic system, any more than in the case of birds or fish or the inhabitants of the land of milk and honey. No matter how the two objects A and B have become values, A becomes an *economic* value only because I have to exchange it for B, and B only because I can acquire A in exchange for it. It makes no difference whether the sacrifice is accomplished by transferring a value to another person through inter-individual exchange, or by balancing the efforts and gains within the individual's own sphere of interest. Economic objects have no significance except directly or indirectly in our consumption and in the exchange that occurs between them. The former alone is not sufficient to make the object an economic one; only the latter can give it the specific characteristic that we call economic. Yet this distinction between value and its economic form is artificial. In the first place, although the economy may seem to be a mere form in the sense that it presupposes value as its content in order to make the balancing of sacrifice and gain possible, in reality this process through which an economic system is constructed from the presupposed values may be interpreted as the originator of economic values.

The economic form of value lies between two limits: on the one side is the desire for the object, arising from the anticipated satisfaction of possession and enjoyment; on the other side is the enjoyment itself, which is not strictly speaking an economic act. If the previous argument is accepted, namely that the direct consumption of wild grain is not an economic act (except to the extent that it economizes on the production of economic values), then the consumption of real economic values is itself no longer an economic act, for these two acts of consumption are totally

indistinguishable. Whether somebody has found, stolen, cultivated or bought the grain does not make the slightest difference for the act of consumption and its direct consequences. The object, as we have seen, is not yet a value so long as it is only the direct stimulant and a natural part of our sentiments inseparable from the subjective process. The object has to be detached from this in order to gain the specific significance that we call value. Desire by itself cannot bring about value unless it encounters obstacles; if every desire could be satisfied completely without a struggle, the economic exchange of values would never have developed, and the desire itself would never have reached a high level. Only the deferment of satisfaction through obstacles, the fear of never attaining the object, the tension of struggling for it, brings together the various elements of desire; the intense striving and continuous acquisition. But even if the strongest element of desire came only from within the individual, the object that satisfies it would still have no value if it were abundantly available. The whole genus of things that guarantee the satisfaction of our wishes would be important to us, but not the limited portion that we acquire because this could be replaced without effort by any other portion. Our awareness of the value of the whole genus would arise from the idea of its being absent altogether. In this case, our consciousness would be simply determined by the rhythm of the subjective wishes and satisfactions without paying any attention to the mediating object. Need and enjoyment alone do not comprehend either value or economic life, which are realized simultaneously through the exchange between two subjects each of whom requires a sacrifice by the other (or its equivalent in the self-sufficient economy) in order to be satisfied. Exchange, i.e. the economy, is the source of economic values, because exchange is the representative of the distance between subject and object which transforms subjective feelings into objective valuation. I mentioned earlier Kant's summary of his epistemology: the conditions of experience are at the same time the conditions of the objects of experience—by which he meant that the process that we call experience and the representations that form its contents and objects are subject to the same laws of the understanding. Objects can be experienced because they are representations within us, and the same power that determines experience determines also the formation of representations. In the same manner we can state: the possibility of the economy is at the same time the possibility of the objects of the economy. The process between two owners of objects (of substances, labour power or rights of any kind) that establishes the relationship called 'economy'—i.e. a reciprocal surrender—raises these objects at the same time into the category of value. The logical difficulty, that values had to exist as values in order to enter the form and movement of the economy, is now eliminated by the significance of the psychic relation which we designated as the distance between us and the object. This psychic relationship differentiates

the original subjective condition of feeling into the desiring subject and the opposed object which possesses value. In the economy, this distance is brought about through exchange, through the two-sided influence of barriers, obstacles and renunciation. Economic values are produced by the same reciprocity and relativity that determine the economic character of values.

Exchange is not the mere addition of two processes of giving and receiving, but a new third phenomenon, in which each of the two processes is simultaneously cause and effect. The value that the object gains through renunciation thereby becomes an economic value. In general, value develops in the interval that obstacles, renunciation and sacrifice interpose between the will and its satisfaction. The process of exchange consists in the mutual determination of taking and giving, and it does not depend upon a particular object having previously acquired a value for a particular subject. All that is needed is accomplished in the act of exchange itself. Of course, in an actual economic system the value of objects is usually indicated when they enter into exchange. I am referring here only to the inner, systematic meaning of the concept of value and exchange, which exists only in rudimentary form, or as an ideal significance in the historical phenomena or as their ideal meaning. I refer not to their real form, in the historical genetic sense, but to their objective-logical form.

Theories of utility and scarcity

This transposition of the concept of economic value from the abstract sphere to that of vital relationships may be further elucidated with the aid of the concepts of utility and scarcity which are generally regarded as constituent elements of value. The first requirement for an economic object to exist, based upon the disposition of the economic subject, is utility. To this, scarcity must be added as a second determining factor if the object is to acquire a specific value. If economic values are regarded as being determined by supply and demand, supply would correspond with scarcity and demand with utility. Utility would decide whether the object is in demand at all and scarcity the price that we are obliged to pay. Utility appears as the absolute part of economic values, and its degree has to be known so that the objects can enter into economic exchange. Scarcity is only a relative factor, since it signifies only the quantitative relationship of the object in question to the total available amount. The qualitative nature of the object does not play any role here. Utility, however, seems to exist prior to any economic system, to any comparison or relationship with other objects; it is the substantial factor determining the movement of the economy.

However, this situation is not correctly described by the concept of utility. What is really meant is the desire for the object. Utility as such is

never able to bring about economic processes unless it leads to demand, and it does not always do so. Some kind of 'wish' may accompany the perception of useful objects, but real demand, which has practical significance and affects our activity, fails to appear if protracted poverty, constitutional lethargy, diversion to other fields of interest, indifference to the theoretically known advantage, awareness of the impossibility of acquisition or other positive and negative factors counteract such a development. On the other hand, we desire, and therefore value economically, all kinds of things that cannot be called useful or serviceable without arbitrarily straining ordinary linguistic usage. If the concept of usefulness is to encompass everything that is in demand, it is logically necessary to accept the demand for the object as the decisive factor for economic activity, since otherwise not everything useful is in demand. Even with this modification, it is not an absolute factor and does not eliminate the relativity of values. In the first place, as we have seen, demand is not distinctly conscious unless there are barriers, difficulties and sacrifices between the object and the subject. In reality we exert a demand only when the enjoyment of the object is measured by intermediate stages; when the price of patience, the renunciation of other efforts or enjoyments, set the object in perspective, and desire is equated with the exertion to overcome the distance. Secondly, the economic value of the object based upon the demand for it may be interpreted as a heightening or sublimation of the relativity embedded in the demand. For the object in demand becomes a value of practical importance to the economy only when the demand for it is compared with the demand for other things; only this comparison establishes a measure of demand. Only if there is a second object which I am willing to give away for the first, or vice-versa, does each of them have a measurable economic value. There is originally in the world of practice no single value, any more than there is originally in the world of consciousness a number 'one'. It has often been asserted that the concept of 'two' exists prior to the concept of 'one'. The pieces of a broken cane require a term for plurality; the whole cane is a cane and there is no reason to call it one cane unless two canes with some relationship to each other are considered. Thus, the mere demand for an object does not yet create an economic value, because it does not include the required measure; only a comparison of demands, i.e. the exchangeability of its objects, assigns a definite economic value to each of them. Without the category of equality—one of those fundamental concepts that shape the world view out of particulars, yet only gradually acquire a psychological reality—no 'utility' and no 'scarcity', however great, would bring about economic transactions. Whether two objects are equally in demand and equally valuable can only be ascertained—owing to the lack of an external measure—by exchanging them against each other in idea or in reality, while experiencing no variation in value sentiments. In fact, it may be that

originally the exchangeability did not indicate equality of value as an objective quality of things, but that equality was simply the term used for exchangeability. The intensity of demand by itself does not necessarily increase the economic value of objects; since value is expressed only through exchange, demand can affect the value only to the extent that it modifies exchange. Even though I crave an object this does not determine its equivalent in exchange. Either I do not yet possess the object, in which case my desire for the object, unless I express it, will not exert any influence upon the demand of the present owner and he will ask a price in accordance with his own or the average interest in the object; or I do possess the object, and in that case my price may be so high that the object cannot be exchanged at all (i.e. it is no longer an economic value), or else I shall have to reduce the price to correspond with the degree of interest shown by a prospective buyer. The decisive fact is that practical economic value is never just value in general, but is by its very nature a definite sum of value; that this sum results from the measurement of two intensities of demand; that the form that this measurement takes within the economy is the exchange of sacrifice and gain; and that, consequently, the economic object does not have—as seems at first sight—an absolute value as a result of the demand for it, but the demand, as the basis of a real or imagined exchange, endows the object with value.

The relativity of value—as a result of which objects in demand become values only through the process of mutual exchange—seems to suggest that value is nothing more than the price, and that no differences in their level can exist; in which case, the frequent discrepancy between price and value would refute the theory. But the theory claims that value would never have been established without the general phenomenon that we call price. That an object is economically valuable means that it is of value to me, that I am willing to give something for it. A value can become practically effective only by being equivalent to other values, i.e. by being exchangeable. Equivalence and exchangeability are reciprocal notions, which express the same state of affairs in two different forms, in a condition of rest and in motion, so to speak. What could possibly motivate us to endow objects, beyond the naive subjective enjoyment that they afford, with the peculiar significance that we call value? It cannot be due simply to their scarcity. For if scarcity existed simply as a fact that we could not alter—as in reality we do not only by productive work but also by changes of ownership—we should accept it as a natural quality of the external world, of which we might not even be aware and which would leave objects without any emphasis beyond their factual qualities. This emphasis arises from the fact that objects have to be paid for by the patience of waiting, the effort of searching, the exertion of labour, the renunciation of other things in demand. Without a price—in the most general meaning of the word—there is no value. A belief of some South Sea Islanders expresses this feeling in a

naive way: the cure prescribed by a doctor will not take effect unless he is paid. The fact that one of two objects is more valuable than the other is represented only by the fact that a person is willing to exchange one for the other but not vice-versa. Where practical relationships are still simple and limited in scale, a higher or lower value can only be the consequence or expression of the direct practical will to exchange. And when we say that we have exchanged things because they are of equal value, that is only an example of a frequent conceptual-linguistic reversal, as in the case where we believe that we love somebody because he has certain qualities, whereas we have granted him these qualities because we love him; or where we derive moral imperatives from religious dogmas, whereas we actually believe in the dogmas because the moral imperatives vitally concern us.

In conceptual terms, price coincides with the economically objective value; without price it would be impossible to draw the dividing line between objective value and the subjective enjoyment of goods. From the standpoint of the contracting subjects, the statement that exchange presupposes equality of values is not correct. A and B may exchange their possessions and because they are of equal value. But A would not have any reason to give away if he received only an equal value by acquiring .

must be a greater value for him than a which he owned before; similarly B must gain more than he loses by the exchange. If, therefore, is more valuable than a for A and is more valuable than for B, the differences objectively balance each other as far as an observer is concerned. But this equality of values does not exist for the contracting party who receives more than he gives away. If, nevertheless, he is convinced that he has made a fair deal and has exchanged equal values, this should be stated, in respect of A, as follows: objectively, he has given an equivalent to B, the price () for the object (), but subjectively the value of is greater for him than the value of a. But the sense of value that A attaches to is a unit, and the dividing line between the objective value and the subjective surplus is no longer perceptible. Only the fact that the object is exchanged, that it is a price and costs a price, draws this line and determines the quantum of subjective value with which the object enters the process of exchange as an objective value.

Another observation also demonstrates that exchange is in no way conditioned by a preceding representation of the objective equality of values. If one watches how children, impulsive individuals and apparently also primitive peoples, carry out exchange, it is apparent that they will give away any treasured property for an object that they strongly desire to own at a given moment, regardless of whether the price is much too high in the general estimation or even for themselves when they have had an opportunity to think the matter over calmly. This contradicts the notion that every exchange must be consciously advantageous to the subject. This is not the case, because the whole action lies subjectively beyond the

question of equality or inequality of the objects exchanged. The idea that a balancing of sacrifice and gain precedes the exchange and must have resulted in an equilibrium between them is one of those rationalistic platitudes that are entirely unpsychological. This would require an objectivity towards one's own desires of which the people I have just discussed are incapable. The uneducated or prejudiced person cannot detach himself sufficiently from his momentary interests to make a comparison; at the particular moment he just wants that one object, and the sacrifice of the other object does not strike him as a reduction of the desired gratification, i.e. as a price. In view of the thoughtlessness with which naive, inexperienced and impulsive people appropriate the desired object 'at any price', it seems much more probable that the idea of equality is a product of the experience of many exchanges carried out without any proper balancing of gain and loss. The exclusive desire obsessing the mind has first to be pacified by successful acquisition of the object before a comparison with other objects is possible. The tremendous difference in emphasis between momentary interests and all other ideas and valuations which prevails in the untrained and unbridled mind allows exchange to take place before any judgment of value, i.e. of the relation between various desired objects, has been made. When value concepts are highly developed and a reasonable self-control prevails, a judgment as to the equality of values may precede exchange, but this should not be allowed to obscure the probability that the rational relation—as is so often the case—has evolved from a psychologically opposite relation, and that the exchange of possessions originating from purely subjective impulses has only later taught us the relative value of things. (In the realm of the mind too $\pi\rho\delta\varsigma \eta\mu\acute{\alpha}\varsigma$ is at first $\phi\acute{\upsilon}\sigma\epsilon\iota$.)

Value and price

Value is, so to speak, the epigone of price, and the statement that they must be identical is a tautology. I base this view upon the earlier statement that in any individual case no contracting party pays a price that seems to be too high under the given circumstances. If—as in the poem by Chamisso—the robber forces someone at pistol point to sell his watch and rings for three pennies, what he receives under these conditions is worth the price, since it is the only way to save his life. Nobody would work for starvation wages if he were not in a situation in which he preferred such wages to not working at all. The apparent paradox of the assertion that value and price are equivalent in every individual case results from the fact that certain ideas concerning other equivalents of value and price are introduced into it. The relative stability of the conditions that determine the majority of exchanges, and also the analogies that fix the value relationship according to traditional norms, contribute to the notion that the value of a particular

object requires as its exchange equivalent another specific object; that these two objects (or categories of objects) have equal value, and that, if abnormal circumstances allow us to exchange an object at a lower or higher value, then value and price would diverge, even though they always coincide in relation to the specific circumstances. One should not forget that the objective and just equivalence of value and price, which we regard as the norm for actual particular cases, is valid only under specific historical and technical conditions and collapses immediately with a change in these conditions. There is no general distinction but only a numerical difference between the norm and the individual cases which are recognized as deviating from or conforming with the norm. One might say of an extraordinarily superior or inferior individual that he is really not a human being, but this concept of a human being is no more than an average which would lose its normative status as soon as a majority of people rose or fell to the level of one of these exceptional types, which would then be accepted as the truly 'human'. In order to realize this fact, however, we have to free ourselves from deeply rooted and practically justified notions of value. Under advanced conditions, these notions encompass two superimposed layers: one of which is formed by social traditions, by habitual experiences, by apparently logical necessities, the other by individual situations, by momentary needs, and by the force of circumstances. The rapid changes within this latter sphere conceal from our perception the slow evolution of the former sphere and its formation by the sublimation of the latter. The second sphere then appears to be empirically valid as the expression of an objective proportion. The discrepancy between value and price is cited whenever the values of sacrifice and gain exchanged in given circumstances are at least equal—for otherwise nobody who compares at all would make the exchange—but are discrepant when measured in more general terms. This is most obvious under two conditions, which are usually found together: first, that a single value-characteristic is accepted as the economic value and that two objects are acknowledged as equal values only to the extent that they represent the same amount of that value; and second, that a definite proportion between two values is seen as proper, in moral as well as in objective terms. The idea, for instance, that the essential feature of value is the socially necessary labour time objectified in it has been used in both these senses to provide a measure of the deviation of value from price. But the concept of this uniform standard of value does not answer the question of how labour power itself became a value. This could not have happened unless the activity of labour in producing all kinds of goods had given rise to the possibility of exchange, and the exertion of labour had been experienced as a sacrifice offered in return for its products. Labour power, too, enters the category of value only through the possibility and reality of exchange, regardless of the fact that subsequently it may provide a standard for measuring other values within this category. Even if labour

power is the content of every value, it receives its form as value only by entering into a relation of sacrifice and gain or price and value (here in the narrower sense). According to this theory, if price and value diverge, one contracting party exchanges a quantity of objectified labour power against a smaller quantity; but this exchange is affected by other circumstances which do not involve labour power, such as the need to satisfy urgent wants, whims, fraud, monopoly, etc. In a broader and subjective sense, the equivalence of the values exchanged is maintained here, whereas the uniform norm of labour power, which makes possible the discrepancy, does not originate in exchange.

The qualitative distinctness of objects, which means, subjectively, that they are in demand, cannot claim to bring about an absolute value quantity; it is always the interrelation of demands, realized in exchange, that gives economic value to objects. This relativity is more clearly illustrated by the other constitutive element of value—relative scarcity. Exchange is only the inter-individual attempt to improve the conditions that result from the scarcity of goods; that is, the attempt to reduce subjective needs by changes in the distribution of the given supply. This already indicates a general correlation between what is called scarcity value (which has been legitimately criticized) and what is called exchange value. But here it is more important to see the opposite relationship. I have already emphasized that the scarcity of goods would hardly bring about valuation unless it were alterable by human effort. This is possible only in two ways; either by the application of labour power, which increases the supply of goods, or by the offer of goods already possessed, which would eliminate the scarcity of the object in demand. It may be stated, therefore, that the scarcity of goods conditions exchange objectively in relation to the demand for those goods, and that only exchange makes scarcity an element in value. It is a mistake in many theories of value that, on the basis of utility and scarcity, they conceive economic value—the exchange transactions—as something obvious, as the conceptually necessary consequence of these premises. This is not at all correct. If these premises resulted in ascetic renunciation or in fighting and robbery—as, in fact, is often the case—no economic value or economic life would develop.

Ethnology reveals the astounding arbitrariness, instability and inadequacy of value concepts in primitive culture as soon as anything other than the most urgent present needs is in question. There is no doubt that this comes about as a consequence of, or at least in association with, the primitive man's distaste for exchange. Various reasons have been advanced for this: that he is always afraid of being cheated in exchange, in the absence of any objective and general standard of value; or that he may surrender a part of his personality and give evil powers dominion over him, because the product of labour is always created by and for himself. Perhaps the primitive man's distaste for work originates from the same

source. Here, too, a reliable standard for exchange between effort and result is lacking; he is afraid that he will be cheated by nature, the objectivity of which confronts him as an unpredictable and frightening fact until such time as he can establish his own activity as objective, in a regular and verified exchange with nature. Being submerged in the subjectivity of his relationship to the object, exchange—with nature or with other individuals—which coincides with the objectification of things and their value, appears inopportune to him. It is as though the first awareness of the object as such produced a feeling of anxiety, as if a part of the self had become detached. This also explains the mythological and fetishistic interpretation of the object, an interpretation that, on the one hand, hypostatizes this anxiety and makes it comprehensible to primitive man, and on the other hand assuages it by humanizing the object and thus reconciling it with man's subjectivity. This situation explains a series of other phenomena. First, the general acceptance and approval of robbery, as the subjective and normatively unregulated seizure of what is immediately desired. Long after the time of Homer, piracy continued to be regarded, in the backward agricultural areas of Greece, as legitimate business, and some primitive people consider violent robbery more noble than honest payment. This is also understandable; for in exchanging and paying one is subordinated to an objective norm, and the strong and autonomous personality has to efface himself, which is disagreeable. This also accounts for the disdain of trade by self-willed aristocratic individuals. On the other hand, exchange favours peaceful relations between men because they then accept a supra-personal and normative regulation.

There are, as one might expect, a number of intermediate phenomena between pure subjectivity in the change of ownership, exemplified by robbery or gifts, and objectivity in the form of exchange where things are exchanged according to the equal value they contain. This is exemplified by the traditional reciprocity in making gifts. The idea exists among many people that a gift should be accepted only if it can be reciprocated, that is, so to speak, subsequently acquired. This leads on directly to regular exchange when, as often occurs in the Orient, the seller gives the object to the buyer as a 'present', but woe to him if he does not make a corresponding present in exchange. Work given freely in case of urgent need, the co-operation of neighbours or friends without payment, such as is found everywhere in the world, also has its place here. But usually these workers are lavishly entertained and, whenever possible, given a feast; and it is reported of the Serbs, for instance, that only well-to-do people could afford to call upon such voluntary workers. It is true that even now in the Orient, and even in Italy, the concept of a fair price which imposes limits to the subjective advantages of either buyer or seller does not exist. Everyone sells as dearly and buys as cheaply as he can; exchange is simply a subjective action between two persons, the result of which depends only

upon the shrewdness, the eagerness and the persistence of the two parties, not upon the object and its supraindividually determined relation to the price. A Roman antique dealer explained to me once that a deal is successfully transacted when the seller who is asking too much and the buyer who is offering too little eventually meet each other at a point acceptable to both. Here one sees clearly how an objectively appropriate price emerges from the bargaining between subjects, the whole process being a vestige of pre-exchange conditions in a predominantly, but not yet completely, exchange economy. Exchange already exists as an objective action between values, but its execution is still subjective and its mode and quantities depend exclusively upon a relation between personal qualities. Here, probably, we find the ultimate reason for the sacred forms, the legal regulation and the protection by publicity and tradition which accompanied mercantile transactions in early cultures. It was a way of transcending subjectivity to meet the demands of exchange, which could not yet be established by real relations between the objects. So long as exchange, and the idea of value-equality between things, were quite novel, it was impossible to reach an agreement when two individuals had to make the decision themselves. Consequently, we find well into the Middle Ages not only public exchange transactions, but more specifically a precise regulation of the rates of exchange of customary goods which none of the contractors could disregard. It is true that this objectivity is mechanical and external, based upon reasons and forces that lie outside the particular exchange transaction. A really adequate objectivity discards such *a priori* determination, and includes in the calculation of exchange all those particular circumstances that, in this case, are disregarded. But the intention and the principle are the same: the supra-subjective determination of value in exchange, which is later established by more objective and immanent means. The exchange carried on by free and independent individuals presupposes a judgment by objective standards, but in an earlier historical stage exchange had to be fixed and guaranteed by society, because otherwise the individual would lack any clue as to the value of the objects. Similar reasons may have been influential in the social regulation of primitive labour, which demonstrates the equality between exchange and labour or, more accurately, the subordination of labour to exchange. The multiple relations between what is objectively valid—both practically and theoretically—and its social significance and acceptance often appear historically in the following manner. Social interaction, diffusion and standardization provide the individual with the dignity and reliability of a style of life which is later confirmed as being objectively just. Thus, the child does not accept an explanation on the basis of inner reasons, but because he trusts the person who explains the situation; he believes not in something but in somebody. In matters of taste we depend upon fashion, that is upon a socially accepted way of doing and appreciating things, until

such time, late enough, as we learn to judge the object itself aesthetically. Thus the need for the individual to transcend the self and so gain a more than personal support and stability becomes the power of tradition in law, in knowledge and in morality. This indispensable standardization, which transcends the individual subject but not yet subjects in general, is slowly replaced by a standardization that evolves from the knowledge of reality and from the acceptance of ideal norms. That which is outside ourselves, which we need for our orientation, takes the more easily acceptable form of social universality before we are confronted with it as the objective certainty of reality and of ideas. In this sense, which applies to cultural development as a whole, exchange is originally determined by society, until such time as individuals know the object and their own valuations well enough to decide upon rates of exchange from case to case. This suggests that the socially and legally established prices that control transactions in all primitive cultures are themselves only the outcome of many single-exchange transactions which previously occurred in an unregulated way between individuals. But this objection has no greater validity in this case than in the case of language, mores, law, religion; in short, all the basic forms of life that emerge and dominate within the group, and that for a long time appeared to be explicable only as the invention of individuals. In fact it is certain that, from the outset, they evolved as inter-individual structures, in the interaction between the individual and the multitude, so that their origin cannot be attributed to any single individual. I consider it quite possible that the precursor of socially regulated exchange was not individual exchange but a change in ownership, which was not exchange at all but was, for instance, robbery. In that case inter-individual exchange would have been simply a peace treaty and both exchange and regulated exchange would have originated together. An analogous case would be that of the capture of women by force preceding the exogamic peace treaty with neighbours which regulates the purchase and exchange of women. This newly introduced form of marriage is immediately established in a form that constrains the individual. It is quite unnecessary that particular free contracts of the same kind should precede it; on the contrary, social regulation emerges together with the type. It is a prejudice to assume that every socially regulated relationship has developed historically out of a similar form which is individually and not socially regulated. What preceded it may have been a similar content in a totally different form of relationship. Exchange transcends the subjective forms of appropriation such as robbery and gifts—just as presents to the chief and the fines that he imposes are the first steps towards taxation—and so exchange is socially regulated in the first possible form of supra-subjectivity which then leads to real objectivity. Social standardization is the first step towards that objectivity in the free exchange of property between individuals which is the essence of exchange.

It follows from all this that exchange is a sociological phenomenon *sui generis*, an original form and function of social life. It is in no way a logical consequence of those qualitative and quantitative aspects of things that are called utility and scarcity which acquire their significance for the process of valuation only when exchange is presupposed. If exchange, that is the willingness to sacrifice one thing in order to acquire another, is precluded, then no degree of scarcity of the desired object can produce an economic value. The significance of the object for the individual is always determined by the desire for it, and its utility depends upon the qualities that it has; if we already possess the object, then its significance is not affected at all by whether there exist many or few or no other specimens of its kind. (I leave aside here those cases in which scarcity itself becomes a quality of the object, thus making it desirable, as for example postage stamps, curios and antiques which have no aesthetic or historical value.) The sense of difference that is necessary for enjoyment may, of course, depend upon the scarcity of the object, that is upon the fact that it cannot be enjoyed everywhere and at any time. However, this inner psychological condition of enjoyment does not have any practical effects since, if it had, it would result in the perpetuation or increase of scarcity, which, as experience shows, does not occur. What concerns us here, aside from the direct enjoyment of the quality of objects, is the means by which it is accomplished. If the process is long and complicated, requiring sacrifices in the shape of deferment, disappointment, work, inconvenience and renunciations, we call the object 'scarce'. One might formulate it in this way: objects are not hard to get because they are scarce, rather they are scarce because they are hard to get. The inflexible external fact that the supply of some goods is too small to satisfy the desires of all of us is by itself insignificant. There are many things that are actually scarce, which are not scarce in the economic sense. Whether they are scarce in the latter sense is determined by the degree of strength, patience and sacrifice that is necessary to acquire them by exchange—and such sacrifice presupposes a demand for the object. The difficulty of acquisition, the sacrifice offered in exchange, is the unique constitutive element of value, of which scarcity is only the external manifestation, its objectification in the form of quantity. It is often overlooked that scarcity is only a negative condition, which characterizes being through non-being. Non-being, however, cannot have any effect; every positive result must be initiated by a positive quality and force, of which the negative is only the shadow. These positive forces are obviously those that are involved in exchange. Their positive character should be regarded as being dissociated from the fact that it is not attached to the individual. The relativity of things has the singular characteristic of going beyond individual cases, and subsisting only in multiplicity, yet being something other than a mere conceptual generalization and abstraction.

The profound relationship between relativity and socialization, which is a direct demonstration of relativity for which mankind presents the material, is illustrated here: society is a structure that transcends the individual, but that is not abstract. Historical life thus escapes the alternative of taking place either in individuals or in abstract generalities. Society is the universal which, at the same time, is concretely alive. From this arises the unique significance that exchange, as the economic-historical realization of the relativity of things, has for society; exchange raises the specific object and its significance for the individual above its singularity, not into the sphere of abstraction, but into that of lively interaction which is the substance of economic value. No matter how closely the inner nature of an object is investigated, it will not reveal economic value which resides exclusively in the reciprocal relationship arising between several objects on the basis of their nature. Each of these relations conditions the other and reciprocates the significance which it receives from the other.

III

Before developing the concept of money as the incarnation and purest expression of the concept of economic value, it is necessary to show the latter as part of a theoretical world view, in terms of which the philosophical significance of money can be understood. Only if the formula of economic value corresponds to a world formula can its highest stage of realization—beyond its direct appearance or rather through this very appearance—claim to contribute to the interpretation of existence.

Economic value and a relativistic world view

We usually systematize our disorderly, fragmentary and confused first perceptions of an object by distinguishing a stable and essential substance from the flux of movements, colours and accidents that leave the essence unchanged. This articulation of the world as a stable core within fleeting appearances, and the accidental manifestations of enduring bearers of such appearances, grows into a contrast between the absolute and the relative. Just as we think that we can find within ourselves a being whose existence and character is centred in ourselves, a final authority which is independent of the outside world; and just as we distinguish this being from the existence and character of our thoughts, experiences and development which are real and confirmable only through relations with others—so we seek in the world substances, entities and forces whose being and significance rest exclusively within them. We distinguish them from all relative existences and occurrences—from all those that are what they are only through comparison, contact or the reactions of others. Our physicalpsychological inclination and our relationship to the world