

THE THEORY OF VALUE IN THE NATIONAL ECONOMY

BY
KARL KNIES

The theory of value is of fundamental significance for the scholarship of the national economy. The distinction between use-value and exchange-value of goods steps into the foreground of this theory.

Daring to make an attempt, on the one hand, to improve the meaning of this theory, and, on the other hand, with the goal of filling some verifiable holes, I stand here — because of space constraints—away from an account of the historical origin of what we today in Germany quite universally have accepted as the theory of value. Likewise, it appears apt to the purpose to take only the latter as an indication, whenever a connection of the accepted view becomes necessary.

In order to establish the concept of value in general, we will first take a small detour.

There is a series of relative concepts, which relate to each other according to quantitative relationships. With these too—once one is concerned with entering the region of concrete phenomena—one must for the time being gather points of origin and clues, masses and measures in order to reach a final decision. Let us take, for example, the concept of height under consideration. Here, we can talk of a dimension, which must be detected from a point of origin at first. But the objects, whose height must be determined, do not have this point of origin within themselves; it will initially be gained through the reference of the other object, on which they rest. The height of a mountain, thought of as by itself, does not exist. It comes into existence first when we take the standard of the sea or of the surrounding plain as the point of origin. In this way, the determination of height will become proportional to the determination of a distance from the standard, in the direction away from the center of the earth. Height, then, indicates the *degree* of this distance. The deviation of the ground surfaces from the accepted standard for the designations of height is not inherently called ‘height’ [*Hoehe*]. For this, we have a specific word of the same root: ‘increase’ [*Erhoehung*]. Both the quantitative and the qualitative concepts are resumed by a third word, by the word ‘rising’ [*Erhebung*]. A science of the rising of the ground would encompass the type and the degree of this rising at the same time. We can say nonetheless that “Height [*Hoehe*] is the degree of rising

Translator’s note: We struggled with the best translation for the title of Knies’ essay and one of our anonymous referees noted the same problems we had. A preferable title might be “The (National) Theory of Economic Value” or even more precisely “The Theory of Economic Value according to the National School.” But there is not one, obvious, translation that best suits the purpose.

[*Erhebung*]. . .” as we can also say that “the rising of the ground of basaltic rock is formed in a completely different way than those of sandstone. For exact determinations of height we require a mass, with which we can measure and in which we can formulate them. The more masses are available to us, the more determinations of height we can formulate. We speak of a great, middle, or small height in a prejudging way; and so takes place a comparison between more objects that have height; and so also there is a designated point of view, according to which we have encountered a triage for the comparison. So, when we speak of a tall house, we can generally think of the usual height of houses. In contrast, we can arguably bring to mind only houses of a certain type, so that, for example, we say that a house is tall in a village, which we would never think to call tall in a big city. We can clearly see how “Height” always indicates only a degree of rising [*Erhebung*] and not merely a deviation of the ground level upwards in sentences is such as: “this house is tall.” This incisive expression contains a judgment, which implies a comparison and wants to affirm a notable degree of rising [*Erhebung*].

The concept of value, in the teachings of the national economy, also belongs to a series of relative concepts, which correspond to quantitative ratios. Hence, we will follow the cue of the analogy for once.

First of all, we have to avow that we cannot speak of a value of any subject matter as thought of in and of itself. When we say: “this thing has value, has great value,” then someone immediately asks: “relative to what? From which point of view?” Here, too, we must also look for a standard, out of which we can estimate value. This standard for the measurement of value will be based upon human needs. Everything which—in order to remain a representation—rises from this standard (being commensurate with the “escalation” [*Erhöhung*] of the earth-level), for this we will say: “it is a valuable object, it has usefulness [*Brauchbarkeit*]*—*namely for the satisfaction of human needs. The concept of value, to which the degree of usefulness for human ends will refer, is parallel to the concept of height. The fact that this is actually the original concept of the word *value*, we can also reinforce with the verb *to valorize*. “To valorize a farmstead, or a tree” does not mean something like: to explain, that a farmstead or a tree has usability – but rather: to assess the degree itself. Primarily in the derived verb ‘to utilize’ [*verwerthen*], emerges the other meaning: to realize a particular quality of a thing (not the degree of the quality itself).

It is resolutely awkward that our language, which at the same time incorporates the concepts of “increase” [*Erhöhung*] and “height” [*Höhe*] with the word “rise” [*Erhebung*], does not also possess a word that signifies both the (value-) concept “usefulness,” as well as the concept “degree” (of value). It has here, like in other cases, happened this way, that (as the need arose) a word with an arguably sharply definable but neighborly concept had to share the function of the absent word. We actually need the word “value” also in the sense that it does not at all exclude the meaning of usefulness and utility [*Brauchbarkeit*, *Nützlichkeit*]. One should, in our case, further even less disavow this fact, because the theory of value—despite all protests in particular places—is structured altogether as a combination of both meanings of the word “value”: the quantitative one: degree of usefulness; and the qualitative one: usefulness [*Brauchbarkeit*], usability/utility [*Nuetzlichkeit*], good quality. We need to merely modulate with the voice, in order to put it now into words (“this thing has value,” cf. “this house is tall”): it has an observable degree of usefulness, and one other time (this

thing is indeed of good value”) to express our opinion thither, it does not at all go off the character of usefulness. In the sentence: “this thing has use-value, it has exchange-value,” the quantitative meaning emerges completely behind the qualitative one. One can observe the same, likewise, in the scholarship of the common usage of the word “valueless,” without value. When we say, ‘this house is not tall,’ the opposite remains in the succinct sentence: ‘this house is tall.’ We want to say, ‘it has no observable degree of rising.’ Likewise, when we say, ‘this object is without value.’ We should then want to phrase that ‘it is without a notable degree of usefulness,’ it is not valuable. Accordingly, in this case we negate not the degree of usefulness, but the attribute of usefulness, not value in a strict measurable sense, but the particular quality of the good. But it is of decisive importance then, that the scientific perception of production and consumption of goods does not at all base both concepts at the same time in one subsumption. When we identify the production and consumption of goods as creation and destruction of value, respectively, it then still, however, does not become a matter of operations, which either give birth or destroy the degree of usefulness, but rather also of such things that do not yet have the quality of usefulness, one of such that we completely, primarily bestow, or another, wherever it is present—though at the same time in a certain degree—that we completely annul. I hardly believe that I need to point out that it would be a mere exacerbation of the situation, and that a disengaging explanation would not be aloof, if one wanted to say, ‘to produce’ can also mean ‘to bestow for the first time some amount of degree of usefulness, even the smallest one,’—and ‘to consume’: ‘to destroy this degree of usefulness.’ Apart from the fact that in the teaching of production and consumption there is not at all any concern about a step-moderate (*stufenmaessig*) beginning and end with a nominal degree of usefulness, and that between the concepts of this nominal degree and of nothing there is a barrier just as high as between that of the greatest degree and of nothing, it can really become a matter of a change of things in relation to degree of usefulness only with regard to degree, and not with a comparison between the state of things as non-goods and goods.

To the sharp emphasis of the production and consumption of goods as value-creation and value-destruction, science must add the crucial stress on the contrast of material-creation and material-destruction. The assertion, however, appears peremptory; however, that here, too, the word “value” is to be conceived in the original and at the same time in the customary way. Until now, we have had no particular word which jointly encompassed that quantitative and that qualitative concept. The production of the good-purifying industries too, now emerges, only as a result of the facts, as value-production, that (?) the industry transforms goods so that they have a new quality. The production of agriculture is, first and foremost and without doubt, generally an activity for the generation of good-quality and usefulness. It also surely has the purpose to produce value as by desiring to obtain good corn or a purified breed. And in any case, it allows for the degree of usefulness of the products to be estimated, as soon as they have been produced, as farmers certainly have thought of beforehand about this degree of utility. Nevertheless, it is as if we esteem the actual task of the agricultural production to be to transform the elemental materials of the ground, air, etc., from the state of non-good to the state of good-quality by means of the use of the organic process of life.

After this, we can pass into the difference between use-value and exchange value, which delivers the fundamentals for the whole theory of value. Both concepts of

value are being placed against each other in this way – for example in Rau’s textbook (*Grundsätze der Volkswirtschaftslehre* pp. 58 and 60):

Use value is the degree of suitability of a good for its owner when it imparts a benefit sensed by the owner himself, and not originated through the emolument of other men. The suitability of a thing, which causes its owner to acquire the good (goods) from other people—that is, in commerce—is called commerce-value; the good to be estimated is identified as one to be sold and as a means for obtaining a contrast-value. Then commercial value exclusively gains the name exchange-value.

Or, by Roscher in *the Principles of Political Economy* (pp. 4 and 5): “From the point of view of him, who wants to use the good—value appears as use-value—the exchange value of a good is its usefulness against being exchanged for other goods.”

These are, as noted, only examples for the generally accepted comparison and explanation of use-value and exchange value. I dare to verify that when the use-value and the exchange value of goods are both, indeed, placed against each other, then the customary characterization of each neither suffices, nor does it appear ensured against a logical objection and realistic misgivings.

Two types of the same species must have that thing in common, which is characteristic for the species. That, in contrast, which is a special characteristic for the one type, must find an antithesis in the special characteristics of the other type. Use-value and exchange-value must, however, identify themselves both as value, just like a chair and a table both do as house furniture. But what is particularly peculiar about the exchange-value should correspond to that which is peculiarly characteristic of the use-value by means of the logical relationship of the opposite.

It surely then attracts our attention that while we explain value as the degree of usefulness (serviceability) or of benefit (utility), the use-value or the utility-value should be a specific type of value in general. To the serviceability, to the utility of a good, also belongs, of course, its property to be able to be recognized in the process of market exchange. Meanwhile, it is of no importance to only argue about words. The relationship is thought of this way: in general, as value, one imagines the degree of usefulness of the goods, which both represent the utility-effect, inasmuch as they reach consumption, and they also designate the utility-effect, inasmuch as they are being exchanged for other goods. And this—taken as such—stays truly in the here needful contrast. It is now not needful, especially to substantiate, that every new criterion, which should be characteristic of one of the two single kinds [*Arte*] of a type [*Gattung*], is corresponding to another to be opposed. One can contrast a flower garden against a vegetable garden, but not a flower garden against a bigger vegetable garden. And here lies the logical impulsion in the conventional explanations. We also add to the explanation of use-value the following: for the owner himself, for private use by the owner, and this proceeding addition to our previously made contrasting of the two values, absolutely nothing complies with the side of the exchange-value. But now, however, the symmetry of the antithesis stops. The disposition of a good for “usage” and the disposition of the same good as a means of exchange—this corresponds. But the disposition of a good through the owner himself, for private use by the owner—and disposition of a good for commercial exchange—this does not correspond. The fact that the addition appears to be essential, one can also see, when he applies it to or omits it from both sides. In the first

case, it [the addition] is absolutely irrelevant to the definition of exchange-value, for as situated under someone's force and possession in any case without thinking of the goods and it does not at all involve itself with this supposition through the words: "private use by the owner himself." In the latter case, the definition of use-value is being mutilated, as it conceives, as we will show, an absolutely different meaning.

This factual background lends a significant weight to the protruding formal demurrals. If a completely different meaning does, indeed, attach itself, depending on how each addition to the explanation of the use-value stays or leaves, one has to substantiate the necessity of each according to either side. I am of the opinion that this addition must be dropped from the definition of use-value in general and that it must be employed as the definition of a variety of use-value. At the same time because for the latter it is specially characteristic, it must be eliminated in the former.

We call goods all those things which are recognized as useful for the satisfaction of human needs. Value is the degree of each usefulness, which has an object as a means of satisfaction of human needs. Use-value with exchange-value, accordingly, can and should denote only the two types of usefulness of goods. As commonly, I say against this: "As use-value appears the value from the standpoint of someone, or of the owner, who wants to use a good directly by himself." So this is not only a transition from the general concept of the value of goods to a use-value of those goods, but also at the same time a leap from the "human needs" in general to the needs of a certain individual. I bring two innovations at once and only one by the other kind of value. Through the first of the two innovations alone, use-value will be specified against value, the addition of the second one specifies a variety of use-value. The general explanation of use-value would also be, with the elision of any unjustifiable addition, so to be formulated, that here too next to the definition of good, value and exchange-value serve human needs in general as in a foil.

The conditions for the estimation of the use-value of goods can be found in nothing else than in the essential elements for the concept of use-value. So then, only in the suitability of goods to satisfy human needs in the way they do. Therefore, the magnitude of the use-value of goods depends on:

- a) the intensity of the human need which they satisfy
- b) the intensity, with which they satisfy a human need.

The intensity of the human need (i.e., a) must be considered higher, the more irrefutable the need is itself. That is, the more it is generally widespread to each person, the more it asserts itself to each person. According to this, arises a classification and a stepladder of human needs, to which corresponds a classification and stepladder of types of goods. The goods [apt] for the satisfaction of the need for nutrition, or for the need for clothing stand next to and after each other—each once again subdivided within itself, but here only according to the strength of the human desire, according to the more necessary and to the more disposable ones. As one can see, we are namely dealing here with Rau's nice observation of the "type-value" [*Gattungswert*] of goods. There is, Rau says in §. 61,¹ "a value of all types and kinds

¹In the new edition I find the very enjoyable new sentence: "This abstract type-value (which has nothing to do with the own application through the owner himself) is primarily related to the abovementioned explanations in §.57 and 58."

of goods; for example, that of wheat, of copper, of sole-leather etc, which demonstrates itself, when one contemplates the usefulness of these things for the existence [*Dasein*] and the well being of men in general. This abstract or type-value expresses the relation of a kind of things to the human needs”—only that we here consolidate the types of goods with regards to the types of human needs.

We can best estimate which rungs on the scale of use-value that individual types of goods take up, when we put forward the question: “In which sequence would people provide themselves with types of goods for consumption and purchase, if they were bare of all ownership of goods?” Or: “In which sequence would they conversely dispense with the re-usage, when they are thought to be in possession of all goods?” It is very relevant to note that here the strength of the need in the individual and the strength of the diffusion under the individual determine the magnitude of the use-value, but in no way the precondition that, for the satisfaction of the need, one needs a greater quantity of goods of a type.

According to the intensity with which goods satisfy the same human need (i.e., b), the individual species of the same type similarly step next to each other. Here one could speak of a species-value. To this distinction refers what Rau says in an annotation to the above words, which echoes Roscher.² In this way, the beech, the oak and the pine each satisfy the human need for firewood with a different intensity, wheat and rye the need for grain etc. The stepladder of the use-value is no longer built through the stepladder of human needs; but rather through the intensity of heat-power, or nutrition-power of the goods. Here they place themselves above each other according to “the more fully, surely, durably, pleasantly” they satisfy the same human need with the same quantum of wheat and rye, etc.

As one sees, the motifs emerge, which lead to the differentiation of a type-value and a species-value within the use-value; and they are not characteristic for the contrast of use-value and exchange-value. They can, therefore, likewise possibly appear as a part of the exchange-value. That is actually the case. In other words, we can also perceive a type-exchange-value and a species-exchange-value of goods.

Above all, one here must keep in view the difference between the concepts of exchange value and price, while one at the same time finds the opportunity to clearly trace this difference and its meaning. Here, we need to anticipate the course of our representation with a few observations.

“The exchange-value of a good is its usefulness to be exchanged with other goods.” Price, on the other hand, is the exchange-value of a good expressed in the quantum of another good that is obtainable for it. We manage to envisage, by the use of a currency for all transactions of goods, the exchange value of all goods only as one price, the money-price. It is, nevertheless, of great importance to clarify for ourselves the circumstances under the assumptions of money. Then we must say: the different goods all have an exchange-value, but many prices. Namely, each one has so

²Rau, *Textbook (Grundsätze der Volkswirtschaftslehre)*, §.61: “It is at this connection not precluded, that the sorts of different goods belonging to some kind of good also have unequal value.” Roscher, *Principles*, §.6: “The abstract or type-value is based on the relationship, which generally takes place between an entire kind of goods and the needs of men. And so does, for example, beech have a higher type-value than the pine as burning-material.” 6th Edition (1855): “The sorts of goods belonging to some kind of good have unequal type-value.”

many as are the quantities of other goods against which it can be obtained in exchange. So a mountain too has one height, but one can give as many determinations of height one can find other masses against which to express its height. On the side of the use-value, the formulas, with which one might at least express the use-value of goods—and which we have called the species-value of goods—are reminiscent of the relationship of the price of goods against their exchange-value. So, for example, the nutrition of the bushel of wheat against the bushel of rye, barley, corn, etc, the heat-power of the fathom of beech-wood, against the fathom of oak-wood, fir-wood, ashtree-wood etc. After this, it will appear understandable, when we propose the following important sentences: Different goods (according to the number) have always only one exchange-value, but they can have many different prices. The height of a price of a good is the magnitude of the quantum of the other goods obtainable for it, and the amount of prices is the number of goods that are obtainable for it in specified quantities. These two are two completely different things. As long as we are also concerned with the consideration of the first relationship for the determination of the exchange value, one can designate this as the intensive element of the same good, and the other as the extensive element. In the national economic theory of the prices of goods, only the first will be taken into consideration. It then becomes permissible to say that the exchange-value of two goods of the equally high prices, for example money-prices, is differently large; that, which is desired to be exchanged by more, has a greater exchange-value. When a good is not only desired by clerks, but also by bakers, by tailors etc., then one receives money for it everywhere, but, in essence, it can be said to have a price in the first case only through the work of the clerk, and in the other cases through the work of the baker and the tailor. This is only the side piece to the for long common concept, according to which each good that is equally desired in strength and amount as another one, but finds a higher price in exchange, will be attributed with a higher exchange-value.

But for the time being, we must take a step back. The conditions for the estimation of the exchange-value of goods in general can also be based on the elementary conditions of the concept of exchange-value, as we have learned it so far. When we are dealing with the capability of goods to be exchanged for other goods, then the degree of their usefulness for this purpose can be based on the use-value of the goods. That is because one gives up and obtains goods with use-value only for goods with use-value, and according to the degree of use-value that they have. The being and the value of a good is based on the human need. But a need to exchange is not in and of itself inherent to human nature. It rather initially emerges in view of a need to use the good.

The exchange-value of goods must find itself in harmony with the use-value of these goods; it cannot stand in antithesis with it. This indeed undeniable truth can surely find unwarranted implications. It would be a false logic, if one were to understand each sentence in the way that the exchange-value, as we have learned it until now, cannot also have its idiosyncratic characteristics. That must be many times more so, otherwise each reason would cease to apply because of a differentiation of the same. Only this cannot be that the fundamentals of the use-value do not also have validity for the exchange-value. The peculiarity that emerges in the exchange-value is the fact that it deals not merely with a usage of goods, but also with a transmission of goods. Therefore, we must say [that]: the exchange-value of goods is in general the greater, the greater their use-value, and the more easily their transmission—the business of exchange—is

implemented. Hence then the conclusion that goods, also when they have the greatest use-value, can have no exchange-value whatsoever, as long as they cannot be transferred as any other free good; and also that the same is valid for other goods, which can be transferred according to their nature, but still cannot be transferred because someone possesses them or can own them without any commitment to other goods. The reverse relationship would be signaled through the “rarity” of desired and transferable goods, whose expression expels incidentally only an observation, not a rationale. And completely in general, we must say that the use-value and the difficulty or easiness of transmission can coalesce with each other or can work against each other, in order to increase or decrease the exchange value, without it occurring to a person, in the latter case, to speak of a contradiction between use-value and exchange-value. It would indeed have a meaning, it would be harmless in this way, to say that the exchange-value of goods must always be struck as somewhat smaller than their use-value because the amount of work of transmission comes along for the realization of the former. And I must denote it as self-evident, with the danger to find many contradictions, the fact that it cannot be possible to receive transferable goods with use-value against goods without use-value; in other words, that there could be goods that only have exchange-value and no use-value. One surely says: only money makes that exception as such; it has no use-value and only exchange-value because it is the “instrument of exchange.” But therein, so it seems to me, one must place the use-value of money *as such*. It is also in no way generally and always equally large. It is, for example, greater, the less one is used to and the less practiced one is in accomplishing a turnover of goods without the help of money as such. The use-value of the individual parts of the total supply of money-artifacts rises and falls according to the same relationship, which we will discuss further below about the use-value of the individual malter³ of wheat against the total supply of wheat. The falsity appears to be based on the fact that many types of money, especially the today’s precious metals that back paper money, have yet another use-value, that of money as such; just like the discarded tree-bark used as “lumber” also has a use-value as firewood. Just as the use-value as such stops, so too its use as an instrument of exchange stops—still, the possible other use-value of the object, which provided the service of money, can persist. Paper-money in this case becomes a scrap of paper, the silver and golden coins—and ingots keep not only the use-value but also the exchange-value that they must have as components of the usable total inventory of precious metals for the demand for jewelry, equipment etc. By arguing against the opinion of those who attribute such exchange-value to money but no use-value, I distance myself from the discussion of whether one is qualified to attribute the same characteristics and principles of the use-value and the exchange-value to this “instrument of exchange,” as recognized in other goods. We cannot enter the issue of how important this specific question certainly is for the national economy, due to space-constraints. One can, indeed, afford so little for the completion of such a task in such a short demonstration, but one might rather do so in a longer discussion about the entity of money as such.

We must now provide proof of how the fundamentals for the determination of the utility-value of goods, in fact, prove to be completely clear and determined also as fundamentals for the observed exchange value.

³(archaic) corn-measure (about 150 liters)

We saw that the use-value of goods in general designates itself primarily according to the intensity of the need which it satisfies. It is also so with exchange-value: the more generally the need for a good is diffused in an individual, the more urgently it validates itself in the individual; and the greater must be the number of those who search to have the same good in their possession, the more decisive will be their will to do so. And therein lies the condition of the higher exchange-value. The possessor of the good must be in the situation, being among a greater number of people (as owners of a greater number of *other* goods as his own) who are in readiness to abandon other goods for his own, to be able to calculate exchange value. All this is indeed so, so far as and as long as, particular motifs for the determination of the magnitude of exchange value do not arise out of discussed behavior of goods such as the easiness, difficulty or impossibility of transmission, which necessitates only the exchange of goods and not their use. We must in fact, as noted, recognize this difficulty or easiness of transmission, this transferability of goods, should we rather say, as the third element for the determination of the general exchange-value, next to the two fundamental conditions for the determination of the use-value. Hereafter, we can also speak of type-exchange-value of goods with the same claims as we speak of a type-use-value; while the conditions of the use-value, and the transferability, and even both at the same time, determine the step of the scale of exchange-value for one good against the other. Hence, I say that, for example, the type-exchange-value of money is greater than that of all other goods, and the type-exchange-value of means of nutrition is greater than that of means of amusement, that of grains greater than that of silk products, that of iron greater than that of precious stones, etc. Here one can think of how the local and simultaneous diffusion of the need may come into question, which is not difficult to imagine. Goods with affection-value are an example of a need that is not widespread. But what is also worth considering is the durability of the need as well as the durability of the properties of the good through a short or a long period of time; because hereof it depends also on whether an exchange-value is to be calculated as valid or not for a later or new generation of consumers. Here, an allusion could be made about wools and fashion products, about corn fruits and fresh fruits. One should also present this analogy: how the magnitude of the type-use-value of goods is absolutely independent of the magnitude of the quantum, which is necessary for the satisfaction of the human need. So the congruence of our exchange-value with use-value is generally not to be searched for in the fact that, for goods with a higher type-use-value, one receives a greater quantum of other goods, than for goods with a smaller use-value, as long as one truly exchanges them for the same goods!⁴ Now, one must be able to calculate the trade of this type of good and the

⁴Absolutely different of course from the sentence, that the magnitude of the type-use-value and therefore of the type-exchange-value of goods is independent of the *quantum* of the type of goods, which becomes necessary for the satisfaction of the available needs, is the other sentence: that the need for use [*Gebrauchsbeduerfnis*] of a number of people can be directed only towards a smaller quantum, and that another one can be directed only or also towards a larger one. The number that desires the smaller quantum can be smaller than the larger one. But the desire of the greater number of people is always a cause, that we have a greater type-use-value and type-exchange-value of the concerned quantum to accept. Hence, the type-value of a smaller amount of credit of national debt is proportionally greater, as the one that is set on a greater amount, that of a small piece of stuff, of a cubit, than the rest smaller as that of one cubit to the entire piece.

trade of more types of goods with greater security. Contingently then, [one must] also [be able to calculate] about the following. As we noted, the scale of use-value is built thus, so that people who possess nothing grasp for goods of higher use value earlier, and people, who are in possession of all goods, abandon them later. Therefore, the harmony of exchange-value with use-value must manifest itself in the fact that, one is ready—regardless of what quantities of goods he would have otherwise bought with the consumption of goods of higher use-value—to possibly sacrifice for them ever greater quantities of goods if necessary, until the point where one can completely do without the further possession and use of the goods with a smaller use-value (cp., for example, the experiences of “times of dearth” [*Theurungszeiten*]). In contrast, because the greater mass use-value of *equal quantities* was determined by the species-use-value (the greater intensity of the satisfaction of the same need), now the greater species-exchange-value of goods of the same type must also prove its identity afresh herein by the fact that equal quantities of variably high use-value exchange for variably large quantities of other goods. Therefore, the higher use-value corresponds to a higher price. The malter of wheat, because it has a higher species-use-value than the malter of rye, must also be exchanged for a greater quantum of other goods, of money, as the former. This relationship gives us enough of a motif that we can just see that we can arrange in groups (by the types of goods) for the designation of their relationship of exchange-value to each other. We do not need to linger any longer at this and only make the following connection: The species-use-value and the species-exchange-value of the types of goods emerge differently, because on the one hand the elemental components, on which, for example, the heat-power of wood depends—carbon, water, oxygen—find themselves in equal volumes or in equal weight of different types in unequal strength and mixture, but on the other hand also because the actually effective part of the product is conjoint with a differently heavy and distended ballast, as for example the flour in a husk of a grain, wood with its sap ingredients. Thus, the procedure of increase of the species-use-value and species-exchange-value must repeat itself, if one can obtain an elimination of the hindrances of efficiency. Hence, just as wheat against rye, coarse fruit, callow fruit, flour, fresh and dry firewood etc, also allow themselves to be opposed against each other. Finally, it is completely natural that the element which operates independently from use-value for the designation of their exchange-value, their transferability, can also emerge for the species-exchange-value independently from the species-use-value. In fact, the next direct effect of a relationship, which does not coincide with the quantitative differences (variably high prices) in species-exchange-value, but rather [coincides] with the exchange-value in general, must arise in such a way that it can allow a greater or smaller amount of prices in prospect, according to the differences of transferability of the different varieties. If the same weight of two types of firewood possesses variably great heat-power, then different quantities, which have equal heat-power, cannot find either equally high, nor as many prices. But that wood which contains more heat-power within the same weight can count also on buyers; that is, can count on prices at a certain place, from which the other appears excluded as a good of exchange. The same applies for the case when one has brought about a calculated alteration in form in the increase of the species-use-value for the same variety of goods; that is, for example, for beech-wood coal against the beech-wood, for wheat flour against the wheat grains.

But now one must resolutely point to the fact that the view of use-value, in which it is not the disposition for the needs of the owner of a good that is taken in consideration, but rather the general human needs, is the view to which leads the first step from value to the differentiation of a use-value and an exchange-value. Thus, it is not less certain, that the teaching of the national economy [*Volkswirtschaftslehre*] can only have a starting point, only a bridge to further vantages in this designation of the two values. It must generally direct its attention to the general human needs, but only because and as far as there is groundwork to be won herewith for the actual object of its inspection for the nation; that is, for a *specific number of people* with a specific number and a specific mass of human needs. It must certainly also contemplate the general value of goods for the satisfaction of the needs of the people, but only because, and as long as, there is groundwork to be won for the cognition of the value of the *specific quantity of the specific number of goods, which are at the disposal of a nation*. New factors, therefore, now appear as conjointly proper, as co-determining elements, additional to the ones regarded until now; those themselves remain only elements of a complicated phenomenon. It can also appear as fitting to designate the until now regarded use-value and exchange-value as the abstract use-value and exchange-value of goods, and to name the present one as the concrete. Thus, we surely do not use the latter word namely in the same sense as Rau does (cf. *Textbook*, §. 61).

It is beneficial to realize in a few examples which modifications already by the most general consideration of the concrete conditions of a national economy seize a position by themselves in the scale of goods of type-value. The type-value of firewood is much higher for a nation under a colder climate than for a nation closer to the Equator. The same applies for the worm-generating means of nourishment, for wool. The species-value of wheat is smaller for a country with cultivation of rice than for a country without such cultivation. A value of objects, which a nation does not possess nor can acquire, does not at all exist for it, even though they have all characteristics of goods for another nation. By the same supposition, the regard of the objects possessed by a nation applies without satisfying a utility-need with them, and without being able to exchange goods of other nations for its use. One can in this case—as well as regarding the goods that a nation possesses over and beyond the border of its demand—speak of a *latent* value against an *effective* value; only that one should not hereby be mistaken about the meaning of the difference between possibility and actuality. The operation, which changes such a relationship—that is, trade—generates new value for a nation; for that reason it appears as productive for the theory of the national economy. One must not believe that these truths have validity only with regards to some specific nation, or with regards to a selection of specific nations according to certain suppositions, that is that the consideration of such things is only possible for the theory of the national economy. In point of fact, such conditions belong to the essence of the nation-concept, as we can obtain it for the inspection of economic conditions always and with regards to all nations living in earthly-confined, territorially-climatically bounded relationships with an unlimited capability of needs.

Hence, the question arises now: how do the use-value and the exchange-value of goods actually turn out to be what they are, now, in the national economy?

In each nation, there is available a total sum of human needs, which want to be satisfied. This sum is built through a certain number of needs and a certain intensity of all individuals. The certain number of needs which are actually available divides their

succession according to their type into the same principles, which we already know. The first are generally diffused, the others belong to social classes, circles, individuals. Nonetheless, their satisfaction varies in urgency for those who own them. But since the need is at the same time quantitatively estimated, we can no longer talk about a more or less general, urgent need, but rather we are dealing with a more or less general urgent desire for specific masses of available goods and as such directed towards specific masses of goods. For the satisfaction of this total-need there is a specific total-mass of goods for disposition. According to the kinds of goods, they correspond to different kinds of needs. But at the same time, they correspond alone to the quantitatively circumscribed need in likewise quantitatively designated masses. They gain their type-value according to the characteristics that characterize the kind of need that they satisfy, but they gain their concrete value through the ratio, in which their available mass stays on the ground of this situation to the amount of the quantum, according to which the need expresses itself. It is of great importance for one to make sure how the concrete use-value of the types of goods that a nation consumes is allowed to be found only in this relationship of the quantum in which it is available and the size and strength of the need which should be satisfied through this quantum. One can see here that it would not be allowed for us to say: use-value is—in opposition to exchange value—inherent in the goods. It is based on a relationship of two quantities, which can change themselves continually. Indeed, throughout the course of our analysis, many times we will have to take the inducement to return to this important truth, and to retain an additional effectuation for the positions, in which we find opportunity to rebut the conclusions of another erroneous conception. Next, we must reach an explanation of the use-value relationship of individual kinds of goods with each other. An assessment of their exchange-value relationship will follow from this.

We see that the magnitude of the use-value of individual types of goods in comparison to each other (within the national economy) depends on the kind of the need that they satisfy, and from the size of their type-use-value. The height of the scale, on which they stand in this relationship for a nation, is not in any way designated through the quantum, which due to natural laws, etc., is required for the satisfaction of the pertinent need. Whether this quantum is a larger one or a smaller one does not have any influence on determining the use-value of a type of good. The concrete value is also variably designated through the relationship of the once available quantum of a good to the once desired quantum of the same good. It is important for the estimation of the concrete use-value of medicine, whether the quantum that one has, is enough to satisfy the quantum that one wants or not. But it is therefore the case that if the patient would have to drink an entire bucket full of medicine instead a small glass, the use-value of the medicine would in no way be augmented. From there then comes the highly important sentence that in the national economy also, one cannot indicate an equal or different use-value of two goods through equal qualities of these goods! The quantitative demand for the satisfaction of a need is, for goods of a different kind, completely different and independent of the estimation of the height of their use-value. That is why it does not make sense to say that because the type-use-value of bread is higher than that of fine linen, and the use-value of the total supply of bread is greater than that of the available total quantum of fine linen laces, it is also the case and that the use-value of a pound of bread is to be considered higher than that of a pound of laces, and that in a “rational” national

economy the exchange value of a pound of bread should be higher than the exchange value of a pound of linen! That would presume nothing else but at least the fact that the need for laces would be satisfied with no fewer pounds of laces than the need for bread for pounds of bread! One can next place only the total supply of grains, which satisfies the total need for them, against total quantum of any other kind of good, that is, for example, that of linen laces, which satisfies the total need for linen laces. Each individual portion of the total supply has the part of the use-value of the whole, which is indicated through the ratio of its amount against the amount of the total supply. Thus, if this total quantum of grain were for a nation that has 24,000,000 hundredweight of bread and 24 hundredweight linen in its disposition, then 1 pound of bread would account for $1/2,400,000,000$ of the use-value of the total supply, and one pound of linen would be $1/2400$. Were we then so fortunate, to be able to entertain a "man of the future," who would display to us for the results of his attack on the principles of the practical national economy, that the use-value of grain is exactly 1000 times more than the use-value of linen, then, once "the exchange value should be in full accordance with the use-value," with one pound of linen one would be able to exchange for 1000 pounds of bread.

The magnitude of use-value, therefore, as well as the magnitude of exchange-value of a small quantity of a kind of good (in the national economy) absolutely depends on the use-value and the exchange-value of the total supply of the same kind of good. And therefore, the question about the relationship between the use-value and exchange-value of quantities of different kinds of goods to each other could only be answered through the question about the relationship of use-value and relationship of exchange value of the total supplies to each other. And it is hereby not the slightest cause available, to find contradictions, when a much greater use-value and exchange-value is attributed to a quantity of a kind of good in practice as well as in theory, than to the same quantity of a kind of good with a greater type-value. Whoever wants to investigate whether the use-value and the exchange-value of different goods, which are consumed in an individual position in specific quantities, are in harmony could only do it in this way: To try to find whether the use-value and exchange-value of the total inventories of different goods which satisfy the total-needs that apply to them, place themselves evenly in the steps of the scale indicated through the levels of type-use-value. That is whether the total quantum of the consumption need serving a generally and urgently desired good also has a higher exchange value than the total quantum of the disposable good.

At each attempt to find a solution to this question, the following must be heeded in advance.

If we think of what was said above about the exchange-value of goods in general, it is next clear that the question is difficult to answer. Let us think of a national economy, excluded within itself, and having the condition in it, that each person obtains his needs—for grain, for example—by himself through his own resources and his cultivation of the same. Thus, the exchange-value of the grain does not arise at all. Exchange-value will only arise if the grain becomes transferable; and then only for the total quantum and as long as it is transferable against other goods. Today's trade among nations regularly and absolutely clears away this possible hindrance for the estimation of exchange-value. But it is always in general appropriate to maintain, that that which is grounded in the modality of the transferability of goods, and which is

alone a co-determining element for the exchange-value, displays a particular efficacy; and that it makes little sense to talk about the divergence of exchange-value from use-value without considering this question. Therefore, we have seen that the to-be-improved exchange value does not merely represent itself in the height of the prices, but also in the multitude of the prices in the harmony with use-value. This differentiation appears at first sight to lose all meaning for the conditions of the money-economy. All goods are exchanged for money and as long as money is attained for a good at all, every other good can be purchased with money. The more prices, in our sense, appear meaningless, because it becomes then identical to either receive money or to realize all prices for the devotion to one good. Alone, that important differentiation emerges in the other form, that the exchange of different kinds of goods is grounded on a greater and smaller number of offerings of money. It would require no proof that in this sense the relays of the concrete exchange-value also coincide with those of the concrete use-value, because the latter is now hereafter estimated as greater or smaller, according to whether the needs are more or less diffused or make themselves valid more or less urgently in each individual. If one would want to estimate the exchange-value of the necessary goods in this relationship, through the prospect of tribute of the total quantum to other nations, then we encounter the proof that the degree of necessity of goods is made now with regard to the generally human consumption-needs. Let us consider the need within the land. The proportion of division of the total need—which contributes to the total—accounts for each individual, and here it will be determined that each person, whatever goods he might consume, places himself at first in the possession of the generally necessary, and is ready, at an occurring instance, to sacrifice the further consumption of those with the further consumption of dispensable kinds of goods. The smaller the type-use-value of a good, the smaller the circles in which it is consumed.

It is beyond question that the harmony between exchange-value and use-value of types of goods—which are juxtaposed in the national economy in concrete quantities against quantitatively concrete needs—would stand as long as the higher exchange value must expel itself through higher prices. The other side of the higher exchange-value, of the higher price, is alone without doubt the more important one for the judgment on the ground of the money-economy, at least in the usual course of things. The question then arises: Is it true that the total quantum of a type of good attained at consumption (which has a higher use-value for a nation) can also exchange for a greater quantum of other goods than the total quantum of a type of good with a smaller type-value? Or, to put it in a different way: does the latter allow itself to be exchanged for it, and yet for more? Can one not exchange the former for the latter?

I do not bear the faintest qualm to pronounce that as long as we can agree to the current principles of our knowledge on this question, the full assurance on the harmony between use-value and exchange-value will also be stimulated throughout this relationship.

The calculations of the average income per capita of the residents of a country show that the magnitude of this average income lies well below the median of the income. I am far from taking these calculations for exact at all, but it is surely allowed, to attach a decisive importance to the circumstance, that, yet in each calculation, this average rate places itself much closer to the smaller incomes than to the greater incomes. Now, it is very notorious that in the wide lower income-classes

all income regularly goes for the absolutely necessary consumption-goods, while at the same time all the classes above them spend the same for the same goods. The same procedure repeats itself each higher class of goods that becomes necessary. The cycle of goods, which are accounted as necessary for the consumption purposes of specific societal strata, admittedly broadens as it moves up. But the by far largest part of that for the stratum of middle income earners is depleted just for the consumption of goods that appear as necessary to them. For that purpose, if one were to take the matter of fact that, far up in the higher income strata, the additional consumption and the additional needs relate by far to the smallest extent of new goods. Better and more means of nutrition, better and more housing space, better and more clothing, more firewood, etc; this is what creates excess consumption—but here, like in the lower classes, we have the same needs: nutrition, housing, clothing, etc. Thus, the exchange value of the total quantities of dispensable goods also is greatly reduced. It is indeed not possible, but when viewed in this light it is without all substantial meaning, to provide evidence for this relationship of exchange-value on each position of the borders between types of goods in detail and for the subtle changeovers. The gradations of the exchange-value allow themselves to be established with the precise mass of a number, those of the use-value, however, not. If we wanted to ask about the relationship between newspapers and chapbooks, wax candles and gaslight etc, on the one hand, we would first see ourselves be led to take the exchange-value and not the use-value as the beginning-point for our assessment of the status of the relationship. On the other hand, in any case, we would encounter the contradiction of the individual estimation of value of usage for taste, etc. It is in general decisive to recognize that the smaller transitions in the use-value of the types of goods detract from an objective norm that is valid for all. Use-value is based on need. The need does not, however, make itself valid merely with hunger that it wants to be satisfied or frost that wants to be repelled, but also with the aspirations of the soul, for which there is not an objectively estimated natural force recognized. But the need does not just stop to enforce itself as a need merely because it is based on an “opinion” or a “presumption”—which continue to play their role in the determination of use value and exchange value. Surely, how often does one not find fault in an “opinion,” because it afflicts a judgment to him, or in a “presumption,” because it inflicts on him the instruction of the feeling! Just as for the attack on the harmony between use-value and exchange-value, also for its defense, it is a main point that one keeps in perspective the undeniably large intervals between types of goods of very different use-value. And there, the circumstance appears so surely established, that we by far attach the greatest importance on the agreement to our former sentence, whereby the use-value relationship and the exchange-value relationship of the types of goods are allowed to be estimated only according to the total quantities, wherewith they satisfy the total need. For one country, which has excessive amounts of grains, for example—and partly not once draws a usable amount for the outside market—the estimation of the exchange-value becomes very complicated, if not impossible; as, for instance, the analogous conditions of the individual farmer. At the same time, countries like Switzerland and Great Britain, which regularly require stronger imports of necessary foodstuff, are able to give out explicit vouchers. As we refer now at all to the official import lists and to the estimations of value, how they are either likewise officially established or they are to be obtained through the citation of the customary

prices in the country and at the time, that naturally the exchange-value of certain raw materials for the exports of the manufactures must remain aside from any comparison. A first beginning point for seeking comparison allows itself to be obtained out of import lists, like those that are published for the Australian colonies. Especially out of those from the running and the lapsed years, since until the end of 1853 it would be imported as well as everything, and the small homegrown production is only to be attributed to the by far outweighing values of the necessary foodstuff. The sentence also holds, by the way, for the national economies. That is, that the poorer a nation is, the more will be the overweight of the exchange-value, which will emerge for the most necessary means of subsistence of certain masses of goods, over the exchange-value which exposes goods that serve more dispensable pleasures. All the better then, for nations with large capital stocks—that is, for nations that have the means—the motif in the exchange-value for the formation of the scale of use-value allows it self to be recognized as effective by the following sentence: that for the case of the force and necessity of the immediate consumption of the necessary goods, the consumption of the less necessary ones will be sacrificed, or as we could otherwise express it: that a person with a generally static or diminishing income is ready to pay ever higher prices for the most necessary goods. This is why, for example, according to Cordier (see below), in France in 1819, 64 million hectoliters of wheat had the exchange-value of 1170 Million francs, but in the year 1817, only 48 million hectoliters had the exchange-value of 2046 million francs.

Finally, we can add the even more striking evidence that where the gradations of use-value allow themselves to be declared absolutely quantitatively defined for practical life, exchange value also proves to be entirely adequate. The grades of use-value that namely allow themselves to be thoroughly specified are the ones which we have named species-value. If beeches and pines, for example, were to be used as firewood, or wheat and rye as grain, the use-value of equal quantities would function as the amount of quantified heating potency or nutritive energy of the same ones. They serve the same need, and their use-value can only comply with the other causes of disposition [*Bestimmungssursache*], with the intensity with which they satisfy the need. The relationship between the concrete economic use-value, for example, of beechwood and pinewood, is then admittedly composed of the heating potency of the same quantities and out of the total mass of the available wood. But equal quantities have a use-value relationship, which alone corresponds to the relationship of their heating potency. The congruence of exchange-value with use-value could then be assumed, only when the exchange-value places itself, for instance the fathoms of beech wood against the fathoms of fir wood, in the same numerical proportion as their heating-potency. But that is, as generally known, to be proven completely peremptory! The species-use-value finds its exact expression in the prices. Wherever and inasmuch as the influence of auxiliary needs can assert itself – that is, for example, that of the flavor or of the lighter digestibility of a type of flour, or even that of the need of a (fir wood-) fire, or where porcelain factories work, and such similar cases—then an absolute parity of the price would be a divergence from the correspondence of exchange-value with use-value. And surely, no one will doubt—as he might also otherwise think about the grounds that designate exchange-value—that the more the exact knowledge of the relationships of the species-value permeates in the mass of the consumers, the more decisively the exchange-value will be positioned

exactly in the same relationship to use-value, and that not the slightest restraint is opposed to this procedure. Here we have already the joyful outlook that a growth of knowledge and discernment, and not a growth of immoral passions and undisciplined unrighteousness, will build desirable relations in the nation. And so we see, even more clearly, that one seeks to reduce the use-value of goods for certain purposes to exact masses, wherever there is a prospect for success, and then that one knows how to obtain rapidly definite positions for the determination of the exchange-value relationships. We will further return to this point once again below. Finally we can remember how, in such cases, the difference of the abstract and the (economically) concrete use-value of goods allows itself to be specified also with the mass of numbers. Let's say that the nourishments of wheat and rye relate to each other in the ration 4:3. And a nation owns 3 million malters of wheat and 6 million malters of rye. Thus the abstract use-value of wheat and rye has a ratio of 4:3 while the concrete use-value of wheat and rye has a ratio of $[(4/3) \cdot (1/2) =] 2:3$ (12 Millions divided by 18 millions of the same nutrition-power-quantity). Thus, if the exchange-value of the individual bushel of wheat stands at 20 gulden, then the exchange-value of the bushel of rye will be set close to 15 florins. The economically [*volkswirtschaftlich*] concrete exchange-value of the total mass of wheat and rye is set in congruence with the use-value of the total in the ratio of 2:3 (60 million florins to 90 million florins). In contrast, that of the individual malter is set again as 4:3, because each individual bushel in the ratio of its quantity to the total quantity of its type takes part in the total use-value. Thus, each bushel of wheat has: $[12 \text{ millions (nutrition quantity)} / 3 \text{ millions (malters of wheat)}] = 4$. And each malter of rye has: $[18 \text{ Millions (nutrition quantity)} / 6 \text{ millions (malters of rye)}] = 3$.

Up to this point, we have inspected the use-value relationship and the exchange-value relationship of different types of goods with each other. Now remains the second question to be dealt with: how do fluctuations of value of the same type of good relate to each other?

Here we encounter two tasks, which have especially become the stones of the attack for the acknowledgement of the harmony between use-value and exchange-value in the national economy.

The first one deals with the fact that one observes that through an increase of the quantities of goods, which have use-value, the exchange-value of such quantities will be ever diminished. If the malter of wheat cost 40 gulden in a bad year, and now the weather and the work of the farmer in the next year makes available a richer harvest for the hungry humankind, a rich abundance of wheat, with its acknowledged use-value, then the exchange value of the malter would probably fall to 20 gulden! That would not appear only as a memento against the meaning, which the national economy attributes to the exchange-value of goods, but rather, in particular, it also appears as an irresolvable contradiction between exchange-value and use-value. Indeed, it is not remotely so, and here lies, in fact, one of the finest demonstrations of the harmony between the two values. The falsity lies in the fact that one ignores the fact that each malter of grain deploys only a portion of the use-value demonstrated through the ratio of its quantity to the available total quantum. The total quantum of the good or a type of good must satisfy the total need for it. This need remains the same, and in the one year it should be satisfied through 1000 malters, in the other through 2000 malter. So, in the first case, the use-value of the individual malter is

1/1000 of the total, and, in the second case, it is 1/2000. It would be a contradiction if the exchange-value behaved differently than in the way that it does. Indeed, in lieu of saying anything else, I can refer to the successful riposte of Hildebrand against Proudhon.⁵ Surely, it is to be conceded that there are kinds and definitions of use-value, which must evoke the same attack, if considered one-sidedly.

One cannot place enough emphasis on the fact that the use-value of goods, that is, the degree of their usefulness through the relationship in which reside objects with certain properties for specific needs of people, and that the concrete use-value does not merely depend on the certain quantities of available goods, but rather from the ratio of those to the concrete need of the nation. It has been said about the characterization of exchange value: “it is not an inherent property of a good, but only a ratio, wherein it stands in relation to other goods.” But use-value, too, is not a quantity inherent to goods. The property of usefulness for human goals is inherent to the objects. Their use-value, the magnitude of this usefulness, which also determines the exchange-value, is based on the relationship of that property to the—changing—strength of the consumption-need. Thus we can have a decrease of use-value as well as the total quantity available (of wheat, for example); when wheat itself remains constant, but the need for wheat rises through the increase of the population, a bad harvest of other grains, etc. Or we can have the need constant and the applicable total quantum for the satisfaction of that need either diminishes or rises. Therefore, the decrease takes place as long as and BECAUSE the RELATIONSHIP changes, and not just because there was a change in the quantity of the available wheat. And this change can, of course, also—as usual—take place through the simultaneous variation on both sides, with respect to both bearers of the proportion. But “listen! Listen!” a Proudhon might cry, what we have here allows for the assumption that through the abating of an available quantum of a good, the exchange value and the use-value of the small remaining quantity would rise! What an Abyss for the Production!

We have herewith arrived at the second stone of the offense, which appears so awkward, because the national economy itself acknowledges it. It is truly as *second*

⁵*National Economy of the present and the future*, p. 318: The more the quantity of a useful object is aggrandized, the more falls the utility value of each individual piece, as the need remains unchanged. Then, as the utility value is always a relation of the things to man, so each type of goods has the mass of its utility value in the sum and rank-order of the human needs which it satisfies. The sum of the utility value that each type of good possesses remains unchangeable (as long as the human needs do not change), and it divides itself in the individual pieces of the type in equal quantities. The more the sum of the pieces becomes large, the less the share, which accrues to each piece from the utility-value of the type and vice versa. The smaller the mass becomes, the larger the share of each piece from the utility-value of the type. If one were to set the total need of a nation as 100, then the utility-value of each type of goods would be expressible in certain percentages. The utility-value of iron would be accepted as 5%, for example, under the assumption, that the national need does not change itself. At each moment, in which the production of iron rises, a new distribution of the 5% utility-value takes place on the individual quantities of the produced iron. While for the production of 500 centners, each centner of iron would possess 1/100 % of the total national utility-value, so for the production of 5000, 50000, 500000 centners, the utility-value of each centner would fall down to 0.001, 0.0001, 0.00001 % of the sum of all utility-value. Now, the total need of nations, however, never remains the same—each increase of the need effects the exchange-value just as much and in the same way as the utility-value.

stone of the attack. Formerly, we said that exchange-value and use-value (of a bushel of wheat, for example) could rise through a decrease of the total quantum of wheat (perhaps following a bad harvest) when the total need remains the same, and that it would fall under the opposite conditions. Now, it is to be proven, that the use-value and the exchange-value of the *total quantum* of wheat could rise *by* and *following* a decrease of this total quantum of wheat. The two sentences are so close to each other that I cannot see how one could place them opposite each other. Let us take Roscher's *Principles* at hand, for example. There we shall find that in §.5, note 5, it says: The contradiction, which Proudhon seeks in the opposition of use-value and exchange-value, is well redressed by Hildebrand (see above citation). In the text, however, it also says—with the naturally true sentence—that the exchange-value is not identical to the use-value, in order to affirm: “Thus, the exchange-value of a good can rise, while its use-value falls, and vice versa.” In a bad harvest, the total mass of corn often possesses a higher exchange-value than the unevenly greater one of a good harvest. In the note, it is commented with regards to this: In France, in 1817, the wheat harvest amounted to 48 million hectoliters for the exchange-value of 2046 million francs, in 1818 to 53 million hectoliters for the exchange-value of 1442 million francs, in 1819 to 64 million hectoliters for the exchange-value of 1170 million francs. For the same reasons, the Dutch-East Indian Company let the greatest part of the spice plants to rot on the Moluccas in 1652. Nutmegs were to be drawn alone on Banda, cloves on Amboina, where one could avert contraband trade better (that was one reason, which does not belong here). And also, otherwise, great masses of spices would be often burned in East India, in order to increase the exchange-value. Similar attempts had been made with North American tobacco in 1832. It occurs to me that this generally accepted opinion does not allocate a lack of identity, but it admits a true contradiction, between use-value and exchange-value. Why should Proudhon not be able to shout here: “well, you learned scholars of the economy, admit to an increase of the exchange-value, which you set above, through the decrease of the exchange-value, while you must indicate each rising of the use-value as an economic blessing for the nation”? The fact of the case will arise from the following.

The concrete use-value of goods, that is, the degree of their usability for the consumption of a nation is not based—as we saw—on the quantum in which it stays in disposition, but rather on the relation of this quantum to the quantum of the need that it must satisfy. Use-value thus is not inherent to the objects, but the capability to attain use-value is. Roscher himself says that objects which are available in great amounts for a need hold their full use-value only until we reach the borders of the need. So, there occurs a harvest of 5 million hectoliters of wheat, while a nation realizes all needs of the annual consumption, of sowings, of the possibility to sell abroad, etc with the already harvested 4 million hectoliters. Thus, the use-value of the disposable wheat does not rise to $\frac{1}{4}$ of the previous one, but rather the 5 million hectoliters have only the use-value of the 4 millions and because of that only the exchange-value. And because the 1 million is not completely put aside, there appears a proportional decrease of the use-value as well as the exchange-value for all the 5 million individual hectoliters.

That is, indeed, the opinion, of Hildebrand in his remarks against Proudhon, which Roscher rightly praises. Next, it is then undeniable that a smaller quantum of goods cannot merely have an equal exchange-value, but also an even greater

use-value rather than a smaller one. There are here no consequences in view that one would have to dread. Suppose that 1 million hectoliters of grains were to be created with knowledge and will in the power of the agricultural production, which would be above and outside the effective demand. Then they would trade so foolishly, just like the factory owner of silken products, who expands his production in an overfilled market, or like the hillbilly, who on the border of the unforeseeable virgin forest would plant in great quantities of consummate, new forest-cultures. We have now seen how the use-value and the exchange-value of equally large shares (malter, for example) and of a differently large total quantum can be different; namely if and because the use-value of the differently large total qualities is equal. With other words, because the same malter in the one and the other case is met with a differently great need; it is here, like there also, a malter of wheat with its nutrition-power. But if one were to allow the use-value and the exchange-value of 1 malter of wheat in a year of dearth to be estimated = $1\frac{1}{2}$ malter in a rich harvest year, provided that the country has 20 million malter in that year, while it satisfied the extent of its need with 30 million malter in this year. Then there remains yet also no reason to doubt that $\frac{5}{4}$ malter in a year of hunger must have a higher use-value and exchange-value than $\frac{6}{4}$ malter in the rich year. There is, however, the decisive fact, that in the one case the smaller quantum faces a larger need than the one that the larger quantum faces in the other case. Should that reason arguably apply, not for the individual malter, but for a smaller total quantum of wheat against a greater total quantum? One would differentiate well the abstract and the concrete use-value. A greater productivity, a greater nutritive value has completely and without doubt the larger quantum of wheat; but this—the intensity, with which a quantity of goods can satisfy needs—it is only one dimension of the concrete use-value. The second is the intensity of the need that faces it. We see that the greater these two are, the greater will be the use-value. In our case, the relationship is such, that the decrease in the productivity of the available, but outflanked, quantity of goods, becomes more than balanced through a greater amplification of the need! Then the effective use-value of the small quantum is greater than of the bigger one. If the need for consumption of grains expresses itself in the same strength in a year of hunger as in an abundant year, then, in the rich year, the smaller quantum would have the same use-value and exchange-value as the bigger one. For each person, who either way is devoted equally to other goods, the consumption of a smaller quantum of grain would emerge. But this is not accordingly the case. For each person, a stronger need expresses itself forthwith; how much it is grown, we would hence see by the fact that he would consciously admit a greater percentage ratio to his need for grain in the total mass of his needs. The impact of the force of the grain for the preservation of the life of humans itself, the intensity of its productivity, becomes increased over and beyond the usual mass through a more thorough exploitation, an anxious precaution against waste of utility-power in any form. Soberness itself, fasting, and hunger can and must make up the use-value of the actually consumed means of nourishment. That is a minor point, by the way. For all goods there can emerge a process, where, according to the consumption of the goods, the desire of a nation becomes so great, that a decrease of the production of a type of good working through the decrease of the available mass in its effect to decrease of the use-value becomes more than balanced, through the

effect of a rise of the demand, for the raising of the use-value. What the above cited example with regard to the wheat in France incidentally pertains to, is to think that each individual type of fruit, for example wheat, satisfies the total need for grain nutrition only next to and with other types of grains. Let us suppose now that in a bad year perhaps a proportionally stronger loss takes place in the harvest of the remaining grains which serve as means of nourishment. Then the use-value and the exchange-value of the smaller amount of wheat must therefore proportionally rise, because now a greater share of the total need accounts for them as formerly. But the exchange-value and (according to our opinion) the use-value of the wheat are independent in that year from the quantum of harvest and from strength of the sensed needs. And this is truly, strikingly reflected if one were to also add the year of 1820, in which, according to the same source, there was a harvest of only 44½ million hectoliters and for only 895 million francs. But “in 1817 the whole world still trembled under the impact of the bad harvest of 1816. In 1820, in contrast, the comfortable security left behind by the opulence of 1819 predominated.” Surely, this is it. But should this trembling hankering and this feeling of comfort not come to a halt also in 1817 for those who had attained grain for their need, also for the estimation of the use-value of wheat, since we enjoy the ordinary only with the body? The need in general, as well as the need for grains, can become greater both through intensive as well as through extensive growth. There can be not merely thereby such growth of the need, that more people will want to be satiated or that the same number of people would consume a greater quantum of grain in an expensive year, which is surely regularly actually strived for, because entire masses restrict themselves to a nourishment of bread, which otherwise would be at the same time be procured with bread, meat, etc. It grows, in fact, also then, when the same number of people feel a more impetuous need, according to the same or according to a smaller quantum of means of nourishment. That is, I would like to say, when the hunger of the souls comes along to the hunger of the bodies. We are indeed, since long ago, in agreement about the fact that the use-value is estimated only from a smaller number of goods, through an objective, measured, absolutely compulsion to consumption, impelled by the laws of nature. Since long ago, we have recognized that there are also factors of the use-value, which exist as such only through a relationship to the spirit and the soul of men. Now, in our case, appears such a use-value for those goods, newly or in an increased mass.

We hear the objection: well, is there an increase of the use-value of economic branches of goods, which is precipitated through a decrease of their quantity, which within the borders of the need, if also a less intensively expressed need dies away? Yes, there is such one, as there is admittedly one of the increase of the exchange-value of the branches of goods, which is not based on an increase of the quantity of those branches of goods to her to outside norms for a designated efficacy.

Would, thus, one arrive at the absurdity that through the obliteration of quantities of goods which could be consumed, one can raise the use-value of the ever smaller remaining quantities? We would not go so far. We have an increase of the use-value only for the case, and as far as it is admitted, that the decrease of the quantitative efficacy will be outflanked through an intensive increase of the need. It can anyway not, then, emerge for all those goods, where this case is not possible, because of the smaller strength of the need for them. As

soon as each point is overstepped, where there is an even stronger increase of the need and a weaker obliteration of the quantitative efficacy of the available mass of the good, then the increase of the use value does actually emerge. One would think, for example, about the reason why the coldest day does not fall on the 21st of December or the warmest one on the 21st of June; or why the coolest and warmest moment is not at 12 o'clock at midnight and in the afternoon! Each point makes itself felt because the consumption of subjective use-value can only *combine* itself with the consumption of objective use-value. The first must begin to diminish from the moment where the other may no longer correspond to the need. But can one still also talk of a true enrichment of the nation by this increase of the use-value? No, as little as one is to be beheld in each increase of the exchange value of a branch of goods. There is a disposable use-value next to a necessary use-value, just like there are disposable goods next to necessary ones. Disposable goods are produced at the cost of necessary ones; and so one certainly produces goods in this way, but without question for the harm of the economic wealth of the nation. Likewise, the production of disposable use-value at the cost of producing a necessary one.

We are dealing with goods, whose consumption is completely general, and so the use-value of the goods, as well as the total mass of the aliquot parts, stands in a constant relationship to a need from all parts of the population. The mass of the consumption by the individuals (marked-off through natural conditions towards both sides) and the extent of the production (of the free assignment) are detracted through humans. To the degree that this happens, the use-value and the exchange-value of the aliquot parts of the produced total quantum will experience fiercer fluctuations. Only the extent and the strength of the need of those who consume them is decisive for the use-value of other goods. The customary remains the same; the change here is only that the possibility or easiness of a renunciation of the usage or of an adoption of a scantier or ampler consumption, and the possibility of an expansion of the numbers of the consumers as well as of an expanse of the production guarantees by far a greater consistency of the value of the aliquot parts. Birth and death—which determine the total number of the population—namely decide about the extent of the usage of the necessary goods. Then they also determine possible dispensable auxiliary types of uses of indispensable goods, which can be added or canceled; the increase or the decrease of the prosperity and of the costs of production is decisive for the latter type.

Albeit the national economy is composed of private economies and the interests of the former and the latter interlace in the most multifarious way with one another, then some sentences allow themselves to be established, which have validity only for the private economy, and others, which have validity only for the national economy. This discernment can be made, also relating to use-value and exchange-value. The concrete use-value and exchange-value of the private economy have several unique characteristics. One will immediately recognize how he may explain the local fluctuations in the use-value and exchange-value of the aliquot parts of a total quantum of available goods.

Rau's explanation of the concrete value in contrast to the type-value is relevant to this value—the value of a concrete quantum of a specific type of good in the possession of the nation for a private economy existing within the nation. As we again

make valid the same gradation for the exchange-value, we can just as well tie in with Rau's nice observations about concrete value.⁶ Next, we refer to how, directly out of Rau's remarks, the necessity arises for a differentiation of the national economic concrete use-value (next to the one depicted by it) and the abstract type-value. Do (not for that certain, available quantity of "40 centners of rye in the hand of him, who possesses 70 and can only use 30", as long as a certain available need for usage for the national economy faces them) all the characteristics of a concrete value in opposition to an abstract-value apply to a type-value of wheat, copper, sole-leather? Does the second specimen of a book in the hand of the possessor of the first (the second specimen, which is possibly the only one for the needs of all remaining members of the nation) only have the type-value of the good books also in the national economy? These goods have manifestly an absolutely concrete value for the needs of the national economy; they are concrete goods against concrete needs.

We only ascribe a type-value—a value of the types of goods *in abstracto*—to wheat against the nutrition needs of humans, which can be satisfied through wheat. We also ascribe a type-use-value to 40 bushels of wheat, as long as these have a certain nutrition-power against the scientific and empirical to designated needs of man for flour. But the available 40 bushels of wheat might be in the possession of a nation, which does not itself need them, and they will be faced by an actual need of other members of a nation—these bushels have the characteristics of concrete value. And the concrete value allows itself to be estimated at least exactly as these (for the use of a private economy) excessive 40 bushels of wheat; and each other private economy in a concrete situation can realize it first, if it has set itself to be in the possession of these bushels of wheat. It will certainly be uncontroversial to say that the concrete use-value of a quantum of goods is determined by the mass of the goods, which someone is ready to present against it. "Goods" have use-value only until the margins of the need. This sentence is valid both for the private economy and the national economy; but in the private economy it also applies in reference to quantities, with regards to which it no longer applies for the national economy. When something stays or can be attained outside the individual need for disposition, only then does it have so high a value as the one that other people or other nations attribute to it. That which the individual or a nation possesses over and beyond an idiosyncratic consumption-need, without being juxtaposed to a consumption-need of other individuals or other nations, also has no exchange-value. Therefore, the same concrete value of the private economy falls from the concrete use-value of the national economy for each individual, if each one has an equally large need for the

⁶Concrete value does not always coincide with the type-value, but it is together under the influence [...] of the expansion of the need and of the goods already in possession of the person existing supply of other amounts of the good. The parts of the supply above the need are considered superfluous, because there is a lack of cause, to really make use of its usefulness. It can therefore now be used in trade as a means of exchange, and whoever—as one practices trade—does not take care of the resale will probably bring unto himself only so much of a sacrifice of each good, as he himself thinks of using. Therefore, often an object of the highest type-value is for many people without any or only with a very slight concrete value. Until the margin of the need, this type-value is the same.—Note c: The second specimen of the estimated book, of the copper table, is for the owner almost without any concrete value. Whoever has provided himself with the need, does not buy any more of the same object, if it is also still so inexpensive; he would then have to sell again or to want and to be able to save for longer.

same aliquot parts of the total mass as all residuals, and if they do not find the opportunity to exploit the same part more than others. Otherwise, differences abound, and often very big ones. The concrete use-value of the private economy of the existing goods in possession of the nation, generally, always appears for the circles, which need them. The use-value of a few centners of a grain, which are offered for sale, can in a year of bad harvest—for those, who still do not possess any grains—be the highest; and for those for whom it has been sufficiently provided for, it immediately appears as zero. The magnitude of the concrete use-value of the national economy of the same quantity of grain coincides with neither the one nor the other estimation. Thus, the powers of the machines, which stand for the disposition of the national economy, have generally—just like the machines for the different ends of the industry—a concrete use-value in their total sum as well as in the individual specimens of machines. In contrast, for the individual—who for either inner or outside reasons cannot have a machine in use—the machine has no private-economic use-value. For him, who might exploit the possible capacities of men more strongly, the machines have a higher use-value than for others. Very important conclusions are attached to this actuality, for the determination of the exchange-value, respectively of the money-price of the quantities of goods. If a new harvest of 10 million centners of wheat is made for the national economy, then the national-economic concrete use-value of that quantity will be determined through the ratio, in which the effective nutrition-power of this quantum is situated against the total sum of needs, which make themselves valid for wheat within the nation. The national-economic concrete value of the individual malter of wheat of that quantum is $1 / (10 \text{ mill.})$ of the total; and the exchange-value acquits itself in the same manner. Nevertheless, that equal average part of the total does not derive from each individual malter. In fact, the greatest deviations allow themselves to be stated. It must be so also, when in this position, too, the harmony between use-value and exchange-value should prove its identity. By no means will that total sum of the need of the national economy, through which the national-economic use-value of 10 million centners of wheat is ascertained, be built through *equal individual shares of need*; but, in fact, it will be ascertained through diversely graded shares of need. On the one marketplace there is possibly absolutely no use-value for private economies to be detected, because everyone's needs are provided for. In another marketplace, the quantum brought to the market goes far beyond the need; the oversized quantity that has been put out for sale has use-value only until the border of the need. Out of 1000 malters, $1/1000$ of the total will be accounted for the individual malter; and out of 3000 malters $1/3000$ of the total will be accounted for the individual malter. In a third location, the available total quantum may find a use-value, but it will be, indeed, smaller than in a fourth one, because in the third location the remaining part can subsist for some time, while in the fourth location it is available only for a short time. And so, one can imagine all the 10 million centners of wheat just in one time vis-à-vis all those individual needs, to perceive that the use-value of the individual quantities must be different here and there according to the needs, opposite to which it finds itself. In this position, one can speak of so many strange reasons for the determination of exchange-value in antithesis to those for the use-value, when use-value is understood abstractly; namely, when one views use-value – the degree of usefulness of goods for consumption—in antithesis to exchange-value as something inherent to the goods. The abstract

use-value is inherent to objects only when thought *in abstracto* against human needs. Only the capacity to be able to satisfy human needs of different strength is inherent to the concrete quantities of goods. Their concrete use-value is directed towards the strength of the need, which they satisfy *in concreto*; and their concrete exchange-value is thereby then ascertained. The influence of *opinion* itself in the determination of the price is to be observed, because an opinion underlies the concrete use-value of quantities of goods. When buyers or sellers agree on an exchange-value of a quantum of grains, which they would not have recognized had they correctly estimated the true supply of the grain, they err regarding the principles of the estimation of the concrete use-value; and only in connection to this process does the establishment of the exchange value arise. It is to be conceded, that the use-value of the individual malters of wheat, for example, next to each other could not turn out to be differently high, in succession of a variation of the transportation costs. So it is to be accentuated, that uniformity applies with regard to exchange-value. For a thousand malters of grains, which should satisfy a concretely determined need in a certain time and locality, neither a difference in succession of a variably costly agricultural production, nor a difference in succession of the different costs of transportation, would be acknowledged in the market. Different costs of production for a type of goods in general, in different times and places, stands in relation to the value of the goods in general; that is, to the use-value as well as to the exchange-value.

We have said that the concrete use-value of the goods is only available until the margin of the need. We can add that the concrete exchange-value—of an amount of goods, which are in the possession of a private economy—emerges firstly beyond that need and only above and outside the need of this available amount of goods. If a private economy possesses 70 centners of grain, 40 of which cover its need, then only 40 centners would have use-value for that private economy. But also, only 30 centners will have exchange-value for that economy. It is not necessary that we should give further reasons for this in itself important sentence. In contrast, we will refer to a significant implication which arises after this important sentence. We see that the concrete value of (say) 10 malters of wheat does not only depend on the nutrition of this quantity of grain, but also on the variable strength of the need that it is met with. There is from the proprietor himself always a painfully experienced raising of the feeling of need, which can outflank the importance/meaning of the decrease of that quantity for the estimation of the use-value, and is ready to estimate the concrete use-value of 9 malters wheat in a bad year higher than the 10 malters of a rich year, and therefore to give up more goods for the smaller quantum than for the bigger one. Private economies, for example in the rural economy, which produce grain only until the border of their own consumption need, have no personal interest in the occurrence of such a disproportional increase of the need of others (though they are truly economies), if and as long as they produce for the usage of others. For that, it is only the grain's own value that comes into consideration, which is estimated through the own-use-value; for these, the regard of values in exchange becomes standard for the exchange value. And so, the latter can also come in the situation, to receive more goods from others in a period of bad harvest for the smaller surplus of their products above their need for their own utility, than for a greater one during a rich harvest. Now, surely, no one will be able to think out of closely situated reasons, to obtain this contingency for the value of grains through a decrease of his

own surplus over the need, when the supplies of thousands of other private economies continue to exist in equal size close by. But he can do so without doubt to a greater degree, when his surplus stock of goods coincides with the stock of goods [necessary] for the satisfaction of the needs of all. This is a fruitful theory against the monopoly in the production regarding the sale of any such goods whose concrete use-value is able to have a great increase through the increase of the need for these goods.

Exchange-value already assumes that the use value of the same quantity of goods is of different size. It takes place, not because one estimates the two quantities of two kinds of goods equally, but instead, because one estimates them unequal to each other when comparing them from either side. Were this not the case, then the efficiency of the transaction from one hand to the other would not be undertaken. Goods that only a few use (affection-value), also have exchange value according to the desire for them. One should not generally say that for the estimation of exchange-value “only the estimation from third parties” should be the standard. One can certainly perceive the concurrence of the proprietor who is ready to hand over a good, when it can have absolutely no value, or very little, or a great use-value for him. Only in the first case, will a descent of the exchange-value, for example, not have a negative effect. And accordingly we are also to think in which way that the Dutch-East Indian Company has acted on the estimation of exchange value, etc. But only under the decisive concurrence of third persons is the exchange value determined. This exchange-value of goods comes more and more decisively in the foreground with the increase of the division of labor; because it must increase with that number and circumference, in which the mass of the each person’s need will be produced in the private economy. It is coherent, then, that exchange-value becomes greater and greater for the estimation of the component parts of the national fortune, as the international division of labor and the international commercial exchange becomes stronger and wider.

In order for us to be able to speak of goods, it is necessary, that a human need and an object which satisfies it are available. With the division of value in a use-value and an exchange-value, of the use-value in a consumption-value and a production-value, of the consumption-value in a usage-value and a utilization-value of goods, the principle of division always lies on the same one side; it is the end of disposal (as it is established by humans against the objects having certain properties), which appears as standard. That end of disposal, which can be seen as inherent to the human needs, is determined also only with regard to the capability of disposal, which is inherent in the objects. Accordingly, when we believe that a division of value is to be acknowledged according to the latter as well, it must then likewise become valid, that this division only then has truth, if we simultaneously keep the end for disposal in our view as for the satisfaction of human needs. Just as in this division of value the categories of the types of disposition of the goods are standard, while one desists from the diversity of the properties, which lend to the goods use-value, exchange-value etc, the principle of division is here to be obtained from the latter.

Thus, according to this, we can conclude that:

1) A material-value of goods. It is based on the physical and chemical properties of the bodies. It comes into question, as soon as, and as long as, human needs are of a material kind, and can only be satisfied through materials as such. The degrees of hardness or softness are to be calculated here, as well as the degrees of brittleness, elasticity, weight, durability, heat conductivity, electricity, consistency, impenetrability,

expansion-power of the bodies. Moreover, here are also to be calculated the qualities of goods that are based on the chemical composition, such as nutrition, heat-power, the content of dye stuff, acidity, the behavior of the material in the process of oxidation, in the process of disposal, in its different forms of fermentation, disintegration, etc.

At this point, lies namely the extraordinary significance that the progress of the disciplines of the natural sciences have for the theory of the national economy. Chemistry and Physics, through the results of their research, have incalculably heightened the economic capability of modern nations. The affluence of our nations is owed so much to them, such as assiduity of the industry and the frugality of the producers and the consumers. By exactly analyzing the material properties of the bodies, they have established a material-value of these bodies, of which their predecessors had no foreboding. Only out of these grounds are we able to satisfy thousands of needs, which were formerly denied. They teach how to produce, they teach us how to enjoy, and they teach us how to save. The influence, which is imminent from this side onwards for the transfiguration of the national economy in the future, is incalculable. At all events, this influence will be benevolent, as long as it moves on the tracks of correct efficiency: not to leave anything usable unused, and to obtain the greatest efficacy with the smallest means. This benevolent influence is becoming for years now also notable in the national economy: one does not only ascertain the property of the materials, but also the degree of their efficacy against the specific need. As long as one does not only ascertain the nutrition-power of all means of nourishment, the burning-power of all woods, but also the elasticity of silk, of wool, of cotton, the leverage, the driving-power, the momentum of any machine, the durability of the stone, etc, etc, then, all of the sudden, he leads the slowly worked instinct of the nation to a clear insight and he enforces, at least with regard to material-value, a concordance between the use-value and the exchange-value of goods. And in these grounds, the expansion of world trade and the improvement of transportation facilities work together with the greatest success, in different times and locations. Here, we call attention to the fact that this material value of goods has its standing for an analysis of an exchange-value of goods just as it does for their use-value, and also for production-value just as for the utilization-value. The same applies with regards to the types that are yet to be discussed.

We must next juxtapose to the material-value:

2) The form-value. It is based on the figuration of the objects in relation to the end, which can or should be reached through them. It is an absolutely autonomous value and as such is absolutely independent of the material-value of the object, in which it comes in appearance. Largeness or smallness, colossal or tiny dimensions, broadness or narrowness, beauty for the eyes, manageability for usage, conceivability for the arm, sharpness, rounding or an angular figuration, symmetry, proportion, in short all characteristics, which we assign to the shape of an object, are proper here. Here, we also count the colors in their formal effect, not with regard to their material behavior. The value of the most magnificent painting can become so much smaller, through easily fading color materials, just as through a bad, easily fragile canvas, or through improper oil, and the like. On the other hand, the application of the best color materials does not lend any independent value to the painting in our eyes. In general, it lies in the nature of things, that a material-value and a form-value are perceived and

estimated at the same time in one object. They are both at the same time significant for the same object, and thus, the value of the object coincides with the sum of both. If the one is small and the other one is large, then the value is to be understood as a succession of the appraisal of a contradiction or as the residue of a subtraction; similarly to how the spring tide of the sea sets itself, when the attraction of the moon and the sun combine with each other in the emplacement of conjunction and opposition, or like the neap-tide when it counteracts in the position of the quadrature. The material-value as well as the form-value can be of whichever magnitude, which one would strike higher. At any case, one estimates in a house, a piece of clothing, a tool, at the same time both the material and the form. A higher and slimmer tree trunk is appropriable to a mast of a ship at least for some time just as well, even if it composed of a less good wood. The tiny form of a pocket watch will perhaps be taken into account equably; a pony, a cherry pit, with an incised "Our Father" has preferably only form-value. The consideration of a smaller material-value of a good can also be more economic. For the building of a modern house, the consideration of obtaining a high form-value will prove itself to be profitable, just as the application of a material, which endures more than one hundred year, brings sure loss. A building for the exposition of industry, which has served its purpose after the passing of a year, and a machine, whose utility-value is highly decreased through new inventions, allow for the same observation. The fellow-countryman, who wants to wear his outfit during the entire year, will be indifferently against any defects of form as well as against any defects of material. At the same time, the dandy, who changes with each fashion, is just as easily satisfied by the factory owner, as he is with difficulty satisfied by the tailor.

Absolutely autonomously, next to the material-value and the form-value, the following type of value can be observed:

3) The location-value of goods. We also speak of material-value and form-value of things with regard to certain properties of these things, only because there are human needs, which are satisfied through objects with such properties. This characteristic is made valid totally independently out of the consideration of the place, and the location, on which objects with usefulness can, must and should be attained for disposal. They might point at material and form, whichever they want; but the *location*, on which they stand, that "modality of them to be" (Say), this is what lends them their usefulness, it detracts this usefulness from them, it increases or decreases this usefulness. The location-value enters in combinations with the material-value and the form-value, as we have just already noted about the relationship between material-value and form-value. Depending on how locally the human needs are available or are missing, the objects, which are juxtaposed there with certain material-value and form-value, have usefulness and value or they do not. The location-value is then very nicely and purely emerged with regard to the natural forces and those goods, which are not appropriated, due to the fullness in which they perform the consumption. Just as flour is proper for nursing the hunger of humans, in the same way one can completely quench his thirst with water. But drinking water is generally appropriated in such fullness, that no one has it exclusively in possession. This is not the case for all places on the earth. Wherever this supposition is canceled, as it is the case of the desert, on the crest of limestone-mountains and sand-mountains etc, where it is possessed exclusively and in limited amounts, it perceives, in material

and form not otherwise as elsewhere, the more difficult to be satisfied need against the exchange-value; of course, it may possibly be set on the highest ranks of the concrete exchange-value, as a non-amiable foodstuff. The same process repeats itself with regard to the good and sanitary drinking water for locations, where drinking water is bad and unsanitary in unlimited amounts. In passing, it might be noticed how we experience here the odd process of a productive work in the middle of the increase of the value of a not-appropriated good, which is offered in the greatest fullness. And this happens without a change of the location or a strengthening of the consumption of the good to take place. And surely, the invention of a man, who might be in a position to change the unsanitary drinking water in some location into sanitary water, would thus in no way lose the character of productive work, because the costlessness of the technical process would hereafter make the good drinking water an ownerless good. Apart from that, we must also pay attention to the fact that the wood in an incalculable virgin forest, the berries of the forest, and the drinking water of the springs do not have any exchange-value only in the location, where they are ownerless in exuberance. The bark of the tree and the berries of the forest have, through the location-value, acquired exchange-value in our house; and we ourselves or others might now purchase the translocation. The same applies for the drinking water in our parlor, because it is being paid by a part of the wage of the servants.

Rapids are found in accommodating locations of the earth, where humans live and can build cities, in contrast to other locations, which dissipate the same water-power high above in desolate mountains etc, where it is not usable or it is not completely exploitable by humans. Therefore, the use-value or the differences in value of rapids, is only to be attributed to the location-value. The difference of value, in densely populated cities, between houses in lively frequented streets, and houses that are away from such streets, is to be attributed only to location-value. The storehouse of pit coal has a higher value in countries that do not have many forests, than in countries that do have many forests. The circumstance that storehouses of coal and storehouses of iron find themselves above each other in the prosperous ground of England, lends a powerful reserve to the English production of iron and iron products for the world economy. And here we end the series of examples, which can so easily augmented by anyone.

We consider as a nice evidence for the correctness of our observation the remarkable fact that the three great production cycles of material goods, raw production, industry and trade, have as their task the attainment of material value, form value, and location value. The raw production also surely generates materials not in the sense that it creates the existence of a material, which was formerly not available in any other form. All the same, the task of the agricultural economy and of forestry, which come across the elementary components of fruits and of wood on the earth and in the air, is without doubt directed towards lending usefulness and value to satisfy human needs as materials to these elementary things. Rau's remark, that in mining, hunting and fishing we are dealing with the task of bringing the game animals and the metals in the possession of humans, making them able to be applied and consumed for humans, so that it becomes plausible that one can also speak of the creation of material-value in these activities of the raw production; and that is in contrast to the task of the profession of exchange, which is directed towards predominantly bringing game animals and metals to the procurement of a change of location. Gardening, which is the branch of agriculture that is most analogous to

the commercial creation, also most strongly allows a simultaneous consideration of the attaining of form-value to appear. The commercial industry wants, first of all, to create form-value. Admittedly, as long as it concerns the domain of its activity, which lies on the other side of the use of the organic process of growth of nature, the commercial industry seeks to also increase the material-value of raw products, through the mobilization of mechanical and chemical forces. By parching and watering, by fermenting and clarifying, by making use of the heat and the frost, the water and the air pressure, it wants to lend those properties for the estimation of material-value to its products in increased masses: weight, density, etc, as the raw material possessed them, as it approached it. Indeed, that only amounts to the smallest activity of the commercial industry. And also in the commercial industry, the general material behavior of the bodies, which it processes, is always given. It only, as it were, develops the capacity, which lies in the given materials, to the form, which Nature refused in Her free formations. The form-value of goods, towards which the task of industry directed, is largely and generally and regularly adjoined to the material-value of the raw products. The goal, finally, of the activities of trade is: the *attainment of location-value*. Location-value is the local usefulness and the degree of usefulness of goods, which is not dependent on their material, not their form, but rather on their location where they are available to satisfy the human needs. Location-value, therefore, can both be attained by locally arousing or increasing a human need and human consumption, as well as by carrying a locally available human need and a higher degree of this need to goods, which in their own location find no use or find a less valuable use, due to their material and form. Only the first case is possible with regard to the exploitation of objects and relationships, which cannot be moved over from their position, and the significance of these objects remains predominantly local. However, at the same time, a constant and diffused interest—over the entire humanity and in thousands of guises—is tied to the implementation of the second case, which constitutes the purpose of the tasks of trade. The tasks of trade want and should secure the highest possible efficiency for goods, through the most intensive satisfaction of the most intensive need, and through the substantiation or the addition of location-value next to the material-value and the form-value. One could rightly speak of a *natural location of production*. It is there, where, in the most economical way, the material-value and the form-value of goods is created. At the same time, a location-value of goods can yet be established. Meanwhile regularly, and always for all the consumed goods not in the location of production, the production of location-value becomes a new activity. But in any case, and above all with regard to the creation of location-value for raw materials and auxiliary materials, which are designated for the productive consumption, we can say: It is the task of the tasks of trade to bring goods to the location, where they can find their most economic use. In other words, trade seeks and should establish the natural location of consumption.⁷

⁷During the printing of this essay, the author was in accord with the book about the explanation of value by Bastiat: “Main Features of the National Economy by Max Wirth”; it is yet reserved to enclose a hereby animated small addendum in the next booklets.