A note before anything else: The term “communism” in Proudhon’s text is a translation of “communauté,” which isn’t “communism” as we would understand it:

“[[11]](https://theanarchistlibrary.org/library/anarcho-proudhon-s-constituted-value-and-the-myth-of-labour-notes#fn_back11) This term (communauté) is often translated as ‘communism’ but in reality Proudhon was referring to the schemes of such utopian socialists as Fourier and Saint-Simon. These communities did not aim to abolish money nor, for that matter, end property income. Proudhon objected to these highly regulated systems because ‘the community is proprietor, and proprietor not only of the goods, but of the persons and wills.’ (‘What is Property?’, Property is Theft!, 131) A large part of System of Economic Contradictions including Chapter XII (which is entitled ‘La Communauté’ and dedicated to critiquing it) is directed against those socialists who presented visions of ideal communities instead of basing their ideas on developments within current society which pointed beyond it, a position Marx later echoed.”

- https://theanarchistlibrary.org/library/anarcho-proudhon-s-constituted-value-and-the-myth-of-labour-notes#fn11

**Karl Marx. The Poverty of Philosophy. 1847**

### Chapter One: A Scientific Discovery

### 1. The Antithesis of Use Value and Exchange Value

“The capacity for all products, whether natural or industrial, to contribute to man’s subsistence is specifically termed use value; their capacity to be given in exchange for one another, exchange value.... How does use value become exchange value?... The genesis of the idea of (exchange) value has not been noted by economists with sufficient care. It is necessary, therefore, for us to dwell upon it. Since a very large number of the things I need occur in nature only in moderate quantities, or even not at all, I am forced to assist in the production of what I lack. And as I cannot set my hand to so many things, I shall propose to other men, my collaborators in various functions, to cede to me a part of their products in exchange for mine."

(Proudhon, Vol. I, Chap.II)

I think the above is actually a combination of a few paragraphs from the beginning of Chapter II, so I’ll just include my commentary on those paragraphs:

**Value is the corner-stone of the economic edifice.** The divine artist who has entrusted us with the continuation of his work has explained himself on this point to no one; but the few indications given may serve as a basis of conjecture. **Value, in fact, presents two faces: one, which the economists call value in use, or intrinsic value; another, value in exchange, or of opinion. The effects which are produced by value under this double aspect, and which are very irregular so long as it is not established, — or, to use a more philosophical expression, so long as it is not constituted, -are changed totally by this constitution.**

Since “value” refers to two types of value (use value and exchange value), it is difficult to know its effects if it is not constituted. And when it does become constituted, value’s effects are changed by that very constitution.

Now, **in what consists the correlation between useful value and value in exchange? What is meant by constituted value, and by what sudden change is this constitution effected? To answer these questions is the object and end of political economy. *I beg the reader to give his whole attention to what is to follow, this chapter being the only one in the work which will tax his patience*.** For my part, I will endeavor to be more and more simple and clear.

**Everything which can be of any service to me is of value to me, and the more abundant the useful thing is the richer I am:** so far there is no difficulty. Milk and flesh, fruits and grains, wool, sugar, cotton, wine, metals, marble; in fact, land, water, air, fire, and sunlight, — are, relatively to me, values of use, values by nature and function. **If all the things which serve to sustain my life were as abundant as certain of them are, light for instance, — in other words, if the quantity of every valuable thing was inexhaustible, — my welfare would be forever assured: I should not have to labor; I should not even think. In such a state, things would always be useful, but it would be no longer true to say that they ARE VALUABLE; for value, as we shall soon see, indicates an essentially social relation; and it is solely through exchange, reverting as it were from society to Nature, that we have acquired the idea of utility. The whole development of civilization originates, then, in the necessity which the human race is under of continually causing the creation of new values**; just as the evils of society are primarily caused by the perpetual struggle which we maintain against our own inertia. Take away from man that desire which leads him to think and fits him for a life of contemplation, and the lord of creation stands on a level with the highest of the beasts.

We wouldn’t have a notion of “value” without existing as social creatures. We would know what was useful to us, but we wouldn’t think in terms of value. When we begin to exchange things with each other, we then reconsider all those things that we had found personally useful in a new way, we consider them according to a society based on exchange. It is through our exchanges with each other that mere personal usefulness becomes any sort of value at all. Both “use value” and “exchange value” emerge from this situation, together, and inseparably.

**But how does value in use become value in exchange?** For it should be noticed that **the two kinds of value, although coexisting in thought (since the former becomes apparent only in the presence of the latter), nevertheless maintain a relation of succession: exchangeable value is a sort of reflex of useful value**; just as the theologians teach that in the Trinity the Father, contemplating himself through all eternity, begets the Son. **This generation of the idea of value has not been noted by the economists with sufficient care:** it is important that we should tarry over it.

**Since, then, of the objects which I need, a very large number exist in Nature only in moderate quantities, or even not at all, I am forced to assist in the production of that which I lack; and, as I cannot turn my hand to so many things, I propose to other men, my collaborators in various functions, to yield me a portion of their products in exchange for mine. I shall then always have in my possession more of my own special product than I consume; just as my fellows will always have in their possession more of their respective products than they use. This tacit agreement is fulfilled by commerce. Here we may observe that the logical succession of the two kinds of value is even more apparent in history than in theory, men having spent thousands of years in disputing over natural wealth (this being what is called primitive communism) before their industry afforded opportunity for exchange.**

After explaining why both “use value” and “exchange value” emerge simultaneously within the milieu of exchange, Proudhon focuses on the progression from “disputing over natural wealth” to “commerce;” from “primitive communism” to something more productive and specialized. First, he is explaining that human beings “disputed” over natural wealth. In other words, they competed for natural resources. But they also had to collaborate to produce things too because none of them can rely solely on natural resources, nor could any of them produce everything they need individually. This takes the form of specialization, where some people will produce a surplus of certain products while other people produce a surplus of other products. In other words, the division of labor first emerges from the need for human beings to produce to meet their needs and this production was interdependent. Then, since this division of labor results not only in subsistence, but eventually creates surplus product, those surpluses are exchanged commercially. This is only the first time Proudhon touches on the Division of Labor, on specialization.

But how does Marx interpret the segment he quotes?

M. Proudhon undertakes to explain to us first of all the double nature of value, the “distinction in value,” the process by which use value is transformed into exchange value. It is necessary for us to dwell with M. Proudhon upon this act of transubstantiation. The following is how this act is accomplished, according to our author.

A very large number of products are not to be found in nature, they are products of industry. If man’s needs go beyond nature’s spontaneous production, he is forced to have recourse to industrial production. – So far, not bad… What is this industry in M. Proudhon’s view? What is its origin? A single individual, feeling the need for a very great number of things, “cannot set his hand to so many things.” So many things to produce presuppose at once more than one man’s hand helping to produce them. – Sure, Proudhon writes in the singular here. Now, the moment you postulate more than one hand helping in production, you at once presuppose a whole production based on the division of labour. – but which mode of division? Thus need, as M. Proudhon presupposes it, itself presupposes the whole division of labour. – no, “need” only presupposes scarcity. In presupposing the division of labour, you get exchange, and, consequently, exchange value. One might as well have presupposed exchange value from the very beginning.- Exchange value *was* presupposed from the very beginning! But why? It’s because Proudhon is responding to the priority that political economists of his time had given to this concept of value.

But M. Proudhon prefers to go the roundabout way. Let us follow him in all his detours, which always bring him back to his starting point.-They’re meant to, since they’re regressions from that starting point.

In order to emerge from the condition in which everyone produces in isolation and to arrive at exchange, “I turn to my collaborators in various functions,” says M. Proudhon. I, myself, then, have collaborators, all with different function. And yet, for all that, I and all the others, always according to M. Proudhon’s supposition, have got no farther than the solitary and hardly social position of the Robinsons. The collaborators and the various functions, the division of labour and the exchange it implies, are already at hand.- Proudhon does articulate collaboration in production as a form of exchange between specialists, but is that really what he thinks? Is this really the epitome of how Proudhon understands the evolution of the division of labor? Or, as I have interpreted all this, is Proudhon merely explaining how the concepts of “use value” and “exchange value” both originate within a milieu of exchange, with its specializations, its divisions of labor?

To sum up: I have certain needs which are founded on the division of labour and on exchange. In presupposing these needs, M. Proudhon has thus presupposed exchange, exchange value, the very thing of which he purposes to “note the genesis with more care than other economists.”- The genesis that Proudhon sets out to note with more care than economists is the genesis of “use value” and “exchange value” as concepts. He isn’t setting out to explain the emergence of exchange, only the concepts of value that are a result of that situation. Yes, we could say that Proudhon presupposes the historical conditions that lead to such a situation; or, we could follow from what Proudhon already stated was his focus: to critique “the corner-stone of the economic edifice” …to critique the notion of value that was central to political economy at the time.

M. Proudhon might just as well have inverted the order of things, without in any way affecting the accuracy of his conclusions. To explain exchange value, we must have exchange. To explain exchange, we must have the division of labour. To explain the division of labour, we must have needs which render necessary the division of labour. To explain these needs, we must “presuppose” them, which is not to deny them – contrary to the first axiom in M. Proudhon’s prologue: “To presuppose God is to deny him.” (Prologue, p.1)

So Marx is annoyed with the direction of Proudhon’s analysis? Proudhon is using a regressive method. He begins from the notion of value as used by contemporary political economists. He regresses logically from that notion to what necessarily precedes it. Marx seems to think that there is something wrong with this and a progressive method is called for, where one begins at the origin of human history and demonstrates how each step towards some end progresses. Is that really necessary though? Both methods are valid if used correctly. It depends on the goal. We really only need a progressive method when we’re dealing with goal-oriented behavior because we need to understand how choices are being made in the context that they are made in. Sartre talks about this at length in *Critique of Dialectial Reason*. Where Proudhon *does* provide us with something that looks like progressive explanation, he obviously isn’t trying to give us a history. What he is giving us is a description of individual incentives in an exchange society. He is describing the logical progression of those incentives, not a progressive history of the emergence of exchange. The only time so far that Proudhon has stepped outside of his current epoch was to say this:

“Here we may observe that the logical succession of the two kinds of value is even more apparent in history than in theory, men having spent thousands of years in disputing over natural wealth (this being what is called primitive communism) before their industry afforded opportunity for exchange.”

In the first half of the sentence, he makes it clear that what he had previously described is a “logical succession”. Then he claims that you can see this logic play out in history. Finally, the history he points to is a generic progression from primitive communism to societies based on exchange. There isn’t much we should be expected to get from this half-sentence, which is more of a reference to a history than an articulation of that history. What we know he is definitely saying with this though is that human beings lived together in the past and that there is a history that precedes exchange.

**Marx’s overall claims above:**

1. Proudhon begins his analysis from the single mode, from the atomic individual. An individual ripped from the context of history and the society of which any individual is in some measure composed of.
2. It isn’t clear why Proudhon begins where he begins. Why begin from exchange value, or from the division of labor?
3. Need itself presupposes the whole division of labor, exchange, and thus exchange value.

**Proudhon’s thoughts on these matters:**

1. Proudhon *does not* begin his analysis at the figure of the individual producer. Maybe his first few paragraphs take this form, but that isn’t his only method of explanation. Proudhon begins his analysis from the concept of “value”. Here are some quotes to demonstrate:
	1. “value, as we shall soon see, indicates an essentially social relation” – This is the first sentence of the chapter…
	2. “The whole development of civilization originates, then, in the necessity which the human race is under of continually causing the creation of new values”
	3. “Here we may observe that the logical succession of the two kinds of value is even more apparent in history than in theory, men having spent thousands of years in disputing over natural wealth (this being what is called primitive communism) before their industry afforded opportunity for exchange.”
	4. “Such, then, is the path of economic progress: at first, appropriation of the land and natural values; then, association and distribution through labor until complete equality is attained.”
	5. “the object of our inquiry is not the standard of value, as has been said so often and so foolishly, but the law which regulates the proportions of the various products to the social wealth”
	6. Many, many more quotes could be added from the same chapter Marx is concerned with here.

Anyway, while there are indeed arguments presented at the scale of individuals, Proudhon relies on other scales and collectivities in his analysis. For example, here he is using “producer” and “consumer” groups to argue the point of exchange value’s *contradictory* nature:

 “In the preceding examples the useful value exceeds the exchangeable value: in other cases it is less. Then the same phenomenon is produced, but in the opposite direction: the balance is in favor of the producer, while the consumer suffers.”

Here he uses “buyer” and “seller”:

 “Whatever the abundance of created values and the proportion in which they exchange for each other, in order that we may exchange our products, mine must suit you when you are the buyer, and I must be satisfied with yours when you are the seller.”

Proudhon employs notions of nature and its conditions of abundance and/or scarcity in relation to the primary *social* questions as well.

1. Proudhon begins where he does because he claims that economists have recognized the *double aspect* of value (use value and exchange value), but they have not understood how this structure is more than merely correlated: they are contradictory. Additionally, Proudhon claims that an understanding of *constituted value* is “the object and end of political economy”. So he is beginning with this analysis to answer political economy’s primary questions. This starting place is not an indication of Proudhon’s *method* or theory of historical developments. It is only an indication that Proudhon wants to begin with political economy’s top priorities. He is approaching the entire topic from its central concern and not approaching it by elucidating the actual history of economic development.
	1. “value, as we shall soon see, indicates an essentially social relation” – Again, this is **the first sentence of the chapter**…
	2. “The economists have very clearly shown the double character of value, but what they have not made equally plain is its contradictory nature. Here begins our criticism.”
	3. “Now, as the idea of value is the point of departure of political economy, it follows that all the elements of the science — I use the word science in anticipation — are contradictory in themselves and opposed to each other: so truly is this the case that on every question the economist finds himself continually placed between an affirmation and a negation alike irrefutable.”
2. Marx’s confusion here about how “need” is basically just more of the same. Marx wants a progressive description of how needs emerge and what he gets from Proudhon instead is a regressive explanation of the logical necessitates required for value to exist.

How does M. Proudhon, who assumes the division of labour as the known, manage to explain exchange value, which for him is always the unknown?

“A man” sets out to “*propose* to other men, his collaborators in various functions,” that they establish exchange, and make a distinction between ordinary value and exchange value. In accepting this proposed distinction, the collaborators have left M. Proudhon no other “care” than that of recording the fact, or marking, of “noting” in his treatise on political economy “the genesis of the idea of value.” But he has still to explain to us the “genesis” of this proposal, to tell us finally how this single individual, this Robinson [Crusoe], suddenly had the idea of making “to his collaborators” a proposal of the type *known* and how these collaborators accepted it without the slightest protest.

He doesn’t have to explain that to us at all. You don’t need to progressively explain how human beings wound up exchanging things to regressively explain the logical necessities of the facts of exchange as it currently exists.

M. Proudhon does not enter into these genealogical details. He merely places a sort of historical stamp upon the fact of exchange, by presenting it in the form of a motion, made by a third party, that exchange be established.

That is a sample of the “historical and descriptive method” of M. Proudhon, who professes a superb disdain for the “historical and descriptive methods” of the Adam Smiths and Ricardo.

Fair enough… I guess. So far Proudhon hasn’t given us a historical and descriptive account. Maybe he will later? Why isn’t it enough for Proudhon to be concerned with describing the thing he will later give us a history for? We obviously need to know what it is that we will later give an historical account of.

Exchange has a history of its own. It has passed through different phases. There was a time, as in the Middle Ages, when only the superfluous, the excess of production over consumption, was exchanged.

There was again a time, when not only the superfluous, but all products, all industrial existence, had passed into commerce, when the whole of production depended on exchange. How are we to explain this second phase of exchange – marketable value at its second power?

This only really matters if something fundamentally changes with the concept of “value” throughout this history. In both examples, value is still composed of both use and exchange value. Proudhon doesn’t need to describe exchange in its specific historical instances if he can show by his own methods that value always emerges from exchange as both use and exchange value.

M. Proudhon would have a reply ready-made: Assume that a man has “*proposed* to other men, his collaborators in various functions,” to raise marketable value to its second power.

This is just Marx being a jackass.

Finally, there came a time when everything that men had considered as inalienable became an object of exchange, of traffic and could be alienated. This is the time when the very things which till then had been communicated, but never exchanged; given, but never sold; acquired, but never bought – virtue, love, conviction, knowledge, conscience, etc. – when everything, in short, passed into commerce. It is the time of general corruption, of universal venality, or, to speak in terms of political economy, the time when everything, moral or physical, having become a marketable value, is brought to the market to be assessed at its truest value.

This says way more about Marx than it does about Proudhon. Marx seems to be saying that prior to this period, exchange wasn’t so bad because it wasn’t total. But since it is now total, it’s totally bad. Poor man in this epoch has alienated all that had once been so precious that it wasn’t exchanged. That’s how Marx feels. Proudhon isn’t speaking to any of that. Proudhon only wants us to understand why value comes from exchange and why it takes the forms that it takes.

How, again, can we explain this new and last phase of exchange – marketable value at its third power?

M. Proudhon would have a reply ready-made: Assume that a person has “*proposed* to other persons, his collaborators in various functions,” to make a marketable value out of virtue, love, etc., to raise exchange value to its third and last power.

We see that M. Proudhon’s “historical and descriptive method" is applicable to everything, it answers everything, explains everything. If it is a question above all of explaining historically “the genesis of an economic idea,” it postulates a man who proposes to other men, “his collaborators in various functions,” that they perform this act of genesis and that is the end of it.

I already explained how this portion of Proudhon’s text aren’t an example of a historical method, though perhaps it is an example of a descriptive one. I have also already explained how Proudhon is applying this method only to his own epoch and the facts that are well established about it. Furthermore, I have explained the difference between what Marx and Proudhon think about “the genesis of an economic idea”.

We shall hereafter accept the “genesis” of exchange value as an accomplished act; it now remains only to expound the relation between exchange value and use value. Let us hear what M. Proudhon has to say:

Bravo.

“Economists have very well brought out the double character of value, but what they have not pointed out with the same precision is its contradictory nature; this is where our criticism begins. ... – So Marx does know where Proudhon begins and just wanted to pretend he didn’t?

“It is a small thing to have drawn attention to this surprising contrast between use value and exchange value, in which economists have been wont to see only something very simple: we must show that this alleged simplicity conceals a profound mystery into which it is our duty to penetrate....

“In technical terms, use value and exchange value stand in inverse ratio to each other."

Page numbers would be helpful here…

If we have thoroughly grasped M. Proudhon’s thought the following are the four points which he sets out to establish:

1. Use value and exchange value form a “surprising contrast,” they are in opposition to each other.

2. Use value and exchange value are in inverse ratio, in contradiction, to each other.

3. Economists have neither observed nor recognized either the opposition or the contradiction.

4. M. Proudhon’s criticism begins at the end.

We, too, shall begin at the end, and, in order to clear the economists from M. Proudhon’s accusations, we shall let two sufficiently well-known economists speak for themselves.

SISMONDI:

“It is the opposition between use value and exchange value to which commerce has reduced everything, etc.”

(*Etudes*, Volume II, p.162, Brussels edition)

LAUDERDALE:

“In proportion as the riches of individuals are increased by an augmentation of the value of any commodity, the wealth of the society is generally diminished; and in proportion as the mass of individual riches is diminished, by the diminution of the value of any commodity, its opulence is generally increased.”

(*Recherches sur la nature et l’origine*
*de la richesse publique*; translated by
Langentie de Lavaisse, Paris 1808 [p.33])

Sismondi founded on the opposition between use value and exchange value his principal doctrine, according to which diminution in revenue is proportional to the increase in production.

Gee wiz, his principal doctrine is founded on the opposition of use value and exchange value? So you mean, like, exactly what Proudhon was giving as his reasoning for beginning his analysis at the question of value?

Lauderdale founded his system on the inverse ratio of the two kinds of value, and his doctrine was indeed so popular in Ricardo’s time that the latter could speak of it as of something generally known.

“It is through confounding the ideas of value and wealth, or riches that it has been asserted, that by diminishing the quantity of commodities, that is to say, of the necessaries, conveniences, and enjoyments of human life, riches may be increased.”

(Ricardo, *Principles de l’économie politique*
translated by Constancio, annotations by J. B. Say.
Paris 1835; Volume II, chapter *Sur la valeur et les richesses*)

Oh wow, you mean Lauderdale too? I don’t know about you, but this suggests to me that starting from the question of value is a good place then.

We have just seen that the economists before M. Proudhon had “drawn attention" to the profound mystery of opposition and contradiction.

I think this is a fair criticism of Proudhon’s claims to originality. How much that matters is another question…

Let us now see how M. Proudhon explains this mystery after the economists.

The exchange value of a product falls as the supply increases, the demand remaining the same; in other words, the more abundant a product is relatively to the demand, the lower is its exchange value, or price. Vice versa: The weaker the supply relatively to the demand, the higher rises the exchange value or the price of the product supplied: in other words, the greater the scarcity in the products supplied, relatively to the demand, the higher the prices. The exchange value of a product depends upon its abundance or its scarcity; but always in relation to the demand. Take a product that is more than scarce, unique of its kind if you will: this unique product will be more than abundant, it will be superfluous, if there is no demand for it. On the other hand, take a product multiplied into millions, it will always be scarce if it does not satisfy the demand, that is, if there is too great a demand for it.

Note: Proudhon does comment on unique products in a brief discussion of luxury items:

“There are also professions whose whole art consists in giving to an article of minor usefulness, which could easily be dispensed with, an exaggerated value of opinion: such, in general, are the arts of luxury. Man, through his aesthetic passion, is eager for the trifles the possession of which would highly satisfy his vanity, his innate desire for luxury, and his more noble and more respectable love of the beautiful: upon this the dealers in this class of articles speculate.”

Anyway, soon Marx will pretend that Proudhon forgets about demand… which he really didn’t. But here when Marx isn’t himself twisting Proudhon’s argument, he seems to understand it.

These are what we should almost call truisms, yet we have had to repeat them here in order to render M. Proudhon’s mysteries comprehensible.

“So that, following up the principle to its ultimate consequences, one would come to the conclusion, the most logical in the world, that the things whose use is indispensable and whose quantity is unlimited should be had for nothing, and those whose utility is nil and whose scarcity is extreme should be of incalculable worth. To cap the difficulty, these extremes are impossible in practice: on the one hand, no human product could ever be unlimited in magnitude; on the other, even the scarcest things must perforce be useful to a certain degree, otherwise they would be quite valueless. Use value and exchange value are thus inexorably bound up with each other, although by their nature they continually tend to be mutually exclusive.”

(Volume I, p. 39)

Here is my interpretation: to establish the value of a product through exchange, that product needs to be useful and it needs to be unavailable to some people. They need to be both useful and unavailable to some people because there needs to be demand for the product – demand, the thing Marx will soon say Proudhon forgets about. If either of those conditions aren’t met, then there will be no demand. So we know that we can’t have exchange value unless it is useful, which means that exchange value depends on use value.

Again, Marx only quoted half of Proudhon’s paragraph, so for reference here is the entirety and some preceding text for context:

Utility is the necessary condition of exchange; but take away exchange, and utility vanishes: these two things are indissolubly connected. Where, then, is the contradiction?

Since all of us live only by labor and exchange, and grow richer as production and exchange increase, each of us produces as much useful value as possible, in order to increase by that amount his exchanges, and consequently his enjoyments. Well, the first effect, the inevitable effect, of the multiplication of values is to LOWER them: the more abundant is an article of merchandise, the more it loses in exchange and depreciates commercially. Is it not true that there is a contradiction between the necessity of labor and its results?

I adjure the reader, before rushing ahead for the explanation, to arrest his attention upon the fact.

A peasant who has harvested twenty sacks of wheat, which he with his family proposes to consume, deems himself twice as rich as if he had harvested only ten; likewise a housewife who has spun fifty yards of linen believes that she is twice as rich as if she had spun but twenty-five. Relatively to the household, both are right; looked at in their external relations, they may be utterly mistaken. If the crop of wheat is double throughout the whole country, twenty sacks will sell for less than ten would have sold for if it had been but half as great; so, under similar circumstances, fifty yards of linen will be worth less than twenty-five: so that value decreases as the production of utility increases, and a producer may arrive at poverty by continually enriching himself. And this seems unalterable, inasmuch as there is no way of escape except all the products of industry become infinite in quantity, like air and light, which is absurd. God of my reason! Jean Jacques would have said: it is not the economists who are irrational; it is political economy itself which is false to its definitions. Mentita est iniquitas sibi.

In the preceding examples the useful value exceeds the exchangeable value: in other cases it is less. Then the same phenomenon is produced, but in the opposite direction: the balance is in favor of the producer, while the consumer suffers. This is notably the case in seasons of scarcity, when the high price of provisions is always more or less factitious. There are also professions whose whole art consists in giving to an article of minor usefulness, which could easily be dispensed with, an exaggerated value of opinion: such, in general, are the arts of luxury. Man, through his aesthetic passion, is eager for the trifles the possession of which would highly satisfy his vanity, his innate desire for luxury, and his more noble and more respectable love of the beautiful: upon this the dealers in this class of articles speculate. To tax fancy and elegance is no less odious or absurd than to tax circulation: but such a tax is collected by a few fashionable merchants, whom general infatuation protects, and whose whole merit generally consists in warping taste and generating fickleness. Hence no one complains; and all the maledictions of opinion are reserved for the monopolists who, through genius, succeed in raising by a few cents the price of linen and bread.

It is little to have pointed out this astonishing contrast between useful value and exchangeable value, which the economists have been in the habit of regarding as very simple: it must be shown that this pretended simplicity conceals a profound mystery, which it is our duty to fathom.

I summon, therefore, every serious economist to tell me, otherwise than by transforming or repeating the question, for what reason value decreases in proportion as production augments, and reciprocally what causes this same value to increase in proportion as production diminishes. In technical terms, useful value and exchangeable value, necessary to each other, are inversely proportional to each other; I ask, then, why scarcity, instead of utility, is synonymous with dearness. For — mark it well — the price of merchandise is independent of the amount of labor expended in production; and its greater or less cost does not serve at all to explain the variations in its price. Value is capricious, like liberty: it considers neither utility nor labor; on the contrary, it seems that, in the ordinary course of affairs, and exceptional derangements aside, the most useful objects are those which are sold at the lowest price; in other words, that it is just that the men who perform the most attractive labor should be the best rewarded, while those whose tasks demand the most exertion are paid the least. So that, in following the principle to its ultimate consequences, we reach the most logical of conclusions: that things whose use is necessary and quantity infinite must be gratuitous, while those which are without utility and extremely scarce must bear an inestimable price. But, to complete the embarrassment, these extremes do not occur in practice: on the one hand, no human product can ever become infinite in quantity; on the other, the rarest things must be in some degree useful, else they would not be susceptible of value. Useful value and exchangeable value remain, then, in inevitable attachment, although it is their nature continually to tend towards mutual exclusion.

What does Marx do with this half-paragraph he quotes?

What caps M. Proudhon’s difficulty? – There is a difficulty? That he has simply forgotten about demand, and that a thing can be scarce or abundant only in so far as it is in demand. – Demand was obvious to me when reading the quote, so I don’t know why Marx thinks it’s missing. Proudhon is saying that we can only value things if they are useful and that are somewhere between totally scarce and totally abundant. Between those two situations, we can value things through exchange and arrive at an exchange value. Proudhon doesn’t need to use the term “demand” for us to understand that he believes “use value” is itself “demand”. The moment he leaves out demand, he identifies exchange value with scarcity and use value with abundance. – No he doesn’t? He’s just saying that exchange can only value things that are relatively abundant/scarce. In reality, in saying that things “whose utility is nil and scarcity extreme are of incalculable worth,” he is simply declaring that exchange value is merely scarcity. “Scarcity extreme and utility nil” means pure scarcity. “Incalculable worth” is the maximum of exchange value, it is pure exchange value. He equates these two terms. Therefore exchange value and scarcity are equivalent terms. – No, he’s clearly saying that exchange can only value things that are both useful and relatively abundant. It doesn’t make sense to put a price on something if everyone needs it and it is superabundant. It also doesn’t make sense to put a price on something if no one finds it useful …which again, would be demand. So things can only be valued through exchange if they meet the minimum requirements of being useful and being scarce enough for there to be demand. In arriving at these alleged “extreme consequences,” M. Proudhon has in fact carried to the extreme, not the things, but the terms which express them, and, in so doing, he shows proficiency in rhetoric rather than in logic. He merely rediscovers his first hypotheses in all their nakedness, when he thinks he has discovered new consequences. Thanks to the same procedure he succeeds in identifying use value with pure abundance. – Marx is insane. Proudhon obviously isn’t saying that. Marx is the one who has forgotten that use and demand are equivalent, “demand” being a more specific, exchange oriented term for “use value”. If I tell you that no one will find your broken car useful, it’s obvious that I’m saying there is no demand for it.

After having equated exchange value and scarcity, use value and abundance, M. Proudhon is quite astonished not to find use value in scarcity and exchange value, nor exchange value in abundance and use value; and seeing that these extremes are impossible in practice, he can do nothing but believe in mystery. Incalculable worth exists for him, because buyers do not exist, and he will never find any buyers, so long as he leaves out demand.

Again, Marx is just insane. It’s just so painfully obvious that Marx is trying to make a mockery of Proudhon instead of actually engaging with Proudhon’s ideas.

On the other hand, M. Proudhon’s abundance seems to be something spontaneous. He completely forgets that there are people who produce it, and that it is to their interest never to lose sight of demand. Otherwise, how could M. Proudhon have said that things which are very useful must have a very low price, or even cost nothing? – More madness. On the contrary, he should have concluded that abundance, the production of very useful things, should be restricted if their price, their exchange value is to be raised.

Proudhon literally says this, then immediately rejects its result as a form of oppression:

1. “Do you wish, in order to prevent business stagnation, to limit production strictly to the necessary amount? That would be a violation of liberty: for, in depriving me of the power of choice, you condemn me to pay the highest price; you destroy competition, the sole guarantee of cheapness, and encourage smuggling. In this way, to avoid commercial absolutism, you would rush into administrative absolutism; to create equality, you would destroy liberty, which is to deny equality itself. Would you group producers in a single workshop (supposing you to possess this secret)?”

The old vine-growers of France in petitioning for a law to forbid the planting of new vines; the Dutch in burning Asiatic spices, in uprooting clove trees in the Moluccas, were simply trying to reduce abundance in order to raise exchange value.

Proudhon mentions the wine industry as an example of this himself. He also obviously understands this history of regulating production, since he also comments on such policies in this section:

1. “Three years of fertility, in certain provinces of Russia, are a public calamity, just as, in our vineyards, three years of abundance are a calamity to the wine-grower. I know well that the economists attribute this distress to a lack of markets; wherefore this question of markets is an important one with them.”
2. “Do you wish, in order to prevent business stagnation, to limit production strictly to the necessary amount? That would be a violation of liberty: for, in depriving me of the power of choice, you condemn me to pay the highest price; you destroy competition, the sole guarantee of cheapness, and encourage smuggling.”

 During the whole of the Middle Ages this same principle was acted upon, in limiting by laws the number of journeymen a single master could employ and the number of implements he could use. (See Anderson, *History of Commerce*.) [A. Anderson, *An Historical and Chronological Deduction of the Origin of Commerce from the Earliest Accounts to the Present Time*. First edition appeared in London in 1764. p. 33]

After having represented abundance as use value and scarcity as exchange value – nothing indeed is easier than to prove that abundance and scarcity are in inverse ratio – M. Proudhon identifies use value with *supply* and exchange value with *demand*. To make the antithesis even more clear-cut, he substitutes a new term, putting “estimation value” instead of exchange value. The battle has now shifted its ground, and we have on one side *utility* (use value, supply), on the other side, *estimation* (exchange value, demand).

Where does Proudhon ever suggest that use value is basically supply? He consistently associates use value with demand. Of course, Marx doesn’t quote anything about this. Nor about *estimation*, which Proudhon does discuss because he wants us to understand how suppliers decide how much to charge for their products. They make this decision by estimating what the buyer will pay for it. Demand ultimately comes from the buyer, who is responsible for understanding what is useful to them and what its use value is.

Who is to reconcile these two contradictory forces? What is to be done to bring them into harmony with each other? Is it possible to find in them even a single point of comparison?

“Certainly,” cries M. Proudhon, “there is one – free will. The price resulting from this battle between supply and demand, between utility and estimation will not be the expression of eternal justice." – I don’t know where this quote is from in our version of the text, but it does give us a clue as to how “estimation” was used in what Marx read. Proudhon opposes utility to estimation, why? We know that Proudhon thinks that use value, the buyer, and demand are tied together. That leaves us to assume that estimation is something from the supply side. What could that be? Well as I said above, the supplier must estimate the use value that their products will have for the buyer. How else would the producer think of a price to set on their products? Anyone who has ever sold anything knows this.

M. Proudhon goes on to develop this antithesis.

“In my capacity as a free buyer, I am judge of my needs, judge of the desirability of an object, judge of the price I am willing to pay for it. On the other hand, in your capacity as a free producer, you are master of the means of execution, and in consequence, you have the power to reduce your expenses." – Here Marx quotes Proudhon clearly associating use value with demand and with the buyer. What Proudhon is saying about the supply side, what he is saying about the “free producer” (not the wage worker, mind you) is that they are able to reduce their costs. That isn’t a reduction in use value. The buyer still has the same use for the product. This will be important later when Marx talks about Proudhon’s analysis of labor, the value of labor, the measure of labor by time, and other related topics.

(Volume I, p. 41)

And as demand, or exchange value, is identical with estimation – again, it isn’t., M. Proudhon is led to say:

“It is proved that it is man’s free will that gives rise to the opposition between use value and exchange value. How can this opposition be removed, so long as free will exists? And how can the latter be sacrificed without sacrificing mankind?"

(Volume I, p. 41)

Thus there is no possible way out. There is a struggle between two as it were incommensurable powers, between utility and estimation, between the free buyer and the free producer.

When Proudhon mentions “free will” here, he is talking about the ability of the buyer to determine the usefulness (the use value) of the product. This is something that Proudhon believes can not be fucked with through production limits, taxes, etc. Basically, he thinks that if you interfere with the ability for buyers and sellers to negotiate prices, you create various forms of oppression. Since Proudhon won’t use the term “free will” again until Chapter VII, we can rest on the issue for now.

Here is the quote where the “free will” thing is from, just to be clear:

“I shall not fatigue the reader with a refutation of the logomachies which might be offered in explanation of this subject: of the contradiction inherent in the idea of value there is no assignable cause, no possible explanation. The fact of which I speak is one of those called primitive, — that is, one of those which may serve to explain others, but which in themselves, like the bodies called simple, are inexplicable. Such is the dualism of spirit and matter. Spirit and matter are two terms each of which, taken separately, indicates a special aspect of spirit, but corresponds to no reality. So, given man's needs of a great variety of products together with the obligation of procuring them by his labor, the opposition of useful value to exchangeable value necessarily results; and from this opposition a contradiction on the very threshold of political economy. No intelligence, no will, divine or human, can prevent it.

Therefore, instead of searching for a chimerical explanation, let us content ourselves with establishing the necessity of the contradiction. Whatever the abundance of created values and the proportion in which they exchange for each other, in order that we may exchange our products, mine must suit you when you are the buyer, and I must be satisfied with yours when you are the seller. For no one has a right to impose his own merchandise upon another: the sole judge of utility, or in other words the want, is the buyer. Therefore, in the first case, you have the deciding power; in the second, I have it. Take away reciprocal liberty, and exchange is no longer the expression of industrial solidarity: it is robbery. Communism, by the way, will never surmount this difficulty.

But, where there is liberty, production is necessarily undetermined, either in quantity or in quality; so that from the point of view of economic progress, as from that of the relation of consumers, valuation always is an arbitrary matter, and the price of merchandise will ever fluctuate. Suppose for a moment that all producers should sell at a fixed price: there would be some who, producing at less cost and in better quality, would get much, while others would get nothing. In every way equilibrium would be destroyed. Do you wish, in order to prevent business stagnation, to limit production strictly to the necessary amount? That would be a violation of liberty: for, in depriving me of the power of choice, you condemn me to pay the highest price; you destroy competition, the sole guarantee of cheapness, and encourage smuggling. In this way, to avoid commercial absolutism, you would rush into administrative absolutism; to create equality, you would destroy liberty, which is to deny equality itself. Would you group producers in a single workshop (supposing you to possess this secret)? That again does not suffice: it would be necessary also to group consumers in a common household, whereby you would abandon the point. We are not to abolish the idea of value, which is as impossible as to abolish labor, but to determine it; we are not to kill individual liberty, but to socialize it. Now, it is proved that it is the free will of man that gives rise to the opposition between value in use and value in exchange: how reconcile this opposition while free will exists? And how sacrifice the latter without sacrificing man?”

Before moving on, let me just emphasize again that Proudhon associates use value with demand and with the buyer. He says so above, “the sole judge of utility, or in other words the want, is the buyer.”

Let us look at things a little more closely.

Supply does not represent exclusively utility, demand does not represent exclusively estimation. Does not the demander also supply a certain product or the token representing all products – viz., money; and as supplier, does he not represent, according to M. Proudhon, utility or use value?

Again, no. Proudhon understands use value to be determined in the mind of the buyer. The seller *estimates* what their product may be worth to the buyer, but that is not how use value is constituted. Let’s note here that suddenly, Marx is talking about representation, which doesn’t feature in Proudhon’s writing here. Proudhon isn’t saying that buyers “represent” demand, he is straightforwardly saying that buyers are the real cause of demand. He also isn’t saying that sellers “represent” estimation. Proudhon is giving us a description of the real practices of estimation that sellers engage in. Marx is trying to do something sneaky here by talking about representation.

Again, does not the supplier also demand a certain product or the token representing all product – viz., money? And does he not thus become the representative of estimation, of estimation value or of exchange value?

Precisely as Proudhon has it. The producer, the supplier, the seller …they estimate the value that the buyer will pay. Although Proudhon isn’t specifically concerned with money here (he doesn’t even use the word “money” until the next section), there is certainly a demand for something to be exchanged for the seller’s product. But that doesn’t mean that the supplier is creating demand. It means that the supplier is also a buyer at the point of exchange. We know that in economic thought, these distinctions between the two sides of an exchange are not absolute. We know that a single individual can be both a producer and a consumer. So can a single business. The reason why we don’t consider the “demand” of the seller is because their demand for money doesn’t create demand in any meaningful sense. This has to do with the role that money itself plays, not to mention the impact of taxes on the “demand” for money throughout the whole society.

Demand is at the same time a supply, supply is at the same time a demand. Thus M. Proudhon’s antithesis, in simply identifying supply and demand, the one with utility, the other with estimation, is based only on a futile abstraction.

It would be a truly futile abstraction if Proudhon actually identified supply with demand, but he doesn’t. Marx only claims that he does. There is a place where Proudhon identifies use value with exchange value, but that isn’t the same thing.

What M. Proudhon calls use value is called estimation value by other economists – Since Marx is wrong about what Proudhon calls “use value,” this is only more confusion, and with just as much right. We shall quote – is the below a quote? only Storch (*Cours d’economie politique*, Paris 1823, pp.48 and 49).

According to him, *needs* are the things for which we feel the need; *values* are things to which we attribute value. Most things have value only because they satisfy needs engendered by estimation. The estimation of our needs may change; therefore the utility of things, which expresses only the relation of these things to our needs, may also change. Natural needs themselves are continually changing. Indeed, what could be more varied than the objects which form the staple food of different peoples!

Proudhon discusses the variability of use value numerous times in the sections Marx is quoting from and even if he didn’t, there isn’t any reason to assume that Proudhon wouldn’t understand this.

The conflict does not take place between utility and estimation; it takes place between the marketable value demanded by the supplier and the marketable value supplied by the demander. The exchange value of the product is each time the resultant of these contradictory appreciations.

By “marketable value,” does Marx mean exchange value, or does he mean constituted value? Those are not the same thing for Proudhon and he is in fact going to explain that in the following section. Proudhon is only concerned here with the way that any product’s exchange value is estimated. This is something that is impacted by scarcity and abundance. That is why Proudhon is spending all this ink on explaining to us how scarcity and abundance specifically impact exchange value. There is a difficulty created for estimating exchange value based on scarcity and abundance alone since demand is impacted by scarcity and abundance… use value, again, related to the availability of a product. When he later turns to “constituted value” (what Marx here calls “marketable value”), he will focus on other supply and demand factors much more heavily.

In final analysis, supply and demand bring together production and consumption, but production and consumption based on individual exchanges.

Marx discovers what a transaction is, good job.

The product supplied is not useful in itself. It is the consumer who determines its utility. And even when its quality of being useful is admitted, it does not exclusively represent utility. In the course of production, it has been exchanged for all the costs of production, such as raw materials, wages of workers, etc., all of which are marketable values. The product, therefore, represents, in the eyes of the producer, a sum total of marketable values. What he supplies is not only a useful object, but also and above all a marketable value.

This is just Marx getting a head of what he himself chose to quote form Proudhon. Any honest critique of Proudhon’s work wouldn’t do this. It would consider all of the relevant material to the questions at hand. The next section immediately following everything Marx has been quoting from will discuss much of this, not to mention the rest of the book.

As to demand, it will only be effective on condition that it has means of exchange at its disposal. These means are themselves products, marketable value.

In supply and demand, then, we find on the one hand a product which has cost marketable values, and the need to sell; on the other, means which have cost marketable values, and the desire to buy.

More premature conclusions…

M. Proudhon opposes the free buyer to the free producer. To the one and to the other he attributes purely metaphysical qualities. It is this that makes him say:

“It is proved that it is man’s free will that gives rise to the opposition between use value and exchange value.”

[Volume I, p. 41]

There is nothing *metaphysical* about what Proudhon is describing. His point is that it is in the minds of men that value is created. Proudhon talks about this more in a passage that does not use the term “free will”:

1. “This journal repeated, with accompanying examples, the exposition that we have just given of the variability of value, but without arriving, as we did, at the contradiction. Now, if the estimable editor, one of the most distinguished economists of the school of Say, had had stricter logical habits; if he had been long used, not only to observing facts, but to seeking their explanation in the ideas which produce them, — I do not doubt that he would have expressed himself more cautiously, and that, instead of seeing in the variability of value the last word of science, he would have recognized unaided that it is the first. Seeing that the variability of value proceeds not from things, but from the mind”

The producer, the moment he produces in a society founded on the division of labour and on exchange (and that is M. Proudhon’s hypothesis), is forced to sell. M. Proudhon makes the producer master of the means of production; but he will agree with us that his means of production do not depend on free will. Moreover, many of these means of production are products which he gets from the outside, and in modern production he is not even free to produce the amount he wants. The actual degree of development of the productive forces compels him to produce on such or such a scale.

This isn’t wrong in general, but I don’t think Proudhon is suggesting that the “free producer” is free in the sense of “free will”. What Proudhon seems to mean – based on all his criticisms about State control of production – is that the producer is not subject to the State’s goals. The producer can decide what to produce. He is free to fail, regardless of the overwhelming incentives to produce something of value. Remember, Proudhon is critiquing the Utopian Socialists as well as the Political Economists.

The consumer is no freer than the producer. His judgment depends on his means and his needs. Both of these are determined by his social position, which itself depends on the whole social organisation. True, the worker who buys potatoes and the kept woman who buys lace both follow their respective judgments. But the difference in their judgements is explained by the difference in the positions which they occupy in the world, and which themselves are the product of social organisation.

This is a highly deterministic way of thinking about consumer choices. Does Marx really think that all consumer choices can be totally explained by social position? If so, that’s pathetic.

Is the entire system of needs on estimation or on the whole organisation of production? Most often, needs arise directly from production or from a state of affairs based on production. Thus, to choose another example, does not the need for lawyers suppose a given civil law which is but the expression of a certain development of property, that is to say, of production?

Proudhon says that the producer must estimate the (use) value of their product to the consumer. Does Marx really think that production 100% trumps any other consideration in the minds of consumers (producers, in their role as consumers)? I know for a fact that I buy shit all the time that directly interferes with my capacity to produce anything useful. It’s going to take a truly brilliant argument to convince me that I’m spending my Saturday night at a bar so that I am a better worker on Monday. But that is what Marx is suggesting here, is it not? He does say “most often,” but previously he asks us to choose between estimation and “the whole organization of production”. Are these mutually exclusive or aren’t they?

It is not enough for M. Proudhon to have eliminated the elements just mentioned from the relation of supply and demand. He carries abstraction to the furthest limits when he fuses all producers into one single producer, all consumers into one single consumer, and sets up a struggle between these two chimerical personages. But in the real world, things happen otherwise. The competition among the suppliers and the competition among the demanders form a necessary part of the struggle between buyers and sellers, of which marketable value is the result.

We know that Proudhon discusses competition at length later in the work, but he already mentions that such an idea as combining producers into one group and consumers into another group is nonsense:

1. Would you group producers in a single workshop (supposing you to possess this secret)? That again does not suffice: it would be necessary also to group consumers in a common household, whereby you would abandon the point

Proudhon hasn’t “eliminated” anything. He hasn’t yet included them, which of course isn’t the same thing. Again, Marx is prematurely concluding Proudhon’s thoughts.

After having eliminated competition and the cost of production, M. Proudhon can at his ease reduce the formula of supply and demand to an absurdity.

“Supply and demand,” he says, “are merely two ceremonial forms that serve to bring use value and exchange value face to face, and to lead to their reconciliation. They are the two electric poles which, when connected, must produce the phenomenon of affinity called exchange."

(Volume I, pp.49 and 50)

More with the “elimination” nonsense. Let’s look at the whole context that – once again! – Marx can’t be bothered to quote in its entirety:

“They say: Political economy is not affected by a priori arguments; it pronounces only upon facts. Now, facts and experience teach us that there is no measure of value and can be none, and prove that, though the conception of such an idea was necessary in the nature of things, its realization is wholly chimerical. Supply and demand is the sole law of exchange.

I will not repeat that experience proves precisely the contrary; that everything, in the economic progress of society, denotes a tendency toward the constitution and establishment of value; that that is the culminating point of political economy — which by this constitution becomes transformed — and the supreme indication of order in society: this general outline, reiterated without proof, would become tiresome. I confine myself for the moment within the limits of the discussion, and say that supply and demand, held up as the sole regulators of value, are nothing more than two ceremonial forms serving to bring useful value and exchangeable value face to face, and to provoke their reconciliation. They are the two electric poles, whose connection must produce the economical phenomenon of affinity called EXCHANGE. Like the poles of a battery, supply and demand are diametrically opposed to each other, and tend continually to mutual annihilation; it is by their antagonism that the price of things is either increased, or reduced to nothing: we wish to know, then, if it is not possible, on every occasion, so to balance or harmonize these two forces that the price of things always may be the expression of their true value, the expression of justice. To say after that that supply and demand is the law of exchange is to say that supply and demand is the law of supply and demand; it is not an explanation of the general practice, but a declaration of its absurdity; and I deny that the general practice is absurd.

I have just quoted Ricardo as having given, in a special instance, a positive rule for the comparison of values: the economists do better still. Every year they gather from tables of statistics the average prices of the various grains. Now, what is the meaning of an average? Every one can see that in a single operation, taken at random from a million, there is no means of knowing which prevailed, supply — that is, useful value — or exchangeable value, — that is, demand. But as every increase in the price of merchandise is followed sooner or later by a proportional reduction; as, in other words, in society the profits of speculation are equal to the losses, — we may regard with good reason the average of prices during a complete period as indicative of the real and legitimate value of products. This average, it is true, is ascertained too late: but who knows that we could not discover it in advance? Is there an economist who dares to deny it?

Nolens volens, then, the measure of value must be sought for: logic commands it, and her conclusions are adverse to economists and socialists alike. The opinion which denies the existence of this measure is irrational, unreasonable. Say as often as you please, on the one hand, that political economy is a science of facts, and that the facts are contrary to the hypothesis of a determination of value, or, on the other, that this troublesome question would not present itself in a system of universal association, which would absorb all antagonism, — I will reply still, to the right and to the left: —

1. That as no fact is produced which has not its cause, so none exists which has not its law; and that, if the law of exchange is not discovered, the fault is, not with the facts, but with the savants.

2. That, as long as man shall labor in order to live, and shall labor freely, justice will be the condition of fraternity and the basis of association; now, without a determination of value, justice is imperfect, impossible.”

This is the end of the first section. It is also the only time so far that Proudhon even uses the term “supply and demand”. Prior to this, it has only appeared in the text as a quote. Considering this is the end of the first section, Proudhon isn’t concluding his thoughts on Supply and Demand. Instead, he is beginning them and inviting us to keep reading his further thoughts on the matter…

It might be noted here that Proudhon has said “supply — that is, useful value — or exchangeable value, — that is, demand.” If we were Karl Marx, we could say “ah hah! There we have it, Proudhon has identified supply and use value, demand with exchange value”. But that isn’t the way to read it. What Proudhon means – and we know this is what he means from the rest of the book – is that what *is supplied* is useful and what is exchanged is *in demand*. He phrases it this way because he is talking about who benefits from the overall economic situation: supplier or consumer. The supplier only benefits if they supplied something useful and the consumer only benefits if they consumed something they wanted.

One might as well say that exchange is merely a “ceremonial form” for introducing the consumer to the object of consumption. One might as well say that all economic relations are “ceremonial forms” serving immediate consumption as go-betweens. Supply and demand are neither more nor less relations of a given production than are individual exchanges.

Marx is so allergic to religious thinking that he can’t help but fixate on “ceremonial forms” …just has he fixated on the minor mention of “free will”. The fact that this is what he decides to fixate on at the conclusion of the first section of the first real chapter of Proudhon’s work speaks to how willing he is to miss almost everything Proudhon has said in order to find those few nuggets he thinks will embarrass Proudhon when he shows the world that they contain some profound confusion about political economy. Marx fails at almost every point to accurately represent Proudhon's thoughts. And that is only the thoughts he bothers paying attention to. If he would have cared at all about Proudhon’s work, his critique of it would have demonstrated a consideration of the major themes Proudhon is dealing with. Those themes hardly get a mention. Instead, we are treated to Marx’s sophistry. His arrogance and his condescending rhetoric about Proudhon’s ideas.

What, then, does all M. Proudhon’s dialectic consist in? In the substitition for use value and exchange value, for supply and demand, of abstract and contradictory notions like scarcity and abundance, utility and estimation, *one* producer and *one* consumer, both of them knights of free will.

Proudhon’s basic argument is that economists had already shown that in the current order of things, use value and exchange value are correlated. Proudhon emphasizes that they are also contradictory, attributing too much originality to himself on that point. Anyway, since value is the basic unit that political economy is concerned with and since it is a unit that is an antimony, society should balance its terms. For Proudhon, to balance those terms, each terms features must be understood. To understand those features *scientifically*, Proudhon believes that it is necessary to learn how to measure value. For “use value,” Proudhon comes to the conclusion that usefulness can only be determined by the buyer, the source of demand, etc. He proceeds to describe some difficulties in measuring exchange value that political economists had faced and he ultimately comes to the conclusion that the only measure of exchange value can be the forces of supply and demand. He doesn’t believe money is a measure of exchange value, either; however, he saves that discussion for later.

All of the above is what we can conclude from the portion of the text that Karl Marx concerns himself with, which barely surpasses the first of three sections. This is extremely problematic, since Proudhon uses this tripartite structure to oppose a thesis, to an antithesis, and then finally ending on a sort of cliff-hanger that leads to his next topic. Basically, the only thing Proudhon is concerned with showing here is that exchange value is indeed proportial to supply and demand. In the following two-thirds, he moves on from this point. Marx thus truncates Proudhon’s argument and draws conclusions prematurely. Worse yet, Marx makes some of the same points Proudhon makes in himself, though leads us to believe Proudhon was unaware of those points.

And what was he aiming at?

At arranging for himself a means of introducing later on one of the elements he had set aside, the cost of production, as the synthesis of use value and exchange value. And it is thus that in his eyes the cost of production constitutes synthetic value or constituted value.

Oh, so now Proudhon “set aside” instead of “eliminated” certain elements of political economy? That certainly would have been helpful to know when Marx was pretending like Proudhon was clueless about supply and demand. How about we see what Proudhon actually aims at by taking in the complete thought as arranged according to his method of inquiry?