CHAPTER 1

Value and Money

I

Reality and value as mutually independent categories through which our conceptions become images of the world

The order in which things are placed as natural entities is based on the proposition that the whole variety of their qualities rests upon a uniform law of existence. Their equality before the law of nature, the constant sum of matter and energy, the convertibility of the most diverse phenomena into one another, transform the differences that are apparent at first sight into a general affinity, a universal equality. Yet on a closer view this means only that the products of the natural order are beyond any question of a law. Their absolute determinateness does not allow any emphasis that might provide confirmation or doubt of their particular quality of being. But we are not satisfied with this indifferent necessity that natural science assigns to objects. Instead, disregarding their place in that series we arrange them in another order—an order of value—in which equality is completely eliminated, in which the highest level of one point is adjacent to the lowest level of another; in this series the fundamental quality is not uniformity but difference. The value of objects, thoughts and events can never be inferred from their mere natural existence and content, and their ranking according to value diverges widely from their natural ordering. Nature, on many occasions, destroys objects that, in terms of their value, might claim to be preserved, and keeps in existence worthless objects which occupy the place of the more valuable ones. This is not to say that there is a fundamental opposition between the two series, or that they are mutually exclusive. Such a view would imply a relation between the two series; it would establish, indeed, a diabolical world, determined by values, but with the signs reversed. The case is, rather,
that the relation between these series is completely accidental. With the same indifference, nature at one time offers us objects that we value highly, at another time withdraws them. The occasional harmony between the series, the realization through the reality series of demands derived from the value series, shows the absence of any logical relationship between them just as strikingly as does the opposite case. We may be aware of the same life experience as both real and valuable, but the experience has quite a different meaning in the two cases. The series of natural phenomena could be described in their entirety without mentioning the value of things; and our scale of valuation remains meaningful, whether or not any of its objects appear frequently or at all in reality. Value is an addition to the completely determined objective being, like light and shade, which are not inherent in it but come from a different source. However, we should avoid one misinterpretation; namely, that the formation of value concepts, as a psychological fact, is quite distinct from the natural process. A superhuman mind, which could understand by means of natural laws everything that happens in the world, would also comprehend the fact that people have concepts of values. But these would have no meaning or validity for a being that conceived them purely theoretically, beyond their psychological existence. The meaning of value concepts is denied to nature as a mechanical causal system, while at the same time the psychic experiences that make values a part of our consciousness themselves belong to the natural world. Valuation as a real psychological occurrence is part of the natural world; but what we mean by valuation, its conceptual meaning, is something independent of this world; is not part of it, but rather the whole world viewed from a particular vantage point. We are rarely aware of the fact that our whole life, from the point of view of consciousness, consists in experiencing and judging values, and that it acquires meaning and significance only from the fact that the mechanically unfolding elements of reality possess an infinite variety of values beyond their objective substance. At any moment when our mind is not simply a passive mirror or reality – which perhaps never happens, since even objective perception can arise only from valuation – we live in a world of values which arranges the contents of reality in an autonomous order.

Thus, value is in a sense the counterpart to being, and is comparable to being as a comprehensive form and category of the world view. As Kant pointed out, being is not a quality of objects; for if I state that an object, which so far existed only in my thoughts, exists, it does not acquire a new quality, because otherwise it would not be the same object that I thought of, but another one. In the same way, an object does not gain a new quality if I call it valuable; it is valued because of the qualities that it has. It is precisely its whole already determined being that is raised to the sphere of value. This is supported by a thorough analysis of our thinking. We are able to conceive the contents of our world view without regard for their real existence or non-existence. We can conceive the aggregates of qualities that we call objects, including all the laws of their interrelation and development, in their objective and logical significance, and we can ask – quite independently of this – whether, where and how often all these concepts or inner notions are realized. The conceptual meaning and determinateness of the objects is not affected by the question as to whether they do exist, nor by the question whether and where they are placed in the scale of values. However, if we want to establish either a theory or a practical rule, we cannot escape the necessity to answer these two questions. We must be able to say of each object that it exists or does not exist, and each object must have a definite place for us in the scale of values, from the highest through indifference to negative values. Indifference is a rejection of positive value; the possibility of interest remains inactive but is always in the background. The significance of this requirement, which determines the constitution of our world view, is not altered by the fact that our powers of comprehension are often insufficient to decide upon the reality of concepts, or by the fact that the range and certainty of our feelings are often inadequate to rank things according to their value, especially in any permanently and universal fashion. Over against the world of mere concepts, of objective qualities and determinations, stand the great categories of being and value, inclusive forms that take their material from the world of pure contents. Both categories have the quality of being fundamental, that is irreducible to each other or to other simpler elements. Consequently, the being of objects can never be inferred logically; being is rather a primary form of our perception, which can be sensed, experienced and believed, but cannot be deduced for somebody who does not yet know it. When this form of perception has once grasped a specific content – by a non-logical act – it can then be interpreted in its logical context and developed as far as this logical context reaches. As a rule, we are able to state why we assume the reality of a particular phenomenon; namely, because we have already assumed another phenomenon with which this one is connected by its specific characteristics. The reality of the first one, however, can be shown only by tracing it in similar fashion to a more fundamental one. This regression requires a final member whose existence depends only upon a sense of conviction, affirmation and acceptance, a sense that is directly given. Valuation has exactly the same relation to objects. All proofs of the value of an object are nothing more than the necessity of recognizing for that object the same value as has been assumed, and for the time being accepted, as indubitable for another object. We will later analyze the motives of this action. Here it will suffice to say that what we consider a proof of value is only the transference of an existing value to a new object. It does not reveal the essence of value, or the reason why value was originally attached to the object from which it is transferred to others.

If we accept the existence of a value, then the process of its realization, its evolution, can be comprehended rationally, because in general it follows the
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structure of the contents of reality. That there is a value at all, however, is a primary phenomenon. Value inferences only make known the conditions under which values are realized, yet without being produced by these conditions, just as theoretical proofs only prepare the conditions that favour the sense of affirmation or of existence. The question as to what value really is, like the question as to what being is, is unanswerable. And precisely because they have the same formal relation to objects, they are as alien to each other as are thought and extension for Spinoza. Since both express the same absolute substance, each in its own way and perfect in itself, the one can never encroach upon the other. They never impinge upon each other because they question the concepts of objects from completely different points of view. But this disjunctive parallelism of reality and value does not divide the world into a sterile duality, which the mind with its need for unity could never accept – even though its destiny and the method of its quest may be to move incessantly from diversity to unity and from unity to diversity. What is common to value and reality stands above them: namely the contents, which Plato called 'ideas', the qualitative, that which can be signified and expressed in our concepts of reality and value, and which can enter into either one or the other series. Below these two categories lies what is common to both: the soul, which absorbs the one or produces the other in its mysterious unity. Reality and value are, as it were, two different languages by which the logically related contents of the world, valid in their ideal unity, are made comprehensible to the unitary soul, or the languages in which the soul can express the pure image of these contents which lies beyond their differentiation and opposition. These two compilations made by the soul, through perceiving and through valuing, may perhaps once more be brought together in a metaphysical unity, for which there is no linguistic term unless it be in religious symbols. There is perhaps a cosmic ground where the heterogeneity and divergences that we experience between reality and value no longer exist, where both series are revealed as one; this unity either being unaffected by the two categories, and standing beyond them in majestic indissociation, in signifying a harmonious interweaving of both, which is shattered and distorted into fragments and contrasts only by our way of regarding it, as if we had an imperfect visual faculty.

The psychological fact of objective value

The characteristic feature of value, as it appears in contrast to reality, is usually called its subjectivity. Since one and the same object can have the highest degree of value for one soul and the lowest for another, and vice versa, and since on the other hand the most extensive and extreme differences between objects are compatible with equality of value, there appears to remain only the subject with his customary or exceptional, permanent or changing, moods and responses as the ground for valuation. This subjectivity, needless to say, has nothing to do with the subjectivity that refers to 'my perception' of the totality of the world. For the subjectivity of value contrasts value with the given objects, regardless of the way they are conceived. In other words, the subject who comprehends all objects is different from the subject who is confronted with the objects; the subjectivity that value shares with all other objects does not play any role here. Nor is his subjectivity merely caprice; independence from reality does not mean that value can be bestowed here and there with unrestrained and capricious freedom. Value exists in our consciousness as a fact that can no more be altered than can reality itself. The subjectivity of value, therefore, is first of all only negative, in the sense that value is not attached to objects in the same way as is colour or temperature. The latter, although determined by our senses, are accompanied by a feeling of their direct dependence upon the object; but in the case of value we soon learn to disregard this feeling because the two series constituted by reality and by value are quite independent of each other. The only cases more interesting than this general characterization are those in which psychological facts appear to lead to an opposite view.

In whatever empirical or transcendental sense the difference between objects and subjects is conceived, value is never a 'quality' of the objects, but a judgment upon them which remains inherent in the subject. And yet, neither the deeper meaning and content of the concept of value, nor its significance for the mental life of the individual, nor the practical social events and arrangements based upon it, can be sufficiently understood by referring value to the 'subject'. The way to a comprehension of value lies in a region in which that subjectivity is only provisional and actually not very essential.

The distinction between subject and object is not as radical as the accepted separation of these categories in practical life and in the scientific world would have us believe. Mental life begins with an undifferentiated state in which the Ego and its objects are not yet distinguished; consciousness is filled with impressions and perceptions while the bearer of these contents has still not detached himself from them. It is as a result of a second-stage awareness, a later analysis, that a subject in particular real conditions comes to be distinguished from the content of his consciousness in those conditions. This development obviously leads to a situation where a man speaks of himself as 'I' and recognizes the existence of other objects external to this 'I'. Metaphysics sometimes claims that the transcendent essence of being is completely unified, beyond the opposition of subject-object, and this has a psychological counterpart in the simple, primitive condition of being possessed by the content of a perception, like a child who does not yet speak of himself as 'I', or as may perhaps be observed in a rudimentary form at all stages of life. This unity from which the categories of subject and object develop in relation to each other -
a process to be examined later – appears to us as a subjective unity because we approach it with the concept of objectivity developed later; and because we do not have a proper term for such unities, but name them usually after one of the partial elements that appear in the subsequent analysis. Thus, it has been asserted that all actions are essentially egoistic, whereas egoism has a meaning only within a system of action and by contrast with its correlate, altruism. Similarly, pantheism has described the universality of being as God, although a positive concept of God depends on its contrast with everything empirical. This evolutionary relation between subject and object is repeated finally on a large scale: the intellectual world of classical antiquity differs from that of modern times chiefly in the fact that only the latter has, on the one hand, developed a comprehensive and clear concept of the Ego, as shown by the significance of the problem of liberty which was unknown in ancient times; and on the other, expressed the independence and force of the concept of the object through the idea of unalterable laws of nature. Antiquity was much closer than were later periods to the stage of indifference in which the contents of the world were conceived as such, without being apportioned between subject and object.

**Objectivity in practice as standardization or as a guarantee for the totality of subjective values**

This development which separates subject and object appears to be sustained on both sides by the same theme, but operating at different levels. Thus, the awareness of being a subject is already an objectification. This is a basic feature of the mind in its form as personality. The fundamental activity of our mind, which determines its form as a whole, is that we can observe, know and judge ourselves just like any other 'object'; that we dissect the Ego, experienced as a unity, into a perceiving subject and a perceived object, without its losing its unity, but on the contrary with its becoming aware of its unity through this inner antagonism. The mutual dependence of subject and object is here drawn together in a single point; it has affected the subject itself, which otherwise stands confronting the world as object. Thus man has realized the basic form of his relation to the world, of his acceptance of the world, as soon as he becomes aware of himself and calls himself 'I'. But before that happens there exists – in respect of meaning as well as of mental growth – a simple perception of content which does not distinguish between subject and object and is not yet divided between them. Regarded from the other side, this content itself, as a logical and conceptual entity, likewise lies beyond the distinction between subjective and objective reality. We can think of any object simply in terms of its qualities and their interconnection without asking whether or not this ideal complex of qualities has an objective existence. To be sure, so far as such a pure objective content is thought, it becomes a conception and to that extent a subjective structure. But the subjective is here only the dynamic act of conception, the function that apprehends the content; in itself this content is thought of as being independent of the act of conceiving. Our mind has a remarkable ability to think of contents as being independent of the act of thinking; this is one of its primary qualities, which cannot be reduced any further. The contents have their conceptual or objective qualities and relationships which can be apprehended but which are not thereby completely absorbed; they exist whether or not they are part of my representation and whether or not they are part of objective reality. The content of a representation does not coincide with the representation of contents. The simple undifferentiated conception that consists only in becoming aware of a content cannot be characterized as subjective, because it does not yet know the contrast between subject and object. Similarly, the pure concept of objects or conceptions is not objective, but escapes equally this differential form and its opposite, while being ready to present itself in one or the other. Subject and object are born in the same act: logically, by presenting the conceptual ideal content first as a content of representation, and then as a content of objective reality; psychologically, when the still ego-less representation, in which person and object are undifferentiated, becomes divided and gives rise to a distance between the self and its object, through which each of them becomes a separate entity.

**Economic value as the objectification of subjective values**

This process, which finally produces our intellectual world view, also occurs in the sphere of our volitional practical activity. Here also the distinction between the desiring, consuming, valuing subject and the valued object does not comprehend all aspects of mental life, nor all the objective circumstances of practical activity. Human enjoyment of an object is a completely undivided act. At such moments we have an experience that does not include an awareness of an object confronting us or an awareness of the self as distinct from its present condition. Phenomena of the basest and the highest kind meet here. The crude impulse, particularly an impulse of an impersonal, general nature, wants to release itself towards an object and to be satisfied, no matter how; consciousness is exclusively concerned with satisfaction and pays no attention to its bearer on one side or its object on the other. On the other hand, intense aesthetic enjoyment displays the same form. Here too 'we forget ourselves', but at the same time we no longer experience the work of art as something with which we are confronted, because our mind is completely submerged in it, has absorbed it by surrendering to it. In this case, as in the other, our psychological condition is not yet, or is no longer, affected by the contrast between subject and object.
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Only a new process of awareness releases those categories from their undisturbed unity; and only then is the pure enjoyment of the content seen as being on the one hand a state of the subject confronting an object, and on the other the effect produced by an object that is independent of the subject. This tension, which disrupts the naive-practical unity of subject and object and makes us conscious of each in relation to the other, is brought about originally through the mere fact of desire. In desiring what we do not yet own or enjoy, we place the content of our desire outside ourselves. In empirical life, I admit, the finished object stands before us and is only then desired - if only because, in addition to our will, many other theoretical and emotional events contribute to the objectification of mental contents. Within the practical world, however, in relation to its inner order and intelligibility, the origin of the object itself, and its being desired by the subject, are correlative terms - the two aspects of this process of differentiation which splits the immediate unity of the process of enjoyment. It has been asserted that our conception of objective reality originates in the resistance that objects present to us, especially through our sense of touch. We can apply this at once to the practical problem. We desire objects only if they are not immediately given to us for our use and enjoyment; that is, to the extent that they resist our desire. The content of our desire becomes an object as soon as it is opposed to us, not only in the sense of being impervious to us, but also in terms of its distance as something not-yet-enjoyed, the subjective aspect of this condition being desire. As Kant has said: the possibility of experience is the possibility of the objects of experience – because to have experiences means that our consciousness creates objects from sense impressions. In the same way, the possibility of desire is the possibility of the objects of desire. The object thus formed, which is characterized by its separation from the subject, who at the same time establishes it and seeks to overcome it by his desire, is for us a value. The moment of enjoyment itself, when the opposition between subject and object is effaced, consumes the value. Value is only reinstated as contrast, as an object separated from the subject. Such trivial experiences as that we appreciate the value of our possessions only after we have lost them, that the mere withholding of a desired object often endows it with a value quite disproportionate to any possible enjoyment that it could yield, that the remoteness, either literal or figurative, of the objects of our enjoyment shows them in a transfigured light and with heightened attractions – all these are derivatives, modifications and hybids of the basic fact that value does not originate from the unbroken unity of the moment of enjoyment, but from the separation between the subject and the content of enjoyment as an object that stands opposed to the subject as something desired and only to be attained by the conquest of distance, obstacles and difficulties. To reiterate the earlier analogy: in the final analysis perhaps, reality does not press upon our consciousness through the resistance that phenomena exert, but we register those representations which have feelings of resistance and inhibition associated with them, as being objectively real, independent and external to us. Objects are not difficult to acquire because they are valuable, but we call those objects valuable that resist our desire to possess them. Since the desire encounters resistance and frustration, the objects gain a significance that would never have been attributed to them by an unchecked will.

Value, which appears at the same time and in the same process of differentiation as the desiring Ego and as its correlate, is subordinate to yet another category. It is the same category as applies to the object that is conceived in theoretical representations. We concluded, in that case, that the contents that are realized in the objective world and also exist in us as subjective representations have, in addition, a peculiar ideal dignity. The concepts of the triangle or of the organism, causality or the law of gravitation have a logical sense, an inner structural validity which indeed determines their realization in space and in consciousness; but even if they were never realized, they would still belong to the ultimate unanalysable category of the valid and significant, and would differ entirely from fantastic and contradictory conceptual notions to which they might be akin in their reference to physical and mental non-reality. The value that is attributed to the objects of subjective desire is analogous to this, with the qualifications required by its different sphere. Just as we represent certain statements as true while recognizing that their truth is independent of our representation, so we sense that objects, people and events are not only appreciated as valuable by us, but would still be valuable if no one appreciated them. The most striking example is the value that we assign to people’s dispositions or characters, as being moral, dignified, strong or beautiful. Whether or not such inner qualities ever show themselves in deeds that make possible or demand recognition, and whether their bearer himself reflects upon them with a sense of his own value, appears to us irrelevant to their real value; still more, this unconcern for recognition endows these values with their characteristic colouring. Furthermore, intellectual energy and the fact that it brings the most secret forces and arrangements of nature into the light of consciousness; the power and the rhythm of emotions that, in the limited sphere of the individual soul, are yet much more significant than the external world, even if the pessimistic view of the predominance of suffering in the world is true; the fact that, regardless of man, nature moves according to reliable fixed norms, that the manifold natural forms are not incompatible with a more profound unity of the whole, that nature’s mechanism can be interpreted through ideas and also produces beauty and grace – all this leads us to conceive that the world is valuable no matter whether these values are experienced consciously or not. This extends all the way down to the economic value that we assign to any object of exchange, even though nobody is willing to pay the price, and even though the object is not in demand at all and remains unsaleable. Here too a basic capacity of the
mind becomes apparent: that of separating itself from the ideas that it conceives and representing these ideas as if they were independent of its own representation. It is true that every value that we experience is a sentiment; but what we mean by this sentiment is a significant content which is realized psychologically through the sentiment yet is neither identical with it nor exhausted by it. Obviously this category lies beyond the controversy about the subjectivity or objectivity of value, because it denies the relation to a subject that is indispensable for the existence of an 'object'. It is rather a third term, an ideal concept which enters into the duality but is not exhausted by it. In conformity with the practical sphere to which it belongs, it has a particular form of relationship to the subject which does not exist for the merely abstract content of our theoretical concepts. This form may be described as a claim or demand. The value that attaches to any object, person, relationship or happening demands recognition. This demand exists, as an event, only within ourselves as subjects; but in accepting it we sense that we are not merely satisfying a claim imposed by ourselves upon ourselves, or merely acknowledging a quality of the object. The ability of a tangible symbol to awaken in us religious feelings; the moral challenge to revolutionize particular conditions of life or to leave them alone, to develop or retard them; the feeling of obligation not to remain indifferent to great events, but to respond to them; the right of what is perceived to be interpreted in an aesthetic context – all of these are claims that are experienced or realized exclusively within the Ego and have no counterpart or objective point of departure in the objects themselves, but which, as claims, cannot be traced either to the Ego or to the objects to which they refer. Regarded from a naturalistic point of view such a claim may appear subjective, while from the subject's point of view it appears to be objective; in fact, it is a third category, which cannot be derived from either subject or object, but which stands, so to speak, between us and the objects. I have observed that the value of things belongs among those mental contents that, while we conceive them, we experience at the same time as something independent within our representation, and as detached from the function by which it exists in us. This representation, when its content is a value, appears upon closer scrutiny as a sense that a claim is being made. The 'function' is a demand which does not exist as such outside ourselves, but which originates in an ideal realm which does not lie within us. It is not a particular quality of the objects of valuation, but consists rather in the significance that the objects have for us as subjects through their position in the order of that ideal realm. This value, which we conceive as being independent of its recognition, is a metaphysical category, and as such it stands as far beyond the dualism of subject and object as immediate enjoyment stands below it. The latter is a concrete unity to which the differentiating categories have not yet been applied; the former is an abstract or ideal unity, in whose self-subsistent meaning the dualism has again disappeared, just as the contrast between the
empirical Ego and the empirical Non-Ego disappears in the all-comprehending system of consciousness that Fichte calls the Ego. At the moment of complete fusion of the function and its content, enjoyment cannot be called subjective, because there is no counterposed object that would justify the concept of a subject. Likewise, this independent, self-justifying value is not objective simply because it is conceived as independent by the subject who conceives it; although it becomes manifest within the subject as a claim for recognition, it will not forfeit anything of its reality if this claim is not fulfilled.

This metaphysical sublimation of value does not play any role in the valuations of daily life, which are concerned only with values in the consciousness of the subject and with the objectivity that emerges as a counterposed object in this psychological process of valuation. I showed earlier that this process of the formation of values develops with the increase in distance between the consumer and the cause of his enjoyment. The differences in valuation which have to be distinguished as subjective and objective, originate from such variations in distance, measured not in terms of enjoyment, in which the distance disappears, but in terms of desire, which is engendered by the distance and seeks to overcome it. At least in the case of those objects whose valuation forms the basis of the economy, value is the correlate of demand. Just as the world of being is my representation, so the world of value is my demand. However, in spite of the logical-physical necessity that every demand expects to be satisfied by an object, the psychological structure of demand is such that in most cases it is focused upon the satisfaction itself, and the object becomes a matter of indifference so long as it satisfies the need. When a man is satisfied with any woman whatsoever, without exercising an individual choice, when he eats anything at all that he can chew and digest, when he sleeps at any resting place, when his cultural needs can be satisfied by the simplest materials offered by nature, then his practical consciousness is completely subjective, he is inspired exclusively by the agitations and satisfactions of his own subjective condition and his interest in objects is limited to their being the causes of these effects. This fact is observed in the naive need for projection by primitive man, who directs his life towards the outside world and takes his inner life for granted. But the conscious wish cannot always be taken as a sufficient index of the really effective valuation. Often enough it is some expediency in the direction of our practical activities that leads us to regard an object as valuable, and it is not in fact the significance of the object but the possible subjective satisfaction that excites us. From this condition – which is not always temporally prior but is, so to speak, the simplest and most fundamental and thus in a systematic sense prior – consciousness is led to the object along two roads which finally merge. When an identical need rejects a number of possible satisfactions, perhaps all but one, and when, therefore, it is not satisfaction as such but satisfaction by a specific object that is desired, there begins a fundamental reorientation from the subject to the object.
It may be said that this is still only a question of the subjective satisfaction of need, but that in this second case the need is differentiated to such an extent that only a specific object can satisfy it. In this case also the object is only the cause of sensation and is not valued in itself. Such an objection would indeed nullify the difference, if it were the case that the differentiation of the impulse directed it exclusively upon a single satisfying object and ruled out the possibility of satisfaction through any other object. However, this is a very rare and exceptional case. The broader basis from which even the most highly differentiated impulses evolve, and the original diffuseness of need which includes only a drive but not yet a definite single goal, remain as a substratum upon which a consciousness of the individual character of more specific desires for satisfaction develops. The circle of objects that can satisfy the subject's needs is diminished as he becomes more refined, and the objects desired are set in a sharper contrast with all the others that might satisfy the need but are no longer acceptable. It is well known from psychological investigations that this difference between objects is largely responsible for directing consciousness towards them and endowing them with particular significance. At this stage the need seems to be determined by the object; feeling is guided increasingly by its terminus ad quem instead of its terminus a quo, in the measure that impulse no longer rushes upon every possible satisfaction. Consequently, the place that the object occupies in our consciousness becomes larger. There is also another reason for this. So long as man is dominated by his impulses the world appears to him as an undifferentiated substance. Since it represents for him only an irrelevant means for the satisfaction of his drives – and this effect may arise from all kinds of causes – he has no interest in the nature of the objects themselves. It is the fact that we need a particular single object that makes us acutely aware that we need an object at all. But such awareness is, so to speak, more theoretical – and it diminishes the blind energy of the impulse which is directed only to its own extinction.

Since the differentiation of need goes hand in hand with the reduction of its elemental power, consciousness becomes more able to accommodate the object. Or regarded from the other aspect: because consciousness is constrained by the refinement and specialization of need to take a greater interest in the object, a certain amount of force is removed from the solipsistic need. Everywhere the weakening of the emotions, that is to say of the absolute surrender of the Ego to his momentary feelings, is correlated with the objectification of representations, with their appearance in a form of existence that stands over against us. Thus, for instance, talking things over is one of the most powerful means for subduing emotions. The inner process is, as it were, projected by the word into the external world; it now stands over against the individual like a tangible structure, and the intensity of the emotions is diverted. The tranquillization of the passions, and the representation of the objective world as existing and significant, are two sides of one and the same basic process. The diversion of inner interest from mere need and its satisfaction to the object itself, as a result of diminishing the possibility of satisfying the need, can obviously be brought about and strengthened just as well from the side of the object, if the latter makes satisfaction difficult, rare, and to be attained only indirectly or by exceptional effort. Even if we assume a highly differentiated desire concentrated upon selected objects, satisfaction might still be regarded as more or less a matter of course so long as there is no difficulty or resistance. What really matters, in order to conceive the independent significance of objects, is the distance between them and our impression of them. It is one of the numerous cases in which one has to stand back from the objects, to establish a distance between them and oneself, in order to get an objective picture of them. This is certainly no less subjective a view than the unclear or distorted picture that is obtained when the distance is too great or too small; but inner experiential reasons of our cognition lay a special emphasis upon subjectivity in the case of these extremes. At first, the object exists only in our relationship to it and is completely absorbed in this relationship; it becomes something external and opposed to us only in the degree that it escapes from this connection. Even the desire for objects, which recognizes their autonomy while seeking to overcome it, develops only when want and satisfaction do not coincide. The possibility of enjoyment must be separated, as an image of the future, from our present condition in order for us to desire things that now stand at a distance from us. Just as in the intellectual sphere the original oneness of perception, which we can observe in children, is only gradually divided into awareness of the self and of the object, so the naive enjoyment of objects only gives way to an awareness of the significance of things, and respect for them, when the objects are somewhat withdrawn. Here, too, the relationship between the weakening of desire and the beginning of an objectification of values is apparent, since the decline of the elemental strength of volition and feeling favours the growing awareness of the self. So long as a person surrenders unreservedly to a momentary feeling and is completely possessed by it, the Ego cannot develop. The awareness of a self that exists beyond its various emotions can emerge only when it appears as an enduring entity amid all these changes, and when the emotions do not absorb the whole self. The emotions must leave a part of the self untouched, as a neutral point for their contrasts, so that a certain reduction and limitation of the emotions allows the self to develop as the unchanging bearer of diverse contents. In all areas of our life Ego and object are related concepts, which are not yet separated in the initial forms of representation and only become differentiated through each other; and in just the same way, the independent value of objects develops only by contrast with an Ego that has become independent. Only the repulsions that we experience, the difficulties of attaining an object, the waiting and the labour that stand between a wish and its fulfilment, drive the Ego and the
object apart; otherwise they remain undeveloped and undifferentiated in the propinquity of need and satisfaction. Whether the effective definition of the object arises from its scarcity, in relation to demand, or from the positive effort to acquire it, there is no doubt that only in this way is distance established between the object and ourselves which enables us to accord it a value beyond that of being merely enjoyed.

It may be said, therefore, that the value of an object does indeed depend upon the demand for it, but upon a demand that is no longer purely instinctive. On the other hand, if the object is to remain an economic value, its value must not be raised so greatly that it becomes an absolute. The distance between the self and the object of demand could become so large — through the difficulties of procuring it, through its exorbitant price, through moral or other misgivings that counter the striving after it — that the act of volition does not develop, and the desire is extinguished or becomes only a vague wish. The distance between subject and object that establishes value, at least in the economic sense, has a lower and an upper limit; the formula that the amount of value equals the degree of resistance to the acquisition of objects, in relation to natural, productive and social opportunities, is not correct. Certainly, iron would not be an economic value if its acquisition encountered no greater difficulty than the acquisition of air for breathing; but these difficulties had to remain within certain limits if the tools were to be manufactured which made iron valuable.

To take another example: it has been suggested that the pictures of a very productive painter would be less valuable than those of one who was less productive, assuming equal artistic talent. But this is true only above a certain quantitative level. A painter, in order to acquire the fame that raises the price of his pictures, is obliged to produce a certain number of works. Again, the scarcity of gold in some countries with a paper currency has created a situation in which ordinary people will not accept gold even when it is offered to them. In the particular case of precious metals, whose suitability as the material of money is usually attributed to their scarcity, it should be noted that scarcity can only become significant above a considerable volume, without which these metals could not serve the practical demand for money and consequently could not acquire the value they possess as money. It is, perhaps, only the avaricious desire for an unlimited quantity of goods, in terms of which all values are scarce, that leads us to overlook that a certain proportion between scarcity and non-scarcity, and not scarcity itself, is the condition of value. The factor of scarcity has to be related to the significance of the sense for differences; the factor of abundance to the significance of habitation. Life in general is determined by the proportion of these two facts: that we need variety and change of content just as we need familiarity; and this general need appears here in the specific form that the value of objects requires, on the one hand, scarcity — that is to say, differentiation and particularity — while on the other hand it needs a certain comprehensiveness, frequency and permanence in order that objects may enter the realm of values.

An analogy with aesthetic value

I would like to show the universal significance of distance for supposedly objective valuation by an example that has nothing to do with economic values and which therefore illustrates the general principle, namely aesthetic valuation. What we call the enjoyment of the beauty of things developed relatively late. For no matter how much immediate sensual enjoyment may exist even today in the individual case, the specific quality of aesthetic enjoyment is the ability to appreciate and enjoy the object, not simply an experience of sensual or supra-sensual stimulation. Every cultivated person is able to make a clear distinction in principle between the aesthetic and the sensual enjoyment of female beauty, even though he may not be able to draw the line between these components of his impression on a particular occasion. In the one case we surrender to the object, while in the other case the object surrenders to us. Even though aesthetic value, like any other value, is not an integral part of the object but is rather a projection of our feelings, it has the peculiarity that the projection is complete. In other words, the content of the feeling is, as it were, absorbed by the object and confronts the subject as something which has autonomous significance, which is inherent in the object. What was the historical psychological process in which this objective aesthetic pleasure in things emerged, given that primitive enjoyment which was the basis for any more refined appreciation must have been tied to direct subjective satisfaction and utility? Perhaps we can find a clue in a very simple observation. If an object of any kind provides us with great pleasure or advantage we experience a feeling of joy at every later viewing of this object, even if any use or enjoyment is now out of the question. This joy, which resembles an echo, has a unique psychological character determined by the fact that we no longer want anything from the object. In place of the former concrete relationship with the object, it is now mere contemplation which is the source of enjoyable sensation; we leave the being of the object untouched, and our sentiment is attached only to its appearance, not to that which in any sense may be consumed. In short, whereas formerly the object was valuable as a means for our practical and eudaemonic ends, it has now become an object of contemplation from which we derive pleasure by confronting it with reserve and remoteness, without touching it. It seems to me that the essential features of aesthetic enjoyment are foreshadowed here, but they can be shown more plainly if we follow the changes in sensation from the sphere of individual psychology to that of the species as a whole. The attempt has often been made to derive beauty from utility, but as a rule this has led only to a
philistine coarsening of beauty. This might be avoided if the practical expediency and sensual eudaemonic immediacy were placed far enough back in the history of the species, as a result of which an instinctive, reflex-like sense of enjoyment in our organism were attached to the appearance of objects; the physico-psychic connection would then be genetic and would become effective in the individual without any consciousness on his part of the utility of the object. There is no need to enter into the controversy about the inheritance of such acquired associations; it suffices here that the events occur as if such qualities were inheritable. Consequently, the beautiful would be for us what once proved useful for the species, and its contemplation would give us pleasure without our having any practical interest in the object as individuals. This would not of course imply uniformity or the reduction of individual taste to an average or collective level. These echoes of an earlier general utility are absorbed into the diversity of individual minds and transformed into new unique qualities, so that one might say that the detachment of the pleasurable sensation from the reality of its original cause has finally become a form of our consciousness, quite independent of the contents that first gave rise to it, and ready to absorb any other content that the psychic constellation permits. In those cases that offer realistic pleasure, our appreciation of the object is not specifically aesthetic, but practical; it becomes aesthetic only as a result of increasing distance, abstraction and sublimation. What happens here is the common phenomenon that, once a certain connection has been established, the connecting link itself disappears because it is no longer required. The connection between certain useful objects and the sense of pleasure has become so well established for the species through inheritance or some other mechanism, that the mere sight of these objects becomes pleasurable even in the absence of any utility. This explains what Kant calls ‘aesthetic indifference’, the lack of concern about the real existence of an object so long as its ‘form’, i.e., its visibility, is given. Hence also the radiance and transcendence of the beautiful, which arises from the temporal remoteness of the real motives in which we now discover the aesthetic. Hence the idea that the beautiful is something typical, supra-individual, and universally valid; for the evolution of the species has long ago eliminated from these inner states of mind anything specific and individual in the motives and experiences. In consequence it is often impossible to justify on rational grounds aesthetic judgments or the opposition that they sometimes present to what is useful and agreeable to the individual. The whole development of objects from utility value to aesthetic value is a process of objectification. When I call an object beautiful, its quality and significance become much more independent of the arrangements and the needs of the subject than if it is merely useful. So long as objects are merely useful they are interchangeable and everything can be replaced by anything else that performs the same service. But when they are beautiful they have a unique individual existence and the value of one cannot be replaced by another even though it may be just as beautiful in its own way. We need not pursue these brief remarks on the origin of aesthetic value into a discussion of all the ramifications of the subject in order to recognize that the objectification of value originates in the relative distance that emerges between the direct subjective origin of the valuation of the object and our momentary feeling concerning the object. The more remote for the species is the utility of the object that first created an interest and a value and is now forgotten, the purer is the aesthetic satisfaction derived from the mere form and appearance of the object. The more it stands before us in its own dignity, the more we attribute to it a significance that is not exhausted by haphazard subjective enjoyment, and the more the relationship of valuing the objects merely as means is replaced by a feeling of their independent value.

Economic activity establishes distances and overcomes them

I have chosen the above example because the objectifying effect of what I have called ‘distance’ is particularly clear when it is a question of distance in time. The process is, of course, intensive and qualitative, so that any quantitative designation in terms of distance is more or less symbolic. The same effect can be brought about by a number of other factors, as I have already mentioned: for example, by the scarcity of an object, by the difficulties of acquisition, by the necessity of renunciation. Even though in these economically important instances the significance of the objects remains a significance for us and so dependent upon our appreciation, the decisive change is that the objects confront us after these developments as independent powers, as a world of substances and forces that determine by their own qualities whether and to what extent they will satisfy our needs, and which demand effort and hardship before they will surrender to us. Only if the question of renunciation arises – renunciation of a feeling that really matters – is it necessary to direct attention upon the object itself. The situation, which is represented in stylized form by the concept of Paradise, in which subject and object, desire and satisfaction are not yet divided from each other – a situation that is not restricted to a specific historical epoch, but which appears everywhere in varying degrees – is destined to disintegrate, but also to attain a new reconciliation. The purpose of establishing a distance is that it should be overcome. The longing, effort and sacrifice that separate us from objects are also supposed to lead us towards them. Withdrawal and approach are in practice complementary notions, each of which presupposes the other; they are two sides of our relationship to objects, which we call subjectively our desire and objectively their value. We have to make the object enjoyed more remote from us in order to desire it again, and in relation to the distant object this desire is the first stage of approaching it, the first ideal.
relation to it. This dual significance of desire — that it can arise only at a distance from objects, a distance that it attempts to overcome, and yet that it presupposes a closeness between the objects and ourselves in order that the distance should be experienced at all — has been beautifully expressed by Plato in the statement that love is an intermediate state between possession and deprivation. The necessity of sacrifice, the experience that the satisfaction of desire has a price, is only the accentuation or intensification of this relationship. It makes us more distinctly aware of the distance between our present self and the enjoyment of things, but only by leading along the road towards overcoming it. This inner development towards the simultaneous growth of distance and approach also appears as a historical process of differentiation. Culture produces a widening circle of interests; that is, the periphery within which the objects of interest are located becomes farther and farther removed from the centre, the Ego. This increase in distance, however, depends upon a simultaneous drawing closer. If objects, persons and events hundreds or thousands of miles away acquire a vital importance for modern man, they must have been brought much closer to him than to primitive man, for whom they simply do not exist because the positive distinction between close and far has not yet been made. These two notions develop in a reciprocal relation from the original undifferentiated state. Modern man has to work in a different way, to apply a much greater effort than primitive man; the distance between him and the objects of his endeavours is much greater and much more difficult obstacles stand in his way, but on the other hand he acquires a greater quantity of objects, ideally through his desire and in practice through his work. The cultural process — which transposes the subjective condition of impulse and enjoyment into the valuation of objects — separates more distinctly the elements of our dual relationship of closeness and distance.

The subjective events of impulse and enjoyment become objectified in value; that is to say, there develop from the objective conditions obstacles, deprivations, demands for some kind of ‘price’ through which the cause or content of impulse and enjoyment is first separated from us and becomes, by this very act, an object and a value. The fundamental conceptual question as to the subjectivity or objectivity of value is misconceived. The subjectivity of value is quite erroneously based upon the fact that no object can ever acquire universal value, but that value changes from place to place, from person to person, and even from one hour to the next. This is a case of confusing subjectivity with the individuality of value. The fact that I want to enjoy, or do enjoy, something is indeed subjective in so far as there is no awareness of or interest in the object as such. But then an altogether new process begins: the process of valuation. The content of volition and feeling assumes the form of the object. This object now confronts the subject with a certain degree of independence, surrendering or refusing itself, presenting conditions for its acquisition, placed by his original capricious choice in a law-governed realm of necessary occurrences and restrictions. It is completely irrelevant here that the contents of these forms of objectivity are not the same for all subjects. If we assumed that all human beings evaluated objects in exactly the same way, this would not increase the degree of objectivity beyond that which exists in an individual case; for if any object is valued rather than simply satisfying desire it stands at an objective distance from us that is established by real obstacles and necessary struggles, by gain and loss, by considerations of advantage and by prices. The reason why the misleading question about the objectivity or subjectivity of value is raised again and again is that we find empirically an infinite number of objects that are entirely the products of representations. But if an object in its finished form arises first in our consciousness, its value seems to reside entirely in the subject; the aspect from which I began — the classification of objects in the two series of being and value — seems to be identical with the division between objectivity and subjectivity. But this fails to take into account that the object of volition is different from the object of representation. Even though both may occupy the same place in the series of space, time and quality, the desired object confronts us in a different way and has quite a different significance from the represented object. Consider the analogy of love. The person we love is not the same being as our reason represents. I am not referring here to the distortions or falsifications that emotions may produce in the object of cognition; for these remain within the sphere of representation and of intellectual categories, even though the content is modified. It is in a completely different way from that of intellectual representations that the beloved person is an object to us. Despite the logical identity it has a different meaning for us, just as the marble of the Venus de Milo means different things for a crystallographer and an art critic. A single element of being, although recognized as one and the same, can become an object for us in quite different ways: as an object of representation, and as an object of desire. Within each of these categories the confrontation between subject and object has other causes and other effects, so that it leads only to confusion if the practical relation between man and his object is equated with the alternative between subjectivity and objectivity which is valid only in the realm of intellectual representation. For even though the value of an object is not objective in the same manner as colour or weight, it is also not at all subjective in the sense of corresponding with this kind of objectivity; such subjectivity would apply rather to a perception of colour resulting from a deception of the senses, or of any other quality of the object based on a mistaken conclusion, or of a quality suggested by superstition. The practical relation to objects, however, produces a completely different kind of objectivity, because the conditions of reality withdraw the object of desire and enjoyment from the subjective realm and thus produce the specific category that we call value.

Within the economic sphere, this process develops in such a way that the content of the sacrifice or renunciation that is interposed between man and the
object of his demand is, at the same time, the object of someone else's demand. The one has to give up the possession or enjoyment that the other wants in order to persuade the latter to give up what he owns and what the former wants. I shall show that the subsistence economy of an isolated producer can be reduced to the same formula. Two value formations are interwoven; a value has to be offered in order to acquire a value. Thus it appears that there is a reciprocal determination of value by the objects. By being exchanged, each object acquires a practical realization and measure of its value through the other object. This is the most important consequence and expression of the distance established between the objects and the subject. So long as objects are close to the subjects, so long as the differentiation of demand, scarcity, difficulties and resistance to acquisition have not yet removed the objects to a distance from the subject, they are, so to speak, desire and enjoyment, but not yet objects of desire and enjoyment. The process that I have outlined through which they become objects is brought to completion when the object, which is at the same time remote and yet overcomes the distance, is produced specifically for this purpose. Thus, pure economic objectivity, the detachment of the object from any subjective relationship to the subject, is established; and since production is carried out for the purpose of exchange with another object, which has a corresponding role, the two objects enter into a reciprocal objective relationship. The form taken by value in exchange places value in a category beyond the strict meaning of subjectivity and objectivity. In exchange, value becomes supra-subjective, supra-individual, yet without becoming an objective quality and reality of the things themselves. Value appears as the demand of the object, transcending its immanent reality, to be exchanged and acquired only for another corresponding value. The Ego, even though it is the universal source of values, becomes so far removed from the objects that they can measure their significance by each other without referring in each case to the Ego. But this real relationship between values, which is executed and supported by exchange, evidently has its purpose in eventual subjective enjoyment, that is, in the fact that we receive 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 endangering 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 goals, 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 eudemonistically 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 eudemonistically 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 goals, 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 of cases of the concept of 'two' exists prior to the concept of 'one'. It has been asserted that the concept of 'two' or 'three' is one of the fundamental concepts of psychology, but it is not so. The concept of 'two' or 'three' is not an economic concept, but it is a psychological concept. The concept of 'two' or 'three' is not an economic concept, but it is a psychological concept.

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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 τοῦ πρῶς ἡμᾶς is at first ψέβα.)

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 pence, 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 assures 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 pro-

duce 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 explana-
tion 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 standardiza-
tion, 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
universalities 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 estab-
lished prices that control transactions in all primitive cultures are themselves
the outcome of many single-exchange transactions which previously
occurred in an unregulated way between individuals. But this objection has no
greater validity 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 pre-
judice to assume that every socially regulated relationship has developed histori-
cally 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
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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, context or the reactions of others. Our physical-psychological inclination and our relationship to the world determines the direction in which this opposition develops. Even though motion and quiescence, external activity and inner contemplation may be interconnected so that they gain importance and significance only through each other, we nevertheless consider one of this pair of opposites – quiescence, substance, the inner stability of our life’s content – as the essentially valuable and definitive in contrast with what is changing, restless, external. Consequently, the goal of our thoughts is to find what is steadfast and reliable behind ephemeral appearances and the flux of events; and to advance from mutual dependence to self-sufficiency and independence. In this way we attain the fixed points that can guide us through the maze of phenomena, and that represent the counterpart of what we conceive in ourselves as valuable and definitive. To begin with an obvious example of this tendency: light is regarded as a fine substance emanating from bodies, heat as a substance, physical life as the activity of material living spirits, psychological processes as being supported by a specific substance of the soul. The mythologies that posit a thunderer behind the thunder, a solid substructure below the earth to keep it from falling or spirits in the stars to conduct them in their celestial course – all these are searching for a substance, not only as the embodiment of the perceived qualities and motions, but as the initial active force. An absolute is sought beyond the mere relationships between objects, beyond their accidental and temporal existence. Early modes of thought are unable to reconcile themselves to change, to the coming and going of all terrestrial forms of physical and mental life. Every kind of living creature represents to them a unique act of creation; institutions, forms of living, valuations have existed eternally and absolutely as they exist today; the phenomena of the world have validity not only for man and his organized life, but are in themselves as we perceive them. In short, the first tendency of thought, by which we seek to direct the disorderly flow of impressions into a regular channel and to discover a fixed structure amidst their fluctuations, is focused upon the substance and the absolute, in contrast with which all particular happenings and relations are relegated to a preliminary stage which the understanding has to transcend.

The epistemology of a relativistic world view

The examples given indicate that this trend has been reversed. Whereas almost all cultures originally took such an approach, the basic tendency of modern science is no longer to comprehend phenomena through or as specific substances, but as motions, the bearers of which are increasingly divested of any specific qualities; and it expresses the qualities of things in quantitative, i.e. relative, terms. Science posits, instead of the absolute stability of organic, psychic, ethical and social forms, a ceaseless development in which each element has a restricted place determined by the relationship to its own past and future. It has abandoned the search for the essence of things and is reconciled to stating the relationships that exist between objects and the human mind from the viewpoint of the human mind. That the apparent stability of the earth is not only a complicated movement, but that its position in the universe is established by a mutual relationship to other masses of matter, is a very simple but striking case of the transition from the stability and absoluteness of the world’s contents to their dissolution into motions and relations.

But all this, even if carried to its conclusion, would still allow, or even require, a fixed point, an absolute truth. Cognition itself, which accomplishes that dissolution, seems to elude the flux of eternal change and the merely relative determination of its content. The dissolution of the absolute objectivity of what is cognized into modes of apprehension that are valid only for the human mind, presupposes an ultimate point somewhere that cannot be derived from anything else. The flux and the relativity of psychic processes cannot affect those presuppositions and norms according to which we decide whether our cognitions have this or that character. The merely psychological derivation, to which all absolutely objective knowledge is supposed to be reduced, depends nevertheless upon certain axioms which cannot have a merely psychological significance if we are to avoid moving in a vicious circle. This is not only a point of the greatest importance for the general view of things on which the following discussion is based, but also provides a model for many particular aspects, and it deserves closer scrutiny.

There is no doubt that the truth of any statement can be known only on the basis of criteria that are completely certain and general. Such criteria may be limited to specific areas and may be legitimated by higher-level criteria, in such fashion that a hierarchical series of cognitions is constructed, the validity of each one depending upon the preceding one. However, if this series is not to be suspended in the air – and indeed, for it to be possible at all – it must have somewhere an ultimate basis, a supreme authority, which provides legitimation to other members of the series without needing legitimation itself. This is the scheme into which our empirical knowledge has to be integrated, and which relates all limited and relative knowledge to knowledge that is no longer conditional. Yet we shall never know what this absolute knowledge is. Its real content can never be established with the same certainty as can its general, so to say, formal existence, because the process of incorporation within a higher-level principle, the attempt to find an antecedent for what appeared to be the ultimate
principle, is endless. No matter what proposition we have discovered as the ultimate one, standing above the relativity of all other propositions, it remains possible that we shall recognize this one too as being merely relative and conditioned by a superior one. This possibility is a positive challenge, which the history of thought has illustrated many times. Somewhere knowledge may have an absolute basis, but we can never state irrevocably where this basis is; consequently, in order to avoid dogmatic thought, we have to treat each position at which we arrive as if it were the penultimate one.

The sum of knowledge does not thereby become tainted with scepticism. It is just as great a mistake to confuse relativism with scepticism as it was to accuse Kant of scepticism because he treated time and space as conditions of our experience. Both standpoints lend themselves to such a judgment if their opposite is accepted outright as the absolutely correct picture of reality, so that every theory that negates this then appears as a perturbation of ‘reality’. If the concept of relativity is constructed in such a way that it requires an absolute, it is impossible to eliminate the absolute without self-contradiction. However, the course of our investigation will show that an absolute is not required as a conceptual counterpart to the relativity of things. Such a postulate involves a transfer from the sphere of empirical circumstances – where, indeed ‘relation’ between elements which stand outside any such a relation and in that sense are ‘absolute’ – to a sphere that concerns the basis of all empiricism. If we admit that our knowledge may have somewhere an absolute norm, a supreme authority that is self-justifying, but that its content remains in constant flux because knowledge progresses and every content attained suggests another which would be more profound and more appropriate for the task, this is not scepticism; any more than it is scepticism when we admit, as is generally done, that while natural phenomena are subject to universal laws, these laws have to be corrected continually as our knowledge increases, that their content is always historically conditioned, and that they lack the absolute character that the concept implies. Equally, the ultimate presuppositions of perfected knowledge cannot be regarded as merely conditioned, and only subjectively or relatively true, but every single presupposition that is available at any particular moment should and must be so regarded.

The construction of proofs in infinite series

The fact that every conception is true only in relation to another one – even though the ideal body of knowledge, infinitely remote from us, may include an unconditioned truth – indicates a relativism in our behaviour that also extends to other areas. It is possible that norms of practical activity exist for human sociation which, recognized by a superhuman mind, might be called the absolute and eternal right. This would have to be a causa sui in law, i.e. it would have to be self-legitimating, for if its legitimacy were derived from a superior norm the latter would be the absolute determining factor of the law as valid under any circumstances. There is, in fact, no single legal rule that could claim to be absolutely unalterable; each has only the temporary validity that changing historical circumstances allow. If the legal content is legitimate and not arbitrary, its validity derives from a previously existing legal norm which justifies the setting aside of the former legal content in the same manner as it previously upheld it. Every judicial system contains in itself forces – ideal as well as external – that make for its own alteration, extension or abolition. Thus, for example, the law that assigns legislative power to parliament not only provides the legitimate basis of law A, which abolishes law B enacted by the same parliament, but also makes it a legal act for the parliament to delegate legislative power to another body. This means, regarded from the other side, that the worth of every law depends upon its relation to another law; no law has worth by itself. Just as new and even revolutionary knowledge can be demonstrated only by means of the content, axioms and methods of previous knowledge – though an original truth, which cannot be demonstrated and the self-sufficient certainty of which we shall never be able to attain, has to be assumed – so we lack a self-subsistent right, although the conception of it hovers above the series of relative legal rules, each dependent upon legitimation by another rule. To be sure, our knowledge rests upon first principles which cannot be proved at any given time, because without these we should not arrive at the relative series of derived proofs; but they do not possess the logical dignity of being demonstrated. They are not true in the same sense as that which has been proved, and our thinking accepts them as ultimate points only until it reaches a higher stage at which that which was accepted as axiomatic can be demonstrated. Correspondingly, there are, of course, absolutely and relatively pre-legal conditions, in which an empirical right is established by force or other means. This right, however, is not established legally; it is accepted as law as soon as it exists, but its existence is not a legal fact. It lacks entirely the dignity of that which is based upon law. In fact, every power that establishes such a non-legal right strives for its legitimation or for the fiction of legitimation, as it is so to speak, i.e. the original statement itself is assumed to be demonstrated. In any individual case, this renders the deduction illusory since it involves circular reasoning, but it is
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not inconceivable that our knowledge, taken as a whole, is imprisoned within this pattern. If one considers the vast number of hierarchically ordered pre-suppositions, stretching into infinity, upon which all particular knowledge depends, it seems actually possible that the statement A is proved by the statement B, and the statement B through the truth of C, D, E, etc., until finally it can only be proved by the truth of A. The chain of reasoning C, D, E needs only to be sufficiently long so that the return to the starting point cannot be imagined, just as the size of the earth conceals its global form and gives us the illusion of being able to advance straight into the infinite. The interrelationship that we assume in our knowledge of the world – that from every point we can attain by demonstration every other point – seems to make this plausible. If we do not want to remain dogmatically once and for all with a single truth that needs no proof, it is easy to assume that this reciprocity of proofs is the basic form of knowledge, conceived in its perfect state. Cognition is thus a free-floating process, whose elements determine their position reciprocally, in the same way as masses of matter do by means of weight. Truth is then a relative concept like weight. It is then perfectly acceptable that our image of the world "floats in the air", since the world itself does so. This is not an accidental coincidence of words but an allusion to a basic connection. The inherent necessity for our minds to know the truth by proofs either removes the discovery of truth to infinity, or leads it into a circle, so that one statement is true only in relation to another one; this other one, however, eventually only in relation to the first. The totality of our knowledge would then be as little 'true' as would the totality of matter be 'heavy'. The qualities that could be asserted validly about the interrelationship of the parts would lead to contradictions if asserted about the whole.

This reciprocity, in which the inner elements of cognition authenticate the meaning of truth for each other, appears to be upheld by another form of relativity, that between the theoretical and the practical interests of our life. We are convinced that all representations of what exists are functions of a specific physical and psychological organization which do not mirror the outside world in any mechanical way. The images of the world of an insect with its mosaic eyes, of an eagle with its almost inconceivably keen sight, of an olm with its buried, functionless eyes, of ourselves and of innumerable other species, must be profoundly different from each other; and we must conclude that none of them reproduces the content of the external world in its inherent objectivity. Nevertheless these representations, which have been characterized at least negatively, form the presuppositions, the material and the directives for our practical activity, through which we establish a relationship with the world as it exists in relative independence of our subjectively determined representation. We expect certain reactions to our actions, and these usually occur in an appropriate way, i.e. one that is useful to us. The same is true of nature's reaction to animal behaviour, which is determined by totally different pictures of the very same world. It seems to me to be a very striking fact that actions carried out on the basis of representations that are not at all identical with objective being nevertheless secure results of a reliability, expediency and accuracy that could hardly be greater if we knew the objective conditions as they are in themselves, whereas other activities based on 'false' representations tend to injure us. We can also see that animals too are subject to deceptions and to corrigible misconceptions. What, then, does 'truth' mean, when it is totally different for animals and for ourselves, does not correspond with objective reality and yet leads to the expected consequences with as much certainty as if it did so correspond? This seems to me explicable only by the following assumption. The difference in organization requires that each species, in order to survive and to attain its essential aims in life, must behave in a way that is distinctive and different from that of other species. Whether an action guided by a representation will have useful consequences cannot be determined by the content of this representation, even though it might correspond with absolute objectivity. The result will depend entirely upon what this representation can accomplish as a real process within the organism, allied with other physical and psychological forces and with reference to the specific needs of life. If we assert that man sustains and supports life on the basis of true representations, and destroys it by false ones, what does this 'truth' – the content of which is different for each species and which never reflects the true object – mean except that some representation associated with a particular organization and its powers and needs leads to useful results? Initially, truth is not useful because it is true, but vice-versa. We dignify with the name of 'truth' those representations that, active within us as real forces or motions, incite us to useful behaviour. Thus there are as many basically different truths as there are different organizations and conditions of life. The sense perception that is true for the insect would obviously not be true for the eagle; this is because this perception, on the basis of which the insect acts properly in relation to inner and outer constellations, would move the eagle, in relation to his conditions, to unreasonable and destructive action. These percepts do not lack normative stability; indeed, every perceiving being possesses a generally established 'truth', which his representation may grasp or miss. The law of gravitation remains 'true' whether or not we recognize it, in spite of the fact that it would not be true for beings with a different conception of space, different categories of thought and a different system of numbers. The content that is 'true' for us has the peculiar structure of being totally dependent on our mode of existence – since this is not shared by other beings – but its truth-value is completely independent of its physical realization. On one side a being with its constitution and its needs, on the other side an objective existence is given; thus it is ideally established what is the truth for this being. Since truth for this being means the most favourable representations, a selection takes place among
its psychological processes: those that are useful become fixed by the ordinary methods of selection and constitute as a whole the 'true' world of representations. In fact, we do not have any other definitive criterion for the truth of a representation except that the actions based upon it lead to the desired consequences. Once these modes of representation have been finally established as expedient through selection and cultivation, they form among themselves a realm of theory that determines, according to inner criteria, the inclusion or exclusion of every new representation; just as the rules of geometry are built upon each other according to a strict inner autonomy, whereas the axioms and the methodological norms that make this whole structure possible cannot themselves be proved geometrically. The whole system of geometry is not valid at all in the same sense as are its single propositions. The latter can be proved by each other, whereas the whole is valid only in relation to something external, such as the nature of space, our mode of perception and the strength of our ways of thinking. Individual judgments may support each other, since the norms and facts already established substantiate others, but the totality of these norms and facts has validity only in relation to specific physio-psychological organizations, their conditions of life and the furthering of their activity.

The objectivity of truth as well as of value viewed as a relation between subjective elements

The concept of truth as a relation of representations to each other, and not as an absolute quality of any one of them, is also confirmed in respect of a particular object. Kant asserts that to recognize an object means to bring unity into the multiplicity of perceptions. Out of the chaotic material of our images of the world and the continuous flux of impressions, we distinguish some as belonging together and group them in units, which we then designate as 'objects'. An object has been perceived as soon as we have grouped into an entity the multitude of impressions that belong together. What else can this entity signify but the functional interdependence of those single impressions and materials of perception? The unity of these elements is nothing extraneous to the elements themselves; it is the persistent form of their relationship that they represent. When I recognize the object 'sugar' by forming the impressions that pass through my consciousness - white, hard, sweet, crystalline - into a unity, this means that I conceive these contents of perception as bound together; that under the given conditions a connection or mutual interaction exists, that one quality exists at this point and in this relation because the other exists, and so on reciprocally. In the same way as the unity of the social organism, or the social organism as a unit, signifies only the forces of attraction and cohesion among its individual members, so the unity of the single object, the perception of which is its intellectual realization, is only an interaction between the elements that enter into the perception of it. In what is called the 'truth' of a work of art, the mutual relationship of its elements as against its relationship to the object that it depicts is also probably much more significant than is usually acknowledged. If we disregard the portrait, where the problem is more complicated owing to the purely individual theme, single elements in works of fine art or of literature will not convey an impression of either truth or falsehood; in isolation they stand outside these categories. Or looking at the matter from the other side: the artist is free as regards initial elements from which the work of art emerges; only after he has chosen a character, a style, an element of colour and form, an atmosphere, do the other parts become predetermined. They have now to meet the expectations aroused by the first step, which may be fantastic, arbitrary and unreal. So long as the elaboration is harmonious and consistent, the whole will produce an impression of 'inner truth', whether or not an individual part corresponds to outward reality and satisfies the claim to 'truth' in the ordinary and substantial sense. Truth in a work of art means that as a whole it keeps the promise which one part has, as it were, voluntarily offered us. It may be any one part, since the mutual correspondence of the parts gives the quality of truth to each of them. Truth is therefore also a relative concept in the particular context of art. It is realized as a relationship between the elements of a work of art, and not as an exact correspondence between the elements and an external object which constitutes the absolute norm. If the apprehension of an object means to apprehend it as a 'unity', it also means to apprehend it in its 'necessity'. There is a profound relationship between these two things. Necessity is a relation through which the heterogeneity of two elements becomes a unity. The formula of necessity is: if A exists, so does B. This necessary relation states that A and B are the elements of a particular unit of being or occurrence, and 'necessary relation' signifies a completely coherent relation, which is only decomposed and reconstituted by language. The unity of a work of art is obviously exactly the same as this necessity since it develops by the mutual conditioning of the different elements, one of which follows necessarily if another is given, and vice-versa. Necessity is a phenomenon of relations not only with reference to inter-related things, but in itself and according to its concept. Neither of the two most general categories that are the basis of our knowledge of the world, being and laws, contains necessity. The existence of real life is not necessary in terms of any law; it would not contradict any logical or natural law if nothing existed. It is also not 'necessary' that natural laws exist; they are mere facts, just as being is a mere fact, and only so far as they exist are the events subjected to them 'necessary'. There can be no natural law that natural laws must exist. What we call necessity exists only as a relation between being and laws; it is the form of their relation. Both are realities that are strictly independent of each other; for being is conceivable without being subject to laws, and the system of laws would
be just as valid even if there were no corresponding being. Only if both exist do the forms of being become subject to necessity; being and laws are the elements of unity which we cannot apprehend directly but only through the relation of necessity. This unity binds together being and laws; it is inherent in neither one separately, but rules exist only because laws exist, and give meaning and significance to the laws only because being exists.

From another aspect bearing upon the same question, relativism with reference to the principles of perception may be formulated in the following way: the constitutive principles that claim to express, once and for all, the essence of objects are transposed into regulative principles which are only points of view in the progress of knowledge. The final, highest abstractions, simplifications and syntheses of thought have to renounce the dogmatic claim to be the ultimate judgments in the realm of knowledge. The assertion that things behave in a determinate way has to be replaced, in the context of the most developed and general views, by the notion that our understanding must proceed as if things behave in such and such a way. This makes it possible to express adequately the manner and method of our understanding in its real relation to the world. There corresponds with and originates in the many-sidedness of our being and the one-sidedness of any conceptual expression regarding our relation to things the fact that no such expression is universally and permanently satisfactory, but is usually complemented historically by an opposite assertion. This produces, in many instances, an undetermined wavering, a contradictory mixture, or a disinclination to adopt any comprehensive principles. If the constitutive assertions that aim to establish the essence of things are changed into heuristic assertions that seek only to determine our methods of attaining knowledge by formulating ideal ends, this makes possible the simultaneous validity of opposing principles. If their significance is only methodological, they may be used alternatively without contradiction; there is no contradiction in changing from the inductive to the deductive method. The true unity of apprehension is secured only by such a dissolution of dogmatic rigidity into the living and moving process. Its ultimate principles become realized not in the form of mutual exclusion, but in the form of mutual dependence, mutual evocation and mutual complementation. Thus, for example, the development of the metaphysical world view moves between the unity and the multiplicity of the absolute reality in which all particular perceptions are based. The nature of our thinking is such that we strive for each of them as a definite conclusion without being able to settle upon either. Only when all the differences and variety of things are reconciled in a single aggregate is the intellectual and emotional striving for unity satisfied. However, as soon as this unity is attained, as in the concept of substance by Spinoza, it becomes clear that there is nothing one can do with it in understanding the world, and that a second principle at least is necessary in order to make it fruitful. Monism leads on to dualism or to pluralism, but they again create a desire for unity; and so the development of philosophy, and of individual thinking, moves from multiplicity to unity and from unity to multiplicity. The history of thought shows that it is vain to consider any one of these viewpoints as definitive. The structure of our reason in relation to the object demands equal validity for both principles, and attains it by formulating the monistic principle of seeking to bring unity out of multiplicity so far as possible — i.e. as if we ought to end with absolute monism — and by formulating the pluralistic principle of not resting content with any unity, but always searching for yet simpler elements and creative forces, i.e. as if the final result should be pluralism. The same is the case if one explores pluralism in its qualitative significance: the individual differentiation of things and destinies, their separation according to quality and value. Our innermost vital consciousness oscillates between this separateness and the solidarity among the elements of our existence. Sometimes life only seems bearable by enjoying happiness and bliss in complete separation from suffering and depression, and by keeping these rare moments free from any remembrance of less exalted and contradictory experiences. Then again it seems more admirable, and indeed the very challenge of life, to experience joy and sorrow, strength and weakness, virtue and sin as a living unity, each one being a condition of the other, each sacred and consecrating the other. We may seldom be aware of the general principle in these opposing tendencies, but they determine our attitude towards life in our endeavours, our aims and our fragmentary activities. Even when a person's character seems to be completely oriented in one of these directions, it is constantly thwarted by the other tendency, as diversion, background and temptation. People are not divided into categories by the contrast between differentiation and unification of their life experiences. This contrast exists in every individual, although his inner-personal form evolves in interaction with his social form, which moves between individualization and socialization. The essential point is not that these two trends constitute life, but that they are interdependent in a heuristic form. It seems as if our life employs or consists of a unified basic function which we are unable to grasp in its unity. We have to dissect it by analysis and synthesis, which constitutes the most general form of that contradistinction, and whose co-operation then restores the unity of life. But the singular entity in its separateness makes an absolute claim on us and the unity that comprehends everything singular makes the same demand, so that a contradiction emerges from which life often suffers. This contradiction becomes a logical contradiction since both elements presuppose each other in their existence: neither would have any objective meaning or intellectual interest if the other did not stand in opposition to it. Thus the peculiar difficulty arises — as with many other contrasted pairs — that something unconditioned is conditioned by another unconditioned item which in turn depends on the former. The fact that what we perceive as absolute is nevertheless relative can only be resolved by admitting
that the absolute signifies a road stretching to infinity whose direction is still marked out no matter how great the distance we cover. The movement in each segment, so long as it continues, takes a course that appears to lead to a terminal point; this sense of direction remains unchanged even if at some point the movement assumes another direction which is subject to the same norm.

All general and particular systems of knowledge meet in this form of the mutual interdependence of thought processes. If one attempts to understand the political, social, religious or any other cultural aspects of the present time, this can be achieved only through history, i.e. by knowing and understanding the past. But this past, which comes down to us only in fragments, through silent witnesses and more or less unreliable reports and traditions, can come to life and be interpreted only through the experiences of the immediate present. No matter how many transformations and quantitative changes are required, the present, which is the indispensable key to the past, can itself be understood only through the past; and the past, which alone can help us to understand the present, is accessible only through the perceptions and sensibilities of the present. All historical images are the result of this mutuality of interpretative elements, none of which allows the others to come to rest. Ultimate comprehension is transferred to infinity, since every point in one series refers to the other series for its understanding. Psychological knowledge is a similar case. Every human being who confronts us is only a sound-producing and gesticulating automaton for our direct experience. We can only infer that there is a mind behind this appearance, and what processes are going on in it, by analogy with our own mind, which is the only mental entity directly known to us. On the other hand, self-knowledge develops only through the knowledge of others; and the fundamental cleavage of the self into an observed and an observing part comes about only through the analogy of the relation between the self and other persons. Knowledge of ourselves has therefore to find its way through other beings, whose lives we are able to interpret, however, only from self-knowledge. Thus, the knowledge of mental phenomena is an interplay between the I and the You. Each refers to the other, in a constant interchange and exchange of elements against each other, through which truth, no less than economic value, is produced.

And finally, to take a more comprehensive view: modern idealism produces the world from the Ego. The mind creates the world – the only world that we can discuss and that is real for us – according to its receptivity and its ability to construct forms. But on the other hand, this world is also the original source of the mind. From the glowing ball of matter, which we may conceive as the condition of the earth before there was any life, a gradual development has resulted in the possibility of life; and these living beings, at first purely material and without mind, have finally, in ways still unknown, produced the mind. Considered historically, the mind with all its forms and contents is a product of the world – of the same world which is in turn a product of the mind because it is a world of representations. If these two genetic possibilities are rigidly conceptualized they result in a disturbing contradiction. This does not come about, however, if they are regarded as heuristic principles which stand in a relationship of alternation and interaction. Nothing prevents us from attempting to trace any existing state of the world to the mental conditions that have produced it as a content of representations; just as nothing stands in the way of tracing these conditions to cosmic, historical or social facts which could give rise to a mind equipped with these powers and forms. The image of these facts, external to the mind, may again be derived from the subjective presuppositions of scientific and historical knowledge, and these again from the objective conditions of their origin, and so on ad infinitum. Of course, this knowledge is never realized in a clear-cut scheme; the two tendencies commingle in a fragmentary, interrupted and accidental way. But the principal contradiction is dissolved by an interpretation of both as heuristic principles; this transforms their opposition into an interaction and their mutual negation into an endless process of interaction.

I will introduce here two other examples – one very specific and the other very general – in which relativity, i.e. the reciprocal character of the significance of criteria of knowledge, appears in the form of succession or alternation. The substantial interdependence of concepts and basic elements in images of the world is frequently represented by such a rhythm of reciprocal alternation in time. The relationship between the historical and the scientific method in economics can be interpreted in this fashion. It is certainly true that every economic process can be understood only in the context of a specific historical-psychological constellation. But such an insight is always based upon the presupposition of definite rule-following relationships. If we did not assume general conditions, universal drives and regular series of effects as a basis for specific cases, there would not be any historical explanation at all; the whole would disintegrate into a chaos of atomized events. One may admit, nevertheless, that the universal regularities, which make the connection between the specific state or event and its conditions possible, depend in turn upon higher laws, so that they themselves are valid only as historical combinations; other events and forces at an earlier stage have shaped things in us and around us which now appear as universally valid and which give the causal elements of a later period their particular form. Thus, while these two methods, dogmatically stated and each claiming objective truth for itself, enter into irreconcilable conflict and mutual negation, they may assume an organic relationship in the form of alternation. Each becomes a heuristic principle, i.e. each has to be substantiated at every point of its application by an appeal to the other. The same is true for the most universal opposition in the process of cognition: between the a priori and experience. Ever since Kant we know that all experience, except for mere sense
impressions, requires definite forms, inherent in the mind, by which the given is shaped into cognition. This a priori, which is brought by us to experience, must therefore be absolutely valid for all cognition and immune to any changes or to any possibility of correction by accidental sense experience. But the certainty that there are such norms is not matched by an equal certainty as to what these norms are. Much that was once considered a priori has later been recognized as an empirical and historical construct. On the one hand, we have the task of seeking in every phenomenon, beyond the content provided by sense impressions, the permanent a priori norms by which it is formed; but on the other, the maxim applies that we should attempt to trace every single a priori (but not the a priori as such) back to its source in experience.

This mutual correspondence and dependence of methods is something totally different from the cheap compromise attained by combining methods, where the loss on one side is usually much greater than the gain on the other. Here we are concerned with the possibility of giving unlimited effectiveness to each part of the contrasted pair. And though each of these methods remains to some extent, subjective, yet together, through the relativity of their application, they seem to express adequately the objective significance of things. Thus they correspond to the general principle in our investigation of value: elements, each of which is subjective in its content, can attain their present objectivity through the form of their mutual relations. As we have seen above, mere sensory perceptions, by being connected with each other, can indicate or establish the object. The personality—a structure so solid that a specific spiritual substance was made its foundation—originates, at least for empirical psychology, through reciprocal associations and apperceptions that occur among the individual conceptions. These occurrences, subjective and fleeting, produce by their interactions what exists independently in none of them; namely, the personality as an objective element of the theoretical and practical world. So objective law develops by balancing the subjective interests and forces of individuals, by determining their place and dimensions, and by attaining the objective form of equity and justice through the exchange of claims and restrictions. In this way, objective economic value also crystallized out of subjective individual demands because the form of equality and of exchange was available, and because these relationships had an impartiality transcending subjectivity which the single elements lacked. Those methods of cognition may well be subjective and heuristic; but they approach—even though by an infinite process of evoking each other—the ideal of objective truth by the fact that each finds its supplement and therewith its legitimation through the other.

Truth means the relationship between representations, which may be realized as an infinite construction, since, even if our knowledge is based upon truths that are no longer relative, we can never know whether we have reached the really final stage, or whether we are again on the road to a more general and profound conception; or it may consist in a reciprocal relation within these systems of representations and its demonstration is also reciprocal. But these two processes of thought are related by a peculiar division of functions. It is necessary to consider our mental existence under two categories that complement each other: in terms of its content and in terms of the process that, as an event of consciousness, carries or realizes this content. The structure of these categories is extremely different. We must conceive the mental process as a continuous flux, in which there are no distinct breaks, so that one mental state passes into the next uninterruptedly, in the manner of organic growth. The contents, abstracted from this process and existing in an ideal independence, appear under a totally different aspect: as an aggregate, a graduated scheme, a system of single concepts or propositions clearly distinguished from one another. The logical connection between any two concepts reduces the distance between them but not the discontinuity, like the steps of a ladder that are sharply separated from each other but yet provide the means for a continuous movement of the body. The relation among the contents of thought is characterized by the fact that the foundations of thought, considered as a whole, seem to move in circles, because thought has to support itself ‘by being suspended’ and has no πηδω δενω which supports it from outside. The contents of thought provide a background to each other so that each gets its meaning and colour from the other; they are pairs of mutually exclusive opposites and yet postulate each other for the creation of a possible world view. Every particular content becomes the ground of proof for the other through the whole chain of what is knowable. The process of thinking, however, by which this relation is psychologically accomplished, follows a direct and continuous chronological course; it continues according to its own inner meaning, although the death of the individual brings it to an end. The two categories of our reflection are divided into these two forms, which make knowledge illusory in particular cases but possible in general. Knowledge follows a course of infinite regress, of infinite continuity, of boundlessness, which yet is limited at any particular moment—whereas the contents exhibit the other form of infinity, that of the circle, in which every point is a beginning and an end, and all the parts condition each other mutually.

The process of reciprocal verification is usually hidden from our view for the same reason that we do not notice the reciprocal character of weight. The great majority of our representations are taken for granted and the question of truth is usually applied only to a particular case. A judgment is then made in terms of the consonance or otherwise of this instance with the aggregate of those representations that are assumed to be already established. On another occasion, any representation in the whole complex may become questionable, and the one to be investigated may belong to the determinant majority. The tremendous quantitative disproportion between the number of representations that are questionable
and those that are established also helps to conceal the reciprocal relation. In this way, the disproportion of weights caused us, for a long time, to notice the gravitational attraction of the earth upon the apple but not that of the apple upon the earth. Consequently, a body appeared to have weight as an independent quality, because only one side of the relationship was observed. Thus, truth may come to be regarded as a specific quality of an individual representation, because the reciprocal relation between the elements, in which the truth resides, is lost to view on account of the infinitesimal size of the single element in relation to the sum of representations, which are not, for the moment, in question.

The 'relativity of truth', in the sense that all our knowledge is partial and corrigeable, is often stated with an emphasis that is strangely disproportionate to the obviousness of this incontrovertible fact. What we understand here by this concept of the relativity of truth is evidently quite different: relativity is not a qualification of an otherwise independent notion of truth but is the essential feature of truth. Relativity is the mode in which representations become truth, just as it is the mode in which objects of demand become values. Relativity does not mean -- as in common usage -- a diminution of truth, from which something more might have been expected; on the contrary, it is the positive fulfilment and validation of the concept of truth. Truth is valid, not in spite of its relativity but precisely on account of it.

The great epistemological principles suffer from the difficulty they have -- since they also are a form of knowledge -- in subjecting their own content to the judgment that they pronounce upon knowledge in general. Thus either they are empty or they negate themselves. Dogmatism may base the certainty of knowledge upon some criterion as upon a rock -- but what supports the rock? It must be assumed that certain knowledge is possible if the possibility of certain knowledge is to be derived from that criterion. The assertion of the certainty of knowledge presupposes the certainty of knowledge. Similarly, scepticism may assert as incontrovertible the uncertainty and unreliability of all knowledge or may even assert the impossibility of any truth -- the inner contradiction in the concept of truth; but it must then subject scepticism itself to the findings of this thinking about thought. Here, indeed, is a vicious circle: if all knowledge is fallacious, then so is scepticism itself, and it negates itself.

Finally, critical philosophy may derive all objectivity, all the basic forms of the content of knowledge from the conditions of experience, but it cannot prove that experience itself is valid. The criticism that is levelled at everything transcendental is based upon a presupposition, which cannot be examined in the same critical fashion without having the ground cut away beneath it. Epistemology here encounters a typical hazard. In analysing itself, it judges its own case. It needs a vantage point outside itself, and is confronted with a choice between accepting itself from the test or rule imposed on all other knowledge, thus leaving itself open to attack from behind; or else subjecting itself to the laws and the process which it has discovered and thereby committing an act of circular reasoning, as is clearly illustrated by the self-negation of scepticism. Only a relativistic epistemology does not claim exemption from its own principie; it is not destroyed by the fact that its validity is only relative. For even if it is valid -- historically, factually, psychologically -- only in alternation and harmony with other absolute or substantial principles, its relation to its own opposite is itself only relative. Heuristics, which is only the consequence or the application of the relativistic principle to the categories of knowledge, can accept without contradiction that it is itself a heuristic principle. The question as to the grounding of this principle, which is not incorporated in the principle itself, constitutes no difficulty for relativism, because the ground is removed to infinity. Relativism strives to dissolve into a relation every absolute that presents itself, and proceeds in the same way with the absolute that offers itself as the ground for this new relation. This is a never-ending process whose heuristic eliminates the alternative: either to deny or to accept the absolute. It makes no difference how one expresses it: either that there is an absolute but it can be grasped only by an infinite process, or that there are only relations but that they can only replace the absolute in an infinite process. Relativism is able to make the radical concession that it is possible for the mind to place itself outside itself. The epistemological principles that remained content with one concept and thus excluded the continuing fruitful development of relations ended in self-contradiction: that the mind is supposed to judge itself, that it is either subject to its own definitive statements or exempt from them, and that equally each alternative destroys its validity. But relativism fully accepts the fact that for every proposition there is a higher one that determines whether this proposition is correct. But this second proposition, the logical authority that we ourselves establish, requires -- considered as a psychological process -- further legitimation by a higher proposition for which the same process repeats itself ad infinitum, either by an alternation of the validation between two judgments, or by treating the same content on one occasion as psychological reality, and on another as a logical principle. This view also removes the hazard that other epistemological principles faced, of ending in self-negation by subjecting themselves to their own statements. It is not correct to argue that scepticism, by denying the possibility of truth, must itself by untrue, any more than the pessimistic view of the wickedness of all that exists makes pessimism itself a wicked theory. For it is, in fact, the fundamental ability of our mind to judge itself and to establish its own law over itself. This is nothing but the expression or expansion of the basic fact of self-awareness. Our mind has no substantial unity, but only the unity that results from the interaction between the subject and object into which the mind divides itself. This is not an accidental form of the mind, which could be different without changing our essential qualities. It is rather the decisive form of the mind. To have a mind
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means nothing more than to execute this inner separation, to make the self an object, to be able to know oneself. That there is 'no subject without an object, no object without a subject' is realized first within the mind, which raises itself as the knowing subject above itself, as the object known; and by knowing this knowledge of itself, the life of the mind proceeds necessarily in the progressus ad infinitum. Its actual form, its cross-section, as it were, is a circular movement.

The subject knows itself as an object and knows the object as a subject. Relativism as an epistemological principle proves itself by its subordination to its own principle, a process that proves fatal to many absolute principles. Thus relativism expresses most clearly what it is also able to perform for those other principles: the legitimation of the mind's capacity to judge itself, without making the process illusory no matter what the result of this judgment may be. For this setting oneself outside oneself appears now as the basis of the mind; the mind is subject and object at the same time. Only if this infinite process of knowing itself and judging itself is cut at any one link, which then confronts all the others as an absolute, does it become self-contradictory, in the sense that knowledge judging itself claims exemption for itself from the content of this judgment in order to pass judgment on it.

The relativistic view has often been considered as a degradation of the value, reliability and significance of things, regardless of the fact that only the naive adherence to something absolute, which is here questioned, could put relativism in such a position. In reality, however, it is the contrary that is true; only through the continuous dissolution of any rigid separateness into interaction do we approach the functional unity of all elements of the universe, in which the significance of each element affects everything else. Consequently, relativism is closer than one is inclined to think to its extreme opposite - Spinoza's philosophy - with its all-embracing substantia sive Deus. This absolute, which has no other content than the universal concept of being, includes in its unity everything that exists. Individual things no longer have any existence by themselves, since all being is in reality unified in the divine substance, just as the abstract concept of being forms a unity. All particular continuities and substantialities, all second-order absolutes, are so completely merged in that single absolute that one might say: all the contents of the world view have become relativities in a monism such as Spinoza's. The all-embracing substance, the only absolute that remains, can now be disregarded without thereby affecting the content of reality - the expropriator will be expropriated, as Marx says of a process that is similar in form - and nothing remains but the relativistic dissolution of things into relations and processes. The interdependence of things, which relativism establishes as their essence, excludes the notion of infinity only on a superficial view, or if relativism is not conceived in a sufficiently radical way. The contrary is indeed true: a concrete infinity seems to me conceivable only in two ways. First, as a rising or falling series, where every link depends upon another, and a third one is dependent upon it - as may be the case with spatial distribution, causal transmission of energy, chronological sequences or logical derivation. Secondly, what this series presents in an extended form is provided in a succinct circular form by interaction. If the effect that one element produces upon another then becomes a cause that reflects back as an effect upon the former, which in turn repeats the process by becoming a cause of retroaction, then we have a model of genuine infinity in activity. Here is an immanent infinity comparable to that of the circle; for the latter also develops only in complete mutuality, by which each part of the circle determines the position of other parts - in contrast with other lines, which also return to their starting point but in which every point is not determined by the interplay of all parts. If infinity is regarded as a substance, or as the measure of an absolute, it always remains something finite though very large. The finiteness of existence is only transcended through the conditioning of every content of being by another content, which in turn is equally conditioned - either by a third factor which undergoes the same process or by an interaction of the two.

This may suffice by way of allusion to a philosophical standpoint which makes possible a final uniformity of interpretation with reference to the variety of things, and which provides a general context for the interpretation of economic value. Since the basic characteristic of all knowable existence, the interdependence and interaction of everything, also refers to economic value and conveys this principle of life to economic material, the essential quality of money now becomes comprehensible. For the value of things, interpreted as their economic interaction, has its purest expression and embodiment in money.

Money as the autonomous manifestation of the exchange relation

Whatever may be the historical origin of money - and this is far from being clearly established - one fact at least is certain, that money did not suddenly appear in the economy as a finished element corresponding to its pure concept. Money can have developed only out of previously existing values in such a way that the quality of money, which forms part of every exchangeable object, was realized to a great extent in one particular object; the function of money was at first still exercised, as it were, in intimate association with its previous value significance. In the next chapter we shall examine whether this genetic connection of money with a non-monetary value has been or can ever be dissolved. At all events, there have been innumerable errors owing to the fact that the essence and significance of money was not conceptually distinguished from the qualities of those values that money evolved by enhancing one of these qualities. We shall first consider money without reference to the material that represents it in substantial form; for the particular qualities that the material adds to money
lead to its being subsumed under those goods to which, as money, it stands in contrast. It can be seen at first glance that money constitutes one party, as it were, and the totality of goods bought by money constitutes the other party; so far as its pure essence is concerned, it must be interpreted simply as money, quite apart from all the secondary qualities that connect it with the contrasting party.

In this sense, money has been defined as 'abstract value'. As a visible object, money is the substance that embodies abstract economic value, in a similar fashion to the sound of words which is an acoustic-physiological occurrence but has significance for us only through the representation that it bears or symbolizes. If the economic value of objects is constituted by their mutual relationship of exchangeability, then money is the autonomous expression of this relationship. Money is the representative of abstract value. From the economic relationship, i.e. the exchangeability of objects, the fact of this relationship is extracted and acquires, in contrast to those objects, a conceptual existence bound to a visible symbol. Money is a specific realization of what is common to economic objects — in the language of the scholastics one might call it universale ante rem, or in re or post rem — and the general misery of human life is most fully reflected by this symbol, namely by the constant shortage of money under which most people suffer.

The money price of a commodity indicates the degree of exchangeability between this commodity and the aggregate of all other commodities. If one conceives of money in the abstract sense, independently of all the consequences of its concrete representation, then a change in money price signifies that the exchange relationship between the particular commodity and the aggregate of all other commodities has changed. If the price of a quantity of A rises from 1 to 2 marks, while the prices of the commodities of B, C, D and E remain stable, this signifies a change in the relationship between A and B, C, D and E which also could be expressed by stating that the price of the latter had fallen, while that of A remained constant. We prefer the first version because of its greater simplicity, just as we say, if a body changes its position, that it has moved — for example, from east to west — whereas the actual change could be described equally well as a change of the environment (including the observer) from west to east, while the particular body remains still. The position of a body is not a quality of the body itself, but is a relationship to other bodies; and in every change of position, these others, as well as the body itself, may be regarded as the active or passive subject. In the same way, since the value of A consists of its relation to the economic cosmos, it would be equally justified and only less convenient to interpret any change in the value of A as a change in B, C, D and E. This relativity, as practised for example in barter, becomes crystallized in money as the expression of value. How this can happen, will be examined later.

The statement that the value of A is 1 mark has purified A of everything that is not economic, i.e. not an exchange relationship to B, C, D and E. This mark, considered as value, is the function of A detached from its carrier, in relation to the other objects of the economy. Everything else that A may be, in itself and independent of this relation, is irrelevant here. Every A₁ or A₂ which differs in quality is equal to A inasmuch as its value is also 1 mark, and because it has the same relation to quantitative exchange to B, C, D and E. Money is simply 'that which is valuable', and economic value means 'to be exchangeable for something else'. All other objects have a specific content from which they derive their value. Money derives its content from its value; it is value turned into a substance, the value of things without the things themselves. By sublimating the relativity of things, money seems to avoid relativity, just as the norms of reality are not subject to the same relativity that dominates reality, not in spite of but because the relations between things, in their independent life, significance and consistency, are the content of these norms. Everything that exists is subject to laws, but the governing laws themselves are not subject to law. It would be to move in a circle to assume that there is a natural law that entails natural laws. I leave it open, however, as to whether this circle is nevertheless legitimate because it is part of the fundamental processes of thought to return to their origin or to aim at an end that lies in infinity. Norms are the types and forms of relativity that develop among, and give form to, the specific phenomena of reality — whether they are termed ideas, as with Plato and Schopenhauer, logos as with the Stoics, the a priori as with Kant or stages in the development of reason as with Hegel. These norms are not relative in the same sense as the objects subjected to them, because they themselves present the relativity of the objects. Thus it becomes comprehensible that money as abstract value expresses nothing but the relativity of things that constitute value; and, at the same time, that money, as the stable pole, contrasts with the eternal movements, fluctuations and equations of the objects. In so far as money does not accomplish this, it does not function according to its pure concept but as a specific object co-ordinated with all others. It would be erroneous to object that, in the business of money-lending and foreign exchange, money is bought for money; and that therefore money, although preserving the purity of its concept, acquires the relativity of individual objects of value, which it was supposed not to have but merely to represent. The fact that money expresses the value relation of valuable objects exempts it from this relation and places it in a different order. By representing the relationship in question and its practical consequences money itself acquires a value by which it not only establishes a relationship to all kinds of concrete values, but can also indicate relations among value quantities within its own domain which excludes tangible objects. One quantum is offered as present money, another as a future promise; one quantum is accepted in one region, the other in another — these are modifications that produce value relationships, unaffected by the fact that the object with whose quantity they deal
represents as a whole the relation between objects whose value significance is quite different.

Analysis of the nature of money with reference to its value stability, its development and its objectivity

From this dual role - outside and within the series of concrete values - there result, as I have said, innumerable difficulties in the practical and theoretical treatment of money. To the extent that money expresses the value relationship between goods, measures them and facilitates their exchange, it enters the world of useful goods as a power of entirely different origin; either as an abstract system of measurement or as a means of exchange which moves between tangible objects as does ether between objects possessing weight. In order to perform these services, which depend upon its position outside all other goods, money has to be a concrete or specific value itself; and by performing these services it becomes such a value. In this manner, it becomes one of the links and conditions in the series with which it is, at the same time, contrasted: its value becomes dependent upon supply and demand; its costs of production exert an influence, however slight, upon its value; it appears in qualitatively different values; etc. The payment of interest is a manifestation of this value which results from the functions of money. Or from another aspect: the dual role of money consists, on the one hand, in measuring the value relations of goods exchanged and, on the other, in being exchanged with these goods and thus itself becoming a quantity subject to measurement. Money is measured by the goods against which it is exchanged and also by money itself. For not only is money paid for by money, as the money market and interest-bearing loans show, but the money of one country becomes the measure of value for the money of another country, as is illustrated by foreign exchange transactions. Money is therefore one of those normative ideas that obey the norms that they themselves represent. All such cases result in first-order complications and circular movements of thought, although these can be resolved: the Cretan who declares that all Cretans are liars, and falling under his own axiom condemns his own statement as a lie; the pessimist who brands the whole world as evil, so that his own theory must be so too; the sceptic who cannot maintain the truth of scepticism because he denies all truth, etc. Thus money stands as the measure, and means of exchange above valuable objects; and because its services initially require a valuable representative and give value to their representative, money is ranked with those objects and is subsumed under the norms that are themselves derived from money.

What is eventually measured as value is not money, which is merely the expression of value, but the objects; and changes in price signify a change in their relations to each other. Money, viewed in terms of its pure function, has not changed its value; but a greater or lesser quantity of money reflects that change itself, abstracted from its representatives and assuming an independent form of expression. This condition of money is obviously the same as what is called its lack of qualities and lack of individuality. Since it stands between individual objects and in an equal relation to each of them, it has to be completely neutral. Here too, money represents the highest stage of development in a continuous series; this series is logically difficult but of great significance for our world view, in which each link, although formed according to the formula of the series and an expression of its inner forces, at the same time differs from the series as a complementing, controlling or opposing power. The starting point of the series is formed by the irreplaceable values whose specific qualities are easily obscured by the analogy with money equivalents. There is a substitute for most things that we own, at least in the widest sense of the word, so that the total value of our existence would remain the same if we were to lose one thing and gain another instead. The sum of happiness can be kept at the same level by a variety of elements. However, in relation to certain objects this exchangeability fails, not only because other possessions cannot give us the same degree of happiness, but because the sense of value is tied to this individual object, and not to happiness, the provision of which the object shares with other objects. It is a mistaken conceptual realism — regarding the general concept as a completely adequate representation of the particular reality — that makes us believe that we experience the value of things by their reduction to a general denominator of value, by reference to a centre of value where values present themselves as quantitatively different, but basically of the same kind. We often value the individual thing because we want exactly this and nothing else, even though something else would perhaps give us the same or even a greater amount of satisfaction. A high degree of sensitivity distinguishes very precisely between the amount of satisfaction that a certain possession provides, through which it becomes comparable and exchangeable with other possessions, and those specific qualities beyond its eudaemonistic effects which may make it just as valuable to us and in that respect completely irreplaceable. This is very well illustrated, with slight modifications, in those cases where personal affections and experiences make a standard and interchangeable object irreplaceable for us. An identical specimen of the same kind does not, under any circumstances, make good the loss. This could better be accomplished by an object belonging to a totally different category of qualities and sentiments, which would not remind us at all of the former object or suggest any comparison! This individual form of value is negated to the extent that objects become interchangeable, so that money — the representative and expression of exchangeability — is the least individual creation of our practical world. To the extent that things are exchanged for money — but not when they are bartered — they share this lack of
individuality. The absence of any inherent worth in an object cannot be more distinctly expressed than by substituting for it, without any sense of inadequacy, a money equivalent. Money is not only the absolutely interchangeable object, each quantity of which can be replaced without distinction by any other; it is, so to speak, interchangeability personified. The two poles between which all values stand are: at one extreme, the absolute individual value whose significance does not lie in any general quantity of value that could also be represented by another object, and whose position in our value system could not be filled by any other object; at the other extreme, that which is clearly interchangeable. Between these two poles things are arranged according to the degree of their replaceability, their position being determined by the extent to which they are replaceable and by the variety of objects that can take their place. This can also be represented by distinguishing in each object the irreplaceable and the replaceable part. Most things participate in both qualities, although we are frequently deceived about this, on the one hand, by the volatility of our transactions, and on the opposite side by narrow-mindedness and stubbornness. Even though those things that are purchasable and replaceable by money probably possess, upon closer scrutiny, qualities whose value cannot be completely replaced by other possessions. The boundaries of our practical world are shown in those cases where one of these qualities is infinitely small: on the one hand, those very few values upon which the individual integrity of our Ego depends, where exchangeability is out of the question; on the other, money—the distilled exchangeability of objects—whose absolute lack of individuality results from the fact that it expresses the relation between things, a relation that persists in spite of changes in the things themselves.

This ability of money to replace every specific economic value—because it is not connected with any of these values but only with the relation into which they may enter—assures the continuity of the series of economic events. This series exists in both the production and the consumption of goods. But this is only the material of the series and still leaves the question of continuity and discontinuity open. Every act of consumption initially breaches the continuity of the economic process, and its relation to production is too unorganized, too much a matter of chance, to preserve the continuity of the line of development. One may conceive this line as an ideal which makes its path through the concrete objects in a manner comparable to the direction of a light beam through the oscillating parts of the ether. Into this stream, which pervades the strictly separated objects and controls their value significance, money now enters in order to compensate for the threatened interruption. By giving money for an object that I want to consume, I fill the gap in the value movement that results, or would result, from my consumption. The primitive forms of exchange of possessions—robbery and gifts—do not allow for such a complement of continuity; in their case, the logical connection in the ideal line of the economic process is, so to speak, interrupted. This connection is established in principle only through the exchange of equivalents, and in fact only through money. Money can compensate for the unevenness that exists in any system of barter, and can fill the gap that results from the removal of the object to be consumed. Obviously, money can attain this practical position within the economic series only through its ideal position outside the series. If money itself were a specific object, it could never balance every single object or be the bridge between disparate objects. Money can enter adequately into the relations that form the continuity of the economy only because, as a concrete value, it is nothing but the relation between economic values themselves, embodied in a tangible substance.

This significance of money shows itself further, in an empirical way, as stability of value, resulting from its interchangeability and lack of specific qualities. This is regarded as one of the outstanding and most useful characteristics of money. The length of the series of economic activities, which is a precondition for the continuity, the integration, and the productivity of the economy, depends upon the stability of the value of money without which long-range calculations, large-scale enterprises and long-term credits would be impossible. So long as one considers only the price fluctuations of a single object, one cannot determine whether the value of the object changes and the value of money remains stable or vice-versa. Stability of money value becomes an objective fact only when price decreases of a commodity or group of commodities are accompanied by price increases elsewhere. A general rise in prices would indicate a decrease in the value of money, and when that occurs the stability of money value is destroyed. This is only possible because money has certain qualities beyond its function as the indicator of the value relations of specific objects; these distinguishing qualities render money an object of the market and subject it to business cycles, quantitative changes and autonomous movements. They deprive money of its absolute position as an expression of relations and force it into a relative position, so that it no longer reflects a relation, but has relations. Only to the extent that money, true to its essence, is isolated from such influences does it have a stable value; from which it follows that price fluctuations do not signify a change in the relations of money to objects, but only changing relations among objects themselves. This implies that an increase in the price of one object corresponds to a fall in the price of another. In so far as money really has the essential quality of value stability, this results from its function of expressing the economic relations between objects—or the relations that render things economically valuable—in abstract quantitative terms, without itself entering into these relations. Thus, the function of money is all the more important, the livelier and more extensive are the changes in economic values. Wherever the values of goods are definitely and permanently fixed, exchange in kind is easily carried on. Money corresponds to the
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Money is nothing but the symbol of this relation, and thus we can understand the fluctuation of prices, whereas the real price is fixed.

The distinctive significance of the developed monetary economy is that the object which represents money is the central object of the relations of exchange. Money is regarded as having the nature of a commodity, but in a borrowed form. It is a symbol of the value of the commodities which are exchanged.

The price of a commodity is determined by the value of the commodities which it is exchanged for. Money, as a symbol of value, is the object of the relations of exchange.

The relations of exchange are not merely relations of a particular commodity, but relations of all commodities. Money is the symbol of the values of all commodities.

The value of money is determined by the value of the commodities which it is exchanged for. The value of a commodity is determined by the value of the commodities which it is exchanged for. Money is the symbol of the value of all commodities.

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despite its indivisibility, by the value unit of a beam, and it appears possible to compose it out of the eightfold, the twelffold and finally the tenfold of our beam. The value of both objects of exchange thus becomes more easily commensurable if one object is divisible; and the value of both objects need not be expressed in terms of one and the same unit. The most developed form of divisibility is attained with exchange against money. Money is that divisible object of exchange, the unit of which is commensurable with the value of every indivisible object; thus it facilitates, or even presupposes, the detachment of the abstract value from its particular concrete content. The relativity of economic objects, which can be recognized only with difficulty in the exchange of indivisible objects - because each of the parties possesses, so to speak, an autonomous value - is brought into relief through the reduction to a common denominator of value, of which money is the most distinctive form.

I have shown earlier that relativity creates the value of objects in an objective sense, because only through relativity are things placed at a distance from the subject. Money is the quintessence and zenith of these two qualities and thus illustrates again their interrelationship. Money can never be enjoyed directly - the exceptions to be treated later negate its specific character! - and it is therefore excluded from any subjective relation. Money objectifies the external activities of the subject which are represented in general by economic transactions, and money has therefore developed as its content the most objective practices, the most logical, purely mathematical norms, the absolute freedom from everything personal. Because money is simply the means to acquire objects, it stands by its very nature at an insurmountable distance from the Ego which craves and enjoys; and in so far as it is the indispensable means between the Ego and the objects, it places the objects, too, at a distance. To be sure, money abolishes this distance again; but by doing so, by transferring the objects to subjective use, it removes them from the objective economic cosmos. The division that has appeared in the original unity of the subjective and the objective is, as it were, embodied in money; but on the other hand, it is the function of money - in accordance with the above-mentioned correlation of distance and proximity - to move the otherwise unattainable closer to us. Exchangeability is the prerequisite of economic values, through which the latter attain their objective mutual relation. It unites in one act the distance and the proximity of what is to be exchanged. It has acquired in money not only its technically perfect means, but also a separate, concrete existence which embraces all its various aspects.

Money as a reification of the general form of existence according to which things derive their significance from their relationship to each other

The philosophical significance of money is that it represents within the practical world the most certain image and the clearest embodiment of the formula of all being, according to which things receive their meaning through each other, and have their being determined by their mutual relations. It is a basic fact of mental life that we symbolize the relations among various elements of our existence by particular objects; these are themselves substantial entities, but their significance for us is only as the visible representatives of a relationship that is more or less closely associated with them. Thus, a wedding ring, but also every letter, every pledge, every official uniform, is a symbol or representative of a moral or intellectual, a legal or political, relationship between men. Every sacramental object embodies in a substantial form the relation between man and his God. The telegraph wires that connect different countries, no less than the military weapons that express their dissension, are such substances; they have almost no significance for the single individual, but only with reference to the relations between men and between human groups that are crystallized in them. Of course, the representation of these relations and connections can itself be regarded as an abstraction, inasmuch as only those elements in it are real whose mutually determined conditions we incorporate in specific concepts. Only metaphysical inquiry, which pursues cognition beyond the limits of empiricism, can possibly eliminate this dualism, by dissolving all substantial elements into interaction and processes, the bearer of which becomes subject to the same fate. But practical consciousness has discovered a form by which the processes of relationship and interaction, in which reality is enacted, can be united with the substantial existence, the necessary form of abstract relations in practice.

The projection of mere relations into particular objects is one of the great accomplishments of the mind; when the mind is embodied in objects, these become a vehicle for the mind and endow it with a livelier and more comprehensive activity. The ability to construct such symbolic objects attains its greatest triumph in money. For money represents pure interaction in its purest form; it makes comprehensible the most abstract concept; it is an individual thing whose essential significance is to reach beyond individualities. Thus, money is the adequate expression of the relationship of man to the world, which can only be grasped in single and concrete instances, yet only really conceived when the singular becomes the embodiment of the living mental process which interweaves all singularities and, in this fashion, creates reality. This significance of money would remain even if the value relativity of economic objects were not an initial fact but a final stage of development. The concept with which we define a phenomenon is often not derived from the phenomenon itself but from a more developed and purer form. We cannot infer the nature of language from the first stammerings of the child; and in defining animal life, it will not disconcert us to find that it is only imperfectly represented at the stage of transition from plant life. Similarly, it is only in the highest phenomena of our mental life that we can sometimes discover the meaning of the lower phenomena; although we may perhaps be unable to trace it in these at all. The pure
concept of a series of phenomena is often an ideal that is never completely realized, the approach towards which, however, makes possible a valid interpretation of the concept.

The significance of money, that it expresses the relativity of objects of demand through which they become economic values, is not negated by the fact that money also has other qualities that diminish and obscure this significance. In so far as these qualities are effective, it is not money proper. Economic value consists in the exchange relationship of objects according to our subjective reaction to them, but the economic relativity of objects develops only gradually from their other meanings and it can never dominate these meanings entirely in the total representation or the total value of an object. The value that objects acquire by their exchangeability, i.e., the metamorphosis through which their value becomes an economic value, emerges more clearly and strongly with the extensive and intensive growth of the economy—a fact that Marx formulates as the elimination of use-value in favour of exchange value in a society based upon commodity production—but this development seems unable to reach its consummation. Only money, in terms of its pure concept, has attained this final stage; it is nothing but the pure form of exchangeability. It embodies that element or function of things, by virtue of which they are economic. It does not comprehend their totality, but it does comprehend the totality of money. In the following chapter I shall examine how far money in its historical manifestations does represent this idea of money, and whether money in operation does not tend, in some degree, towards another point of reference.

CHAPTER 2

The Value of Money as a Substance

I

The intrinsic value of money and the measurement of value

Through all the discussions of the nature of money there runs the question as to whether money, in order to carry out its services of measurement, exchange and representation of values, is or ought to be a value itself; or whether it is enough if money is simply a token and symbol without intrinsic value, like an accounting sum which stands for a value without being one. The whole technical and historical discussion of this question, which involves the most profound issues in the theory of money and value, would be superfluous if it could be decided by a frequently quoted logical argument. A measuring instrument, it is said, has to have the same quality as the object to be measured: a measure of length has to be long, a measure of weight has to be heavy, a measure of space has to have dimensions; consequently, a measure of value has to be valuable. No matter how unrelated two things may be in all other respects, when I measure them against each other they must both have the quality that I am comparing. Any quantitative and numerical equality or inequality that I assert would be meaningless if it did not refer to relative quantities of one and the same quality. Indeed, this identity of qualities must not be of too general a nature; for instance, it is impossible to compare the beauty of a piece of architecture with the beauty of a person, even though both have the quality of beauty. Only the particular architectural or the particular human qualities of beauty make a comparison possible. But even if a common quality is lacking, one might still consider the reaction of the contemplating subject as a basis for comparability. If the beauty of a building and the beauty of a person are comparable in the amount of enjoyment that the contemplation of either one of them affords us, then an identity of qualities
between the state and taxation. Chapter five contains an additional paragraph on page 388 and a small number of more minor additions. The final chapter on the style of life contains the following additions: at page 433 on indeterminate occupations in the metropolis and their personal consequences; at the bottom of page 436 on relations of superiority and money; the extension of a paragraph commencing on the last line of page 447; the paragraph in the middle of page 455 (commencing with 'Generally speaking') on the relation between consumption and production; the extension of the main paragraph on page 457 (commencing with 'It has been emphasised') on non-reciprocal relations; the addition on pages 483 from 'It is quite erroneous' to 'the revolt of objects'; the addition from the bottom of page 485 commencing with 'All the sequences to upper middle of 486 ending with 'historical life-sequences'; the addition to the paragraph on page 491 commencing with 'Perhaps this brings about'; the addition to the paragraph on page 503 commencing with 'This implication of changes.'

The changes that were made for the second edition of The Philosophy of Money are significant in their localized context. But even where Simmel made more major revisions to the first chapter, this did not oblige him to change the detailed table of contents for this or any other chapter. That the table of contents remained intact, is confirmation of the fact that the structure and symmetry of the whole work was not fundamentally disturbed. It is perhaps an indication that he was basically satisfied with its main contents. As he had confessed to Rickert, 'this one is really my book'.

David Frisby
1990

NOTES

1 See G. S., 'Momentbilder sub specie aeternitatis. Geld allein macht nicht Glücklich', Jugend, vol. 6, no. 19, 1901, pp. 300–1.
5 G. Simmel, Das Wesen der Materie nach Kant’s Physischer Monadologie, Berlin, Norddeutsche Buchdruckerei, p. 3.
6 See K. C. Köhnke, ‘Murderous Attack Upon Georg Simmel’
8 ibid., p. 1258.
9 ibid., p. 1260.
10 ibid., p. 1264.
12 ibid., p. 136.
15 G. Simmel ‘Zur Psychologie der Mode. Soziologische Studie’, Die Zeit, Vienna, vol. 5, 12 October 1895. This article and all other German articles up to 1900 are now more readily available in H. J. Dahme and D. Frisby (eds), Georg Simmel: Aufsätze und Abhandlungen 1894 bis 1900, Frankfurt, Suhrkamp, 1990.
17 This and other correspondence relating to the development of The Philosophy of Money is to be found in the ‘Editorischer Bericht’ in G. Simmel, Philosophie des Geldes (Gesamtausgabe, vol. 6), op. cit., pp. 725–9, esp. p. 726.
18 ibid.
D. N. Levine), Chicago, Chicago University Press, 1971. The first is the more accurate of the two.
47 J. Simmel, Filosofia Pieniada, Warsaw, Kowalewskiego, 1904.
48 ibid., p. 4. I am grateful to Ada Boddy for this translation.
49 Simmel's influence in sociological and social democratic circles in Russia has hardly been investigated. His work is often cited by authors such as Peter Struve. It is also cited (including The Philosophy of Money) in N. Bukharin, Historical Materialism, Ann Arbor, University of Michigan Press, 1969, first published in 1921. His interpretation of Rodin was criticized by Trotsky. A great number of students from Russia and Eastern Europe attended his lectures in Berlin. Simmel himself visited St Petersburg, where the family had relatives. One such known visit was in late summer of 1898 to St Petersburg and Moscow. He would certainly have informed his contacts there of his project on The Philosophy of Money.
56 I am grateful to Klaus Köhnke for insight into this connection. For the original see M. Lazarus, Ideale Fragen, Berlin, Hofmann, 1879 pp. 126–30. Aside from an essay on 'Tact' (later theme of a Simmel essay), see also M. Lazarus, Über Gespräche (ed. K. C. Köhnke), Berlin, Hensel, 1886, which prefigures the theme of sociability in Simmel's work.
57 On Simmel's contribution to a sociology of the emotions see


This ‘debate’ is worthy of further study. For the various contributions, along with that of Simmel, see G. Schmoller, ‘Die Tatsachen der Arbeitsteilung’, Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft, vol. 13, no. 3, 1889, pp. 57–128; continued as ‘Das Wesen der Arbeitsteilung und der sozialen Klassenbildung’ in ibid., vol. 14, no. 1, pp. 45–105; K. Bücher, ‘Die Arbeitsteilung’ and ‘Arbeitsglierung und soziale Klassenbildung’ in his Die Entstehung der Volkswirtschaft, vol. 1, Tübingen, Laupp, 1919 (12th and 13th eds) (the second of these essays dates from 1892); E. Durkheim, The Division of Labour in Society (trans. W. D. Halls), Basingstoke/London, Macmillan, 1984, (the first edition of this work refers to Schmoller’s and Simmel’s work). In the context of possible sources for The Philosophy of Money, it is worth noting that Simmel’s discussion of rhythm in its last chapter owes something to Karl Bücher, Arbeit und Rhythmus, Leipzig, Hirzel, 1896. It was reviewed by Simmel: see G. Simmel, ‘Karl Bücher. Arbeit und Rhythmus’, Psychologie und Physiologie der Sinnesorgane, vol. 15, 1897, p. 321, where Simmel states that ‘this study by the famous economist is a classic example of the comparative historical method for the understanding of aesthetic phenomena’. Possible sources for the discussion of women and the family would include H. Ploss, Das Weib in der Natur- und Völkerkunde, 6th ed., Leipzig, 1899; E. Westermarck, Geschichte der menschlichen Ehe, Jena, 1893.


Briefly on Simmel and Spencer see my Georg Simmel, op. cit., pp. 71–2, and references there.


63 H. Schurz, Grundrisse einer Entstehungsgeschichte des Geldes, Weimar, Emil Felber, 1898. Here, an equally unverified possible source for historical material on some historical examples for the changes in peasant labour relations (in ch. 4) may be, G. F. Knapp, Die Bauernbefreiung und die Ursprung der Landarbeiter in den älteren teilen Preussens, 1897. The Gasse bibliography (B.4) gives a review of the book possibly attributable to Simmel. An indication that Simmel had certainly read the work is the discussion in G. Simmel, Die Probleme der Geschichtsphilosophie, Leipzig Duncker & Humbolt, 1892, pp. 8f. Simmel was also acquainted with Max Weber’s work on East Elbe. See K. C. Köhnke, Wissenschaft und Politik in den Sozialwissenschaftlichen Studentenvereinigungen der 190er Jahre in O. Rammstedt (ed.), Simmel und die frühen Sozialen, op. cit., pp. 308–41, esp. p. 312.

64 See E. V. Böhm-Bawerk, Karl Marx and the Close of His System, op. cit.

65 Most notably in the section on alienation in production and consumption, where it has been suggested that Simmel anticipated Marx’s then unknown Paris Manuscripts.


70 H. Gossen, Entwicklung der Gesetze des menschlichen Verkehrs und der daraus fließenden Regeln für das menschliche Handeln, Braunschweig, 1854.


72 On fashion see present text, p. 461–2; on aesthetics see pp. 474f.

73 On Simmel’s text in this context, see B. S. Green, Literary Methods and Sociological Theory, op. cit., ch. 5 and appendix 1.


75 See p. 56.

76 These changes are detailed in the critical edition of Philosophie des Geldes, op. cit., pp. 731–84.