

EXCHANGE

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MOST RELATIONSHIPS among men can be considered under the category of exchange. Exchange is the purest and most concentrated form of all human interactions in which serious interests are at stake.

Many actions which at first glance appear to consist of mere unilateral process in fact involve reciprocal effects. The speaker before an audience, the teacher before a class, the journalist writing to his public—each appears to be the sole source of influence in such situations, whereas each of them is really acting in response to demands and directions that emanate from apparently passive, ineffectual groups. The saying "I am their leader, therefore I must follow them" holds good for politicians the world over. Even in hypnosis, which is manifestly the most clear-cut case where one person exercises influence and the other shows total passivity, reciprocity still obtains. As an outstanding hypnotist has recently stressed, the hypnotic effect would not be realized were it not for a certain ineffable reaction of the person hypnotized back on the hypnotist himself.

Interaction as Exchange

Now every interaction is properly viewed as a kind of exchange. This is true of every conversation, every love (even when

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required unfavorably), every game, every act of looking one another over. It might seem that the two categories are dissimilar, in that in interaction one gives something one does not have, whereas in exchange one gives only what one does have, but this distinction does not really hold. What one expends in interaction can only be one's own energy, the transmission of one's own substance. Conversely, exchange takes place not for the sake of an object previously possessed by another person, but rather for the sake of one's own feeling about an object, a feeling which the other previously did not possess. The meaning of exchange, moreover, is that the sum of values is greater afterward than it was before, and this implies that each party gives the other more than he had himself possessed.

Interaction is, to be sure, the broader concept, exchange the narrower one. In human relations, however, interaction generally appears in forms which lend themselves to being viewed as exchange. The ordinary vicissitudes of daily life produce a continuous alternation of profit and loss, an ebbing and flowing of the contents of life. Exchange has the effect of rationalizing these vicissitudes, through the conscious act of setting the one *for* the other. The same synthetic process of mind that from the mere juxtaposition of things creates a with-another and for-another—the same ego which, permeated by sense data, informs them with its own unified character—has through the category of exchange seized that naturally given rhythm of our existence and organized its elements into a meaningful nexus.

The Nature of Economic Exchange

Of all kinds of exchange, the exchange of economic values is the least free of some tinge of sacrifice. When we exchange love for love, we release an inner energy we would otherwise not know what to do with. Insofar as we surrender it, we sacrifice no real utility (apart from what may be the external consequences of involvement). When we communicate intellectual matters in conversation, these are not thereby diminished. When we reveal a picture of our personality in the course of taking in that of others,

this exchange in no way decreases our possession of ourselves. In all these exchanges the increase of value does not occur through the calculation of profit and loss. Either the contribution of each party stands beyond such a consideration, or else simply to be allowed to contribute is itself a gain—in which case we perceive the response of the other, despite our own offering, as an unearned gift. In contrast, economic exchange—whether it involves substances, labor, or labor power invested in substances—always entails the sacrifice of some good that has other potential uses, even though utilitarian gain may prevail in the final analysis.

The idea that all economic action is interaction, in the specific sense of exchange that involves sacrifice, may be met with the same objection which has been raised against the doctrine that equates all economic value with exchange value. The point has been made that the totally isolated economic man, who neither buys nor sells, would still have to evaluate his products and means of production...—would therefore have to construct a concept of value independent of all exchange—if his expenditures and results were to stand in proper relation to one another. This fact, however, proves exactly what it is supposed to disprove, for all consideration whether a certain product is worth enough to justify a certain expenditure of labor or other goods is, for the economic agent, precisely the same as the appraisal which takes place in connection with exchange.

In dealing with the concept of exchange there is frequently a confusion of thought which leads one to speak of a relationship as though it were something external to the elements between which it occurs. Exchange means, however, only a condition of or a change within each of these elements, nothing that is *between* them in the sense of an object separated in space between the two other objects. When we subsume the two acts or changes of condition which occur in reality under the concept "exchange," it is tempting to think that with the exchange something has happened in addition to or beyond that which took place in each of the contracting parties.

This is just like being misled by the substantive concept of "the kiss" (which to be sure is also "exchanged") into thinking

that a kiss is something that lies outside of the two pairs of lips, outside of their movements and sensations. Considered with reference to its immediate content, exchange is nothing more than the causally connected repetition of the fact that an actor now has something which he previously did not have, and for that has lost something which he previously did have.

That being the case, the isolated economic man, who surely must make certain sacrifices in order to gain certain fruits, behaves exactly like the one who makes exchanges. The only difference is that the party with whom he contracts is not a second free agent, but the natural order and regularity of things, which no more satisfy our desires without a sacrifice on our part than would another person. His calculations of value, in accordance with which he governs his actions, are generally the same as in exchange. For the economic actor as such it is surely quite immaterial whether the substances or labor capacities which he possesses are sunk into the ground or given to another man, if what he gains from the sacrifice is exactly the same in both cases.

This subjective process of sacrifice and gain within the individual psyche is by no means something secondary or imitative in relation to interindividual exchange. On the contrary, the give-and-take between sacrifice and attainment within the individual is the fundamental presupposition and, as it were, the essence of every two-sided exchange. The latter is only a subspecies of the former; that is, it is the sort in which the sacrifice is occasioned by the demand of another individual, whereas the sacrifice can be occasioned by things and their natural properties with the same sort of consequences for the actor.

It is extremely important to carry through this reduction of the economic process to that which takes place *in actuality*, that is, within the psyche of every economic actor. We should not let ourselves be misled because in exchange this process is reciprocal, conditioned by a similar process within another party. The natural and "solipsistic" economic transaction goes back to the same fundamental form as the two-sided exchange: to the process of balancing two subjective events within an individual. This is basically unaffected by the secondary question whether the process is in-

stituted by the nature of things or the nature of man, whether it is a matter of purely natural economy or exchange economy. All feelings of value, in other words, which are set free by producible objects are in general to be gained only by foregoing other values. Such self-denial consists not only in that indirect labor for ourselves which appears as labor for others, but frequently enough in direct labor on behalf of our own personal ends.

Exchange as a Creative Process

This consideration makes it particularly clear that exchange is just as productive, as creative of values, as is so-called production. In both cases it is a matter of securing goods at the cost of others which one gives up, and in such a manner that the end result yields a surplus of satisfactions over what obtained before the action. We can create neither matter nor energy anew, but only so attack the given that as many quanta as possible ascend from the realm of reality to the realm of value as well. This formal displacement of given materials is effected by exchange between men just as by the exchange with nature which we name production. Both therefore belong to the same category of value: both involve filling the space vacated by some surrendered thing with an object of greater value. Only by virtue of this movement do objects become detached from the needing and enjoying ego with which they were fused, and thereby become values.

In one and the same area, value and exchange constitute the foundation of our practical life. This indicates the profound connection between them, such that value is determined by exchange just as the converse is true. Much as our life may appear to be determined by the mechanism and objectivity of things, we can in reality take no step nor think any thought without imparting values to things through our feelings and directing them in relation to our actions.

These actions themselves run their course according to the paradigm of exchange. From the satisfaction of our lowest need to the acquisition of the highest intellectual and religious goods, value must always be offered up in order to obtain a value. What

is starting point and what is consequence here is something that can perhaps not be determined. For either both are inseparable in the fundamental processes, constituting the unity of practical life which we must decompose into separate factors since we cannot directly grasp that unity as such, or else an unending process occurs between both, such that every exchange leads back to a value which in turn leads back to an exchange. The more fruitful and truly illuminating aspect of this, at least for our considerations, is the path from exchange to value, since the converse is better known and more self-evident.

The Significance of Sacrifice

The fact that value is the issue of a process of sacrifice discloses the infinity of riches for which our life is indebted to this basic form. Because we strive to minimize sacrifice and perceive it as painful, we tend to suppose that only with its complete disappearance would life attain its highest level of value. But this notion overlooks the fact that sacrifice is by no means always an external barrier to our goals. It is rather the *inner* condition of the goal and of the way to it. Because we dissect the problematic unity of our practical relations to things into the categories of sacrifice and profit, of obstacle and attainment, and because these categories are frequently separated into differentiated temporal stages, we forget that if a goal were granted to us without the interposition of obstacles it would no longer be the same goal.

The resistance which has to be eliminated is what gives our powers the possibility of proving themselves. Sin, after whose conquest the soul ascends to salvation, is what assures that special "joy in heaven" which those who were upright from the outset do not possess there. Every synthesis requires at the same time an effective analytic principle, which actually negates it (for without this it would be an absolute unity rather than a synthesis of several elements). By the same token every analysis requires a synthesis, in the dissolution of which it consists (for analysis demands always a certain coherence of elements if it is not to amount to a mere congeries without relations). The most bitter enmity is still more

of a connection than simple indifference, indifference still more than not even knowing of one another. In short: the inhibiting countermovement, the diversion of which signifies sacrifice, is often—perhaps, seen from the point of view of elementary processes, even always—the positive presupposition of the goal itself. Sacrifice by no means belongs in the category of the undesirable, though superficially and greed might portray it as such. It is not only the condition of individual values but, in what concerns us here, the economic realm, sacrifice is the condition of all value; not only the price to be paid for individual values that are already established, but that through which alone values can come into being.

Exchange occurs in two forms, which I shall discuss here in connection with the value of labor. All labor is indisputably a sacrifice if it is accompanied by a desire for leisure, for the mere self-satisfying play of skills, or for the avoidance of strenuous exertion. In addition to such desires, however, there exists a quantum of latent work energy which either we do not know what to do with or which presents itself as a drive to carry out voluntary labor, labor called forth neither by necessity nor by ethical motives. The expenditure of this energy is in itself no sacrifice, yet for this quantum of energy there compete a number of demands all of which it cannot satisfy. For every expenditure of the energy in question one or more possible and desirable alternative uses of it must be sacrificed. Could we not usefully spend the energy with which we accomplish task A also on task B, then the first would not entail any sacrifice; the same would hold for B in the event we chose it rather than A. In this utilitarian loss what is sacrificed is not labor, but *non-labor*. What we pay for A is not the sacrifice of labor—for our assumption here is that the latter in itself poses not the slightest hardship on us—but the giving up of task B.

The sacrifice which we make of labor in exchange is therefore of two sorts, of an absolute and a relative sort. The discomfort we accept is in the one case directly bound up with the labor itself, because the labor is annoying and troublesome. In the case where the labor itself is of eudaemonistic irrelevance or even of positive value, and when we can attain one object only at the cost of deny-

ing ourselves another, the frustration is indirect. The instances of happily done labor are thereby reduced to the form of exchange entailing renunciation, the form which characterizes all aspects of economic life.

The Relativity of Value

The idea that objects have established values before they enter into economic transactions, such that each of the two objects involved in a transaction represents a respective profit and loss for the two parties, is valid for describing a fully developed economic system, but not for the elementary processes which lead to its formation. To this view a logical objection can be readily put, for it would seem that two things can have the same value only if each of them already has its own value. The objection seems upheld by the analogous argument that two lines can be equally long only if each of them possesses a determinate length before the comparison. If we look at the matter closely, however, we see that a line possesses this length only at the moment of being compared with another line. A line is not "long" of and by itself. It cannot determine its length by itself, but only through another line by which it is measured, and which it measures as well, although the *result* of the measuring is not determined by the process of measuring, but depends on each of the two independent lines. This is reminiscent of the conception of objective value judgment which I have elsewhere termed metaphysical; namely, from the relation between us and things there emerges a demand to make a definite judgment, the content of which does not lie in the things themselves.

The same is true of judgments of length. The *demand* to make such a judgment emanates, as it were, from things, but the content of this judgment is not indicated by the things; it can only be realized through an act within ourselves. That length is not contained in the individual object but arises out of a process of comparison is easily hidden from us, because from the individual instances of relative length we have abstracted the universal concept of length

—from which the *determinacy* that is indispensable for any concrete length is excluded. We then project this concept back into things, and suppose that they must originally have had *length* even before this could be determined in the individual case through comparison. Out of numerous individual comparisons of length fixed measures are crystallized which are then used to determine the length of all spatial figures, such that these measures, the embodiment, as it were, of that abstract concept of length, seem removed from relativity, since everything is measured by them but they are not themselves measured. To think this is to commit an error no less egregious than to think that the falling apple is attracted by the earth, but not the earth by the apple.

We are further misled into thinking that a line possesses length intrinsically by the fact that its individual *parts* constitute the majority of elements in whose relation the totality consists. Yet were we to imagine that there was only one single line in the whole world, this line would not be "long," since it lacked any correlation with another line—just as one cannot express any determinate measure of the world as a whole, since it has nothing outside itself in relation to which it could have a size. This is the condition of every line insofar as it is regarded without comparison to another line, or without comparison of its parts among themselves: it is neither short nor long, but beyond the category altogether. The lineal analogy, therefore, instead of refuting the conception of the relativity of economic values, serves instead to render it more clear.

The Source of Value

If we regard economic activity as a special case of the universal life-form of exchange, as a sacrifice in return for a gain, we shall find from the very beginning intuit something of what takes place within this form, namely, that the value of the gain is not, so to speak, brought with it, ready-made, but accrues to the desired object, in part or even entirely through the measure of the sacrifice demanded in acquiring it. These cases, which are as frequent as

they are important for the theory of value, seem, to be sure, to harbor an inner contradiction: they have us making a sacrifice of a value for things which in themselves are worthless.

No one in his right mind would forego value without receiving for it at least an equal value; that, on the contrary, an end should receive its value only through the price that we must give for it could be the case only in an absurd world. Yet common sense can readily see why this is so.

The value which an actor surrenders for another value can never be greater, for the subject himself under the actual circumstances of the moment, than that for which it is given. All contrary appearances rest on the confusion of the value actually estimated by the actor with the value which the object of exchange in question usually has or has by virtue of some apparently objective assessment. Thus if someone at the point of death from hunger gives away a jewel for a piece of bread, he does so because the latter is worth more to him under the circumstances than the former. Some particular circumstances, however, are *always* involved when one attaches a feeling of value to an object. Every such feeling of value is lodged in a whole complex system of our feelings which is in constant flux, adaptation, and reconstruction. Whether these circumstances are exceptional or relatively constant is obviously in principle immaterial. Through the fact that the starving man gives away his jewel he shows unambiguously that the bread is worth more to him.

There can thus be no doubt that in the moment of the exchange, of the making of the sacrifice, the value of the exchanged object forms the limit which is the highest point to which the value of the object being given away can rise. Quite independent of this is the question whence that former object derives its exigent value, and whether it may not come from the sacrifices to be offered for it, such that the equivalence between gain and cost would be established a posteriori, so to speak, and by virtue of the latter. We will presently see how frequently value comes into being psychologically in this apparently illogical manner.

Given the existence of the value, however, it is psychologically necessary to regard it, no less than values constituted in every other

way, as a positive good at least as great as the negative of what has been sacrificed for it. There is in fact a whole range of cases known to the untrained psychological observer in which sacrifice not only heightens the value of the goal, but even generates it by itself. What comes to expression in this process is the desire to prove one's strength, to overcome difficulties, indeed often to oppose for the sheer joy of opposition. The detour required to attain certain things is often the occasion, often the cause as well, of perceiving them as values. In human relationships, most frequently and clearly in erotic relations, we notice how reserve, indifference, or rejection inflames the most passionate desire to prevail over these obstacles, and spurs us to efforts and sacrifices which, without these obstacles, would surely seem to us excessive. For many people the aesthetic gain from climbing the high Alps would not be considered worth further notice if it did not demand the price of extraordinary exertion and dangers and thereby acquire character, appeal, and consecration.

The charm of antiques and curios is frequently of the same sort. Even if antiques possess no intrinsic aesthetic or historical interest, a substitute for this is furnished by the mere difficulty of acquiring them: they are worth as much as they cost. It then comes to appear that they cost what they are worth. Furthermore, all ethical merit signifies that for the sake of the morally desirable deed contrary drives and wishes must be combated and given up. If the act occurs without any conquest, as the direct issue of uninhibited impulses, its content may be objectively desirable, but it is not accorded a subjective moral value in the same sense. Only through the sacrifice of the lower and yet so seductive goods does one reach the height of ethical merit; and the more tempting the seductions and the more profound their sacrifice, the loftier the height. If we observe which human achievements attain to the highest honors and evaluations, we find them always to be those which manifest, or at least appear to manifest, the most depth, the most exertion, the most persistent concentration of the whole being—which is to say the most self-denial, sacrifice of all that is subsidiary, and devotion of the subjective to the objective ideal. And if, in contrast with all this, aesthetic production and every-

thing sweet and light, flowing from the naturalness of impulse, unfolds an incomparable charm, this charm derives its special quality from feelings associated with the burdens and sacrifices which are ordinarily required to gain such things. The liability and inexpressible richness of combination of the contents of our minds frequently transform the significance of a connection into its exact converse, somewhat as the association between two ideas follows equally whether they are asserted or denied of each other. We perceive the specific value of something obtained without difficulty as a gift of fortune only on the grounds of the significance which things have for us that are hard to come by and measured by sacrifice. It is the same value, but with the negative sign; and the latter is the primary from which the former may be derived—but not vice versa.

We may be speaking here of course of exaggerated or exceptional cases. To find their counterpart in the whole realm of the economy it seems necessary, first of all, to make an analytic distinction between the universal substance of value, and economic activity as a differentiated form thereof. If for the moment we take value as something given, then in accord with our foregoing discussion the following proposition is established beyond doubt: *Economic value as such does not inhere in an object in its isolated self-existence, but comes to an object only through the expenditure of another object which is given for it.* Wild fruit picked without effort, and not given in exchange, but immediately consumed, is no economic good. It can at most count as such only when its consumption saves some other economic expense. If, however, all of life's requirements were to be satisfied in this manner, so that at no point was sacrifice involved, men would simply not have economic activity, any more than do birds or fish or the denizens of fairyland. Whatever the way two objects, A and B, became values, A becomes an economic value only because I must give B for it, B only because I can obtain A for it. As mentioned above, it is in principle immaterial here whether the sacrifice takes place by transferring a value to another person, that is, through interindividual exchange, or within the circle of the individual's own interests, through a balancing of efforts and results. In articles of commerce

there is simply nothing else to be found other than the meaning each one directly or indirectly has for our consumption needs and the exchange which takes place between them. Since, as we have seen, the former does not of itself suffice to make a given object an object of economic activity, it follows that the latter alone can supply to it the specific difference which we call economic.

This distinction between value and its economic form, is, however, an artificial one. If at first economy appears to be a mere form, in the sense that it presumes values as its contents, in order to be able to draw them into the process of balancing between sacrifice and profit, in reality the same process which forms the presumed values into an economy can be shown to be the creator of the economic values themselves. This will now be demonstrated.

The economic form of the value stands between two boundaries: on the one hand, *desire* for the object, connected with the anticipated feeling of satisfaction from its possession and enjoyment; on the other hand, this *enjoyment* itself which, strictly speaking, is not an economic act. That is, as soon as one concedes, as was shown above, that the immediate consumption of wild fruit is not an economic act and therefore the fruit itself is not an economic value (except insofar as it saves the production of economic values), then the consumption of real economic values is no longer economic, for the act of consumption in the latter case is not distinguishable from that in the former. Whether the fruit someone eats has been accidentally found, stolen, home-grown, or bought makes not the slightest difference in the act of eating and its direct consequences for the eater.

The Process of Value Formation: Creating Objects through Exchange

Now an object is not a value so long as it remains a mere emotional stimulus enmeshed in the subjective process—a natural part of our sensibility, as it were. It must first be separated from this subjective sensibility for it to attain the peculiar significance which we call value. For not only is it certain that desire in and of itself could not establish any value if it did not encounter obstacles

—trade in economic values could never have arisen if every desire was satisfied without struggle or exertion—but even desire itself would never have ascended to such a considerable height if it could be satisfied without further ado. It is only the postponement of satisfaction through impediment, the anxiety that the object may escape, the tension of struggle for it, that brings about the cumulation of desires to a point of intensified volition and continuous striving.

If, however, even the highest pitch of desire were generated wholly from within, we still would not confer value on the object which satisfies it if the object were available to us in unlimited abundance. The important thing in that case would be the total enjoyment, the existence of which guarantees to us the satisfaction of our wishes, but not that particular quantum which we actually take possession of, since this could be replaced quite as easily by another. Even that totality would acquire some sense of value only by virtue of the thought of its possible shortage. Our consciousness would in this case be filled simply with the rhythm of subjective desires and satisfactions, without attaching any attention to the mediating object. Neither need nor enjoyment contains in itself value or economic process. These are actualized simultaneously through exchange between two subjects, each of whom requires some self-denial by the other as a condition of feeling satisfied, or through the counterpart of this process in the solipsistic economy. Through exchange, economic process and economic values emerge simultaneously, because exchange is what sustains or produces the distance between subject and object which transmutes the subjective state of feeling into objective valuation.

Kant once summarized his theory of knowledge in the proposition: "The conditions of experience are at the same time the conditions of the objects of experience." By this he meant that the process we call experience and the concepts which constitute its contents or objects are subject to the same laws of reason. The objects can enter into our experience, that is, can be experienced by us, because they exist as concepts within us, and the same energy which forms and defines the experience manifests itself in the formation of those concepts. In the same spirit we may say here

that the possibility of economy is at the same time the possibility of the objects of economy. The very transaction between two possessors of objects (substances, labor energies, rights) which brings them into the so-called economic relation, namely, reciprocal sacrifice, at the same time elevates each of these objects into the category of value. The logical difficulty raised by the argument that values must first exist, and exist as values, in order to enter into the form and process of economic action, is now removed. It is removed thanks to the significance we have perceived in that psychic relationship which we designated as the distance between us and things. This distance differentiates the original subjective state of feeling into (1) a desiring subject, anticipating feelings, and (2) counterposed to him, an object that is now imbued with value; while the distance, on its side, is produced in the economic realm by exchange, that is, by the two-sided operation of barriers, restraint, and self-denial. Economic values thus emerge through the same reciprocity and relativity in which the *economic condition* of values consists.

Exchange is not merely the addition of the two processes of giving and receiving. It is, rather, something new. Exchange constitutes a third process, something that emerges when each of those two processes is simultaneously the cause and the effect of the other. Through this process, the value which the necessity of self-denial for an object imparts to it becomes an economic value. If it is true that value arises in general in the interval which obstacles, renunciations, and sacrifices interpose between desire and its satisfaction, and if the process of exchange consists in that reciprocally conditioned taking and giving, there is no need to invoke a prior process of valuation which makes a value of an isolated object for an isolated subject. What is required for this valuation takes place in the very act of exchange itself. In empirical reality things are usually provided with the "value sign" the longest when they are involved in exchange. What we are speaking of here, be it understood, is the inner, systematic meaning of the concepts of value and exchange. In historical phenomena this meaning exists only in a rudimentary sense or else it constitutes their ideal meaning. It is not the form in which they actually exist, but the form which they

take when projected on the plane of objective-logical understanding as contrasted with a historical-genetic approach. . . .¹

Primitive Exchange

Still another observation teaches us just as well that exchange is in no way conditioned by a previously established conception of equal values. If one observes the trading behavior of children, of impulsive persons and, according to all appearance, of primitive peoples as well, one finds them giving any possession at all for an object for which they momentarily feel a violent desire, no matter whether the general opinion or their own unhurried reflection would find the price much too high. The reason this does not contradict the stipulation that every exchange must in the consciousness of the subject be an advantageous one is that subjectively this whole action stands *outside the question of the equality or inequality of the objects of exchange*. The notion that every exchange must be preceded by a weighing of losses and gains and at least eventuate in an equilibrating of the two is one of those rationalistic axioms that are so utterly unpsychological. This would require an objectivity regarding one's own desires which the kinds of psychic constitutions to which we have just alluded do not sustain. The undeveloped or prepossessed mind does not gain enough detachment from the momentary surging of his interest to make a comparison. At the moment he only wants the one thing; giving up something else therefore does not have the effect of being a detraction from the satisfaction he seeks. In other words, it does not count as a price.

In view of the mindlessness with which the childlike, inexperienced, impetuous creature appropriates what he immediately desires "at any price," it seems to me most likely that the judgment of equivalence is a later development; the issue of some number

¹ At this point Simmel digresses to refute alternative explanations of value, namely, those which derive value from considerations of utility or scarcity. The factors of utility and scarcity, he argues, do not in themselves generate value, but only when the objects they condition are desired in exchange.—Ed.

of exchanges completed without any weighing. That wholly one-sided, obsessive desire must first have been pacified through actual possession of the object in order to permit other objects to be compared with it. That huge disparity of emphasis between immediate interests and all other concepts and valuations which prevails in the unschooled and ungoverned mind initiates exchange before a judgment about value, that is, about the relation of various quanta of desires to one another, has been formed. The fact that with well-developed concepts of value and tolerable self-control judgments about value equivalence precede the act of exchange must not delude us. The probability is that here, as so often in the case, the rational pattern has developed out of a process that is psychologically the reverse—even within the province of the soul *prosemas* is the last instance of which *psysei* is the first—and that it is the experience of trading on the basis of purely subjective impulses which has then taught us about the relative value of things.

Value and Price

If value is, as it were, the offspring of price, then it seems logical to assert that their amounts must be the same. I refer now to what has been established above, that in each individual case no contrasting party pays a price which to him under the given circumstances is too high for the thing obtained. If, in the poem of Chamisso, the highwayman with pistol drawn compels the victim to sell his watch and ring for three coppers, the fact is that under the circumstances, since the victim could not otherwise save his life, the thing obtained in exchange is actually worth the price. No one would work for starvation wages if, in the situation in which he actually found himself, he did not prefer this wage to not working. The appearance of paradox in the assertion that value and price are equivalent in every individual case arises from the fact that certain conceptions of other kinds of equivalence of value and price are brought into our estimate.

Two kinds of considerations bring this about: (1) the relative stability of the relations which determine the majority of exchange transactions, and (2) the analogies which set still uncertain value-

relations according to the norms of those that already exist. Together these produce the notion that if for a certain object this and that other object were exchange equivalents, then these two objects, or the circle of objects which they define, would have the same position in the scale of values. They also give rise to the related notion that if abnormal circumstances caused us to exchange this object for values that lie higher or lower in the scale, price and value would become discrepant—although in each individual case, considering its circumstances, we would find them actually to coincide. We should not forget that the objective and just equivalence of value and price, which we make the norm of the actual and individual case, holds good only under very specific historical and technical conditions; and that, with the change of these conditions, the equivalence vanishes at once. Between the norm itself and the cases which it defines as either exceptional or standard there is no difference of kind: there is, so to speak, only a quantitative difference. This is somewhat like when we say of an extraordinarily elevated or degraded individual, "He is really no longer a man." The fact is that this idea of man is only an average. It would lose its normative character at the moment a majority of men ascended or descended to that level of character, which would then pass for the generically "human."

To perceive this requires an energetic effort to disentangle two deeply rooted conceptions of value which have substantial practical justification. In relations that are somewhat evolved these conceptions are lodged in two superimposed levels. One kind of standard is formed from the traditions of society, from the majority of experiences, from demands that seem to be purely logical; the other, from individual constellations, from demands of the moment, from the constraints of a capricious environment. Looking at the rapid changes which take place within the latter sphere, we lose sight of the slow evolution of the former and its development out of the sublimation of the latter; and the former seems suitably justified as the expression of an objective proportion. In an exchange that takes place under such circumstances, when the feelings of loss and gain at least balance each other (for otherwise

no actor who made any comparisons at all would consummate the exchange) yet when these same feelings of value are discrepant when measured by those general standards, one speaks of a divergence between value and price. This occurs most conspicuously under two conditions, which almost always go together: (1) when a single value-quality is counted as the economic value and two objects consequently are adjudged equal in value only insofar as the same quantum of that fundamental value is present in them, and (2) when a certain proportion between two values is expected not only in an objective sense but also as a moral imperative.

The conception, for example, that the real value-element in all values is the socially required labor time objectified in them has been applied in both of these ways, and provides a standard, directly or indirectly applicable, which makes value fluctuate positively and negatively with respect to price. The fact of that single *standard of value* in no way establishes how labor power comes to be a value in the first place. It could hardly have done so if the labor power had not, by acting on various materials and fashioning various products, created the possibility of exchange, or if the use of the labor power were not perceived as a sacrifice which one makes for the sake of its fruits. Labor energy also, then, is aligned with the category of value only through the possibility and reality of exchange, irrespective of the fact that subsequently *within* this category of value labor may itself provide a standard for the remaining contents. If the labor power therefore is also the content of every value, it receives its form as value in the first place only because it enters into the relations between sacrifice and gain, or profit and value (here in the narrower sense).

In the cases of discrepancy between price and value the one contracting party would, according to this theory, give a certain amount of immediately objectified labor power for a lesser amount of the same. Other factors, not involving labor power, would then lead the party to complete the exchange, factors such as the satisfaction of a terribly urgent need, amateurish fancy, fraud, monopoly, and so on. In the wider and subjective sense, therefore, the equivalence of value and counter-value holds fast in these cases, and

the single norm, labor power, which makes the discrepancy possible, does not cease to derive the genesis of its character as a value from exchange.

The qualities of objects which account for their subjective desirability cannot, consequently, be credited with producing an absolute amount of value. It is always the relation of desires to one another, realized in exchange, which turns their objects into economic values. With respect to scarcity, the other element supposed to constitute value, this consideration is more directly apparent. Exchange is, indeed, nothing other than the interindividual attempt to improve an unfavorable situation arising out of a shortage of goods; that is, to reduce as much as possible the amount of subjective abstinence by the mode of distributing the available supply. Thereupon follows immediately a universal correlation between what is called scarcity-value (a term justly criticized) and what is called exchange-value.

For us, however, the connection is more important in the reverse direction. As I have already emphasized, the fact that goods are scarce would not lead us to value them unless we could not somehow modify that scarcity. It is modifiable in only two ways: by expending labor to increase the supply of goods, or by giving up objects already possessed in order to make whatever items an individual most desires less scarce for him. One can accordingly say that the scarcity of goods in relation to the desires directed to them objectively conditions exchange, but that it is exchange alone that makes scarcity a factor in value. It is a mistake of many theories of value to assume that, when utility and scarcity are given, economic value—that is, the exchange process—is something to be taken for granted, a conceptually necessary consequence of those premises. In this they are by no means correct. If, for instance, those conditions are accompanied by ascetic resignation, or if they instigated only combat or robbery—which, to be sure, is indeed true often enough—no economic value and no economic life would emerge.

Ethnology teaches us about the astonishing arbitrariness, vacillation, and incongruities which characterize concepts of value in primitive cultures the moment their people are concerned with any-

thing more than the most pressing daily necessities. Now there is no doubt that this phenomenon is caused by—in any event, is connected with—another phenomenon, the primitive man's aversion to economic exchange. Several grounds for this aversion have been asserted. Since primitive man lacks an objective and generally accepted measure of value, he must constantly be afraid of being deceived when trading. Since any product of labor is brought forth by himself and for himself, he externalizes a part of his personality with it and may be giving the evil powers some control over him. Perhaps the aversion of nature people against work stems from the same source. Here, too, a reliable measure is wanting, for the balancing of travail and harvest; also from nature does he fear deception. The objective character of nature stands incalculable and terrifying before him before the time when he engages in tested and regulated exchange with her and thus places his own acts in the distance and category of objectivity. Because he is immersed in the subjectivity of his relations with objects, exchange—with nature as with individuals—which involves objectification of the thing and its value, appears to him as forbidding. It is actually as if the first flicker of consciousness of the object as an object brings with it a feeling of anxiety, as though with this awareness one felt a piece of ego being torn away. Thence the mythological and fetishistic interpretation which objects undergo—an interpretation which not only hypostatizes this anxiety and gives it the only possible intelligibility it can have for primitive man, but also alleviates it and by anthropomorphizing objects, brings them closer again to reconciliation with subjectivity.

Forms of Appropriation and Exchange

This state of affairs serves to explain numerous phenomena, including, first of all, the naturalness and honorableness of robbery, of the subjective and normatively unregulated seizure of what is immediately desired. Long after the Homeric era piracy remained a legitimate occupation in peripheral Greek territories. Indeed, among many primitive peoples armed robbery is held to be superior to honest payment. This latter point of view is thoroughly

understandable: in exchange and payment one is subordinated to an objective norm, which the strong, autonomous personality must defer to, something it often is just not inclined to do. For this reason very aristocratic, self-willed natures disdain commerce. By the same token, however, trade favors peaceable relations among men, because they recognize the intersubjective, uniform objectivity and normative order which it places over them.

As one might suspect, there exists a continuum of intermediate phenomena between the purely subjective mode of changing ownership, exemplified by robbery and the giving of presents, and its purely objective form in trade, in which things are exchanged according to the equivalent quanta of value contained in them. Among these intermediate forms is the traditional pattern of reciprocal giving of gifts. Many peoples have the idea that one may accept a present only if one can requite it with a return present—a retroactive purchase, so to speak. This merges directly into regular exchange when it happens, as often occurs in the Orient, that the seller sends an object to the buyer as a "gift"—but woe to the buyer if he does not send a comparable "countergift." Another intermediate phenomenon of this sort is the universal form of "request work," whereby neighbors or friends assemble to lend assistance when urgently needed without being given any payment for their work. But it is the well-established custom in such instances to provide generous hospitality for those who come to work and if at all possible to give them a small feast; so that, for example, among the Serbs it is reported that only well-to-do individuals can afford to call together a voluntary work force of that sort.

Still today in the Orient and even in many parts of Italy one does not find the concept of the set price which establishes a fixed restraint on the subjective interests of both buyers and sellers. In those places everyone sells as dearly and buys as cheaply as he possibly can. Exchange there is exclusively a subjective transaction between two persons. Its outcome depends only on the cunning, greed, and tenacity of the parties, but not on the thing and its consensually grounded relation to price. Under these circumstances, as a Roman antique dealer explained to me, a business transaction

consists of a process wherein the seller asks too much and the buyer offers too little and they only gradually approach one another to reach an acceptable point. This shows clearly how the objectively set price emerges out of the counterposition of subjects—the whole thing represents an intrusion of precommercial relations into a going exchange economy, but one that has not yet been consistently realized. The element of exchange is already there, it is already an objective event between values—but its implementation is thoroughly subjective, its mode and its quantities depend exclusively on the relation of person equalities.

The Cultural Foundations of Exchange

Herein probably lies the ultimate motive for the sacral forms, the legal guarantees, the various public and traditional assurances which lend support to commerce in all early cultures. They provide the transsubjective element which the nature of exchange demands but which men do not yet know how to establish through the objective relation to the object itself. So long as exchange and the idea that something like the equivalence of values could exist between things were not yet established, no two individuals would have come to an agreement by themselves. Therefore we find in all lands and far into the Middle Ages that commercial transactions take place in public, and above all that units of measure by which the customary wares are exchanged are exactly set and their use is not to be evaded by any pair of parties through private deals.

This sort of objectivity is, to be sure, mechanical and external, supported by motives and forces that lie beyond the realm of individual exchange transactions. Transaction-specific measurement does without such a priori arrangements and takes into account all the particularities which are suppressed by those conventional forms. But the intention and principle of both forms are the same: the transsubjective fixing of values in exchange, an effort which only later finds a more germane, immanent way. The exchange carried out by free and self-sufficient individuals presumes a valuation based on standards that lie in the nature of the things. In the stages that precede this the contents of what is being exchanged

must be fixed in a way that is socially guaranteed, for otherwise individuals would lack any stable point for evaluating objects. The same motive doubtless accounts for the social regulation of the direction and procedures of primitive labor, demonstrating once more the essential similarity between exchange and work, or more accurately, the subsumption of the latter under the former concept.

The manifold connections between what is objectively valid (valid practically as well as theoretically) and its social meaning and recognition often appear historically in the following way as well. Social interaction, expansion, and normative order provide the individual with that dignity and stability of life contents which they later attain as a matter of substantive right and demonstrable fact. Thus a child believes in something not because of intrinsic reasons but because he trusts the persons who communicate it to him: not something, but *someone* is believed. In matters of taste, similarly, we are dependent on fashion, that is, on the social dissemination of actions and judgments until, later on, we know enough to pass aesthetic judgment on the thing itself. Thus, too, the necessity for the individual to transcend himself and thereby to attain a solid, stable, supraindividual orientation in matters of law, knowledge, and morality is first manifest as the force of tradition. In place of this initially indispensable social regulation, which to be sure transcends the individual subject but not subjects in general, another type of standardization gradually develops from the knowledge of *things* and the apprehension of ideal norms. The external elements which we need for our orientation take the more readily accessible form of social generality before they come to us as the objective characteristics of realities and of ideas.

In this sense which holds true of all cultural development, then, exchange is originally a matter of social arrangements, until individuals become sufficiently acquainted with objects and their respective values to be able to set the terms of exchange from case to case. There may be doubt that these socially legislated rates which govern trade in all undeveloped cultures could only have resulted from numerous previous transactions which initially took place in irregular and unfixd form among individuals. This objection holds for exchange, however, no more than it does for lan-

guage, custom, law, religion—in short, for all the fundamental forms of life which emerge from and regulate the group as a whole. For a long time these forms, too, could only be explained as the inventions of individuals, whereas they surely arose from the very beginning as interindividual formations, as the product of interaction between individual and collectivity, so that no individual is to be credited with their origin.

I hold it to be completely possible that the forerunner of socially fixed exchange was not individual exchange, but a form of transfer of possessions that was not exchange at all—something like robbery. Interindividual exchange would then have been nothing other than a peace treaty; exchange, and exchange under fixed terms, would then have emerged as a single reality. An analogy to this would be provided by cases where primitive stealing of wives has preceded an exogamous peace treaty with neighbors, which legitimates and regulates the sale and exchange of women. The radically new marriage form introduced thereby is thus immediately set in a way that structures the choice of individuals. One does not need to assume the prior existence of a number of separate arrangements of the same sort among individuals, but rather a social regulation appears with the new marriage form at one and the same time. It is a prejudice to think that every socially regulated relationship must have developed historically out of relationships that are similar in content but appear only in individualistic, socially unregulated forms. The phenomenon can just as well have been preceded by the same content in a social form of a *wholly different kind*. The antecedents of exchange are the subjective forms of appropriation of alien possessions, robbery and gift-giving—just as presents given to the chief and penalties imposed by the chief represent forstages of taxation. Social regulation appears as the first suprasubjective possibility which is reached in the course of this development, and this in turn prepares the way for objectivity in the factual sense. Only through this prior stage of societal regulation does there develop in that free transfer of possessions between individuals the condition of objectivity, which is the essence of exchange.

From all the foregoing it appears that exchange is a sociologi-

cal structure *sui generis*, a primary form and function of interindividual life. By no means does it follow logically from those qualitative and quantitative properties of things which we call utility and scarcity. On the contrary, both these properties derive their significance as generators of value only under the presupposition of exchange. Where exchange, offering a sacrifice for the sake of a gain, is impossible for any reason, no degree of scarcity of a desired object can convert it to an economic value until the possibility of that relation reappears.

The meaning that an object has for an individual always rests solely in its desirability. For whatever an object is to accomplish for us, its qualitative character is decisive. When we possess it, it is a matter of indifference whether in addition there exist many, few, or no other specimens of its kind. (I do not distinguish here those cases in which scarcity itself is a kind of qualitative property which makes the object desirable to us, such as old postage stamps, curiosities, antiques without aesthetic or historical value, etc.) The sense of difference, incidentally, important for enjoyment in the narrower sense of the word, may be everywhere conditioned by a scarcity of the object, that is, by the fact that it is not enjoyed everywhere and at all times. This inner psychological condition of enjoyment, however, is not a practical factor, because it would have to lead not to the overcoming of scarcity but to its conservation, its increase even—which is patently not the case. The only relevant question apart from the direct enjoyment of things for their qualities is the question of the way to it. As soon as this way is a long and difficult one, involving sacrifices in patience, disappointment, toil, inconvenience, feats of self-denial, and so on, we call the object "scarce." One can express this directly: things are not difficult to obtain because they are scarce, but they are scarce because they are difficult to obtain. The inflexible external fact that the supply of certain goods is too small to satisfy all our desires for them would be in itself insignificant. There are many objectively scarce things which are not scarce in the economic sense of the term. Whether they are scarce in this sense depends entirely upon what measure of energy, patience, and devotion is necessary for

their acquisition—sacrifices which naturally presume the desirability of the object.

The difficulty of attainment, that is, the magnitude of the sacrifice involved in exchange, is thus the element that peculiarly constitutes value. Scarcity constitutes only the outer appearance of this element, only its objectification in the form of quantity. One often fails to observe that scarcity, purely as such, is only a negative property, an existence characterized by nonexistence. The nonexistent, however, cannot be operative. Every positive consequence must be the issue of a positive property and force, of which that negative property is only the shadow. These concrete forces are, however, manifestly the only ingredients of exchange. The aspect of concreteness is in no wise reduced because we are not dealing here with individuals as such. Relativity among things has a peculiar property: it involves reaching out beyond the individual, it subsists only within a plurality, and yet it does not constitute a mere conceptual generalization and abstraction.

Herewith is expressed the profound relation between relativity and society, which is the most immediate demonstration of relativity in regard to the material of humanity: society is the singular structure which is nonetheless not abstract. Through this concept historical life is spared the alternatives of having to run either in mere individuals or in abstract generalities. Society is the generality that has, simultaneously, concrete vitality. From this can be seen the unique meaning which exchange, as the economic realization of the relativity of things, has for society. It lifts the individual thing and its significance for the individual man out of their singularity, not into the sphere of the abstract but into the liveliness of interaction, which is, so to speak, the body of economic value. We may examine an object ever so closely with respect to its self-sufficient properties, but we shall not find its economic value. For this consists exclusively in the *reciprocal relationship* which comes into being among several objects on the basis of these properties, each determining the other and each returning to the other the significance it has received therefrom.