

## Comments on James Mill, *Éléments d'économie politique*\*

Karl Marx, 1844

Marx kept a wide variety of notebooks throughout his life. He often used them to aid in his study of other authors. A common practice was to transcribe long sections from a particular book, and then comment on those sections at some length. During his time in Paris, Marx kept nine notebooks – largely dedicated to his growing interest in economics. They date from the end of 1843 to January 1845.

The “Paris Notebooks” deal with books by J. B. Say, Adam Smith, David Ricardo, McCulloch, James Mill, Destott de Tracy, Sismondi, Jeremy Bentham, Boisguillebert, Lauderdale, Schütz, List, Skarbek and Buret. Most of Marx’s accompanying commentary on these authors is very fragmentary; and, ideas are often restated far more clearly in the [Economic and Philosophic Manuscripts](#) (1844).

The exception to this is the material addressing James Mill’s book, *Elements of Political Economy* (London, 1821). Marx used an 1823 French translation of Mill’s book. The Mill part of the Paris Notebooks is quite lengthy – it starts on page 25 of the fourth notebook and continues into the fifth.

Following a lengthy selection of Mill excerpts, Marx suddenly “veered off” and began developing a larger, tangential thought. After writing his thoughts out, Marx returned to more Mill transcription. Soon, a second digression followed. Upon its completion, Marx finished up his summarizing. (Only the middle three parts of this Mill section of the Paris Notebooks are presented below – in other words, most of the opening and all of closing Mill transcriptions are omitted). This document is very close in nature to the Economic and Philosophic Manuscripts. Some have suggested that the ideas contained herein might be a glimpse into the missing bulk of the EPM second manuscript.

“... A medium of exchange... is some one commodity, which, in order to effect an exchange between two other commodities, is first received in exchange for the one, and is then given in exchange for the other.” (p. 93) Gold, silver, *money*.

“By *value of money*, is here to be understood the proportion in which it exchanges for other commodities, or the quantity of it which exchanges for a certain quantity of other things.”

“This proportion is determined by the *total* amount of money existing in a given country.” (P. 95)

“What regulates the quantity of money?”

“Money is made under two sets of circumstances: Government either leaves the increase or diminution of it free; or it controls the quantity, making it greater or smaller as it pleases.

“When the increase or diminution of money is left free, government opens the mint to the public, making bullion into money for as many as require it. Individuals possessed of bullion will desire to convert it into money only when it is their interest to do so; that is, when their bullion, converted into money, will be more valuable than in its original form. This can only happen when money is peculiarly valuable, and when the same quantity of metal, in the state of coin, will exchange for a greater quantity of other articles than in the state of bullion. As the value of money depends upon

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the quantity of it, it has a greater value when it is in short supply. It is then that bullion is made into coin. But precisely because of this conversion, the old ratio is restored. Therefore, if the value of money rises above that of the metal of which it is made, the interest of individuals operates immediately, in a state of freedom, to restore the balance by augmenting the quantity of money." (Pp. 99-101)

"Whenever the coining of money, therefore, is free, its quantity is regulated by the value of the metal, it being the interest of individuals to increase or diminish the quantity, in proportion as the value of the metal in coins is greater or less than its value in bullion.

"But is the *quantity of money* determined by the *value of the metal*, it is still necessary to inquire what it is which determines the value of the metal ... Gold and silver are in reality commodities. They are commodities for the attaining of which labour and capital must be employed. It is cost of production, therefore, which determines the value of these, as of other ordinary productions." (P. 101)

In the compensation of money and value of metal, as in his description of the cost of production as the only factor in determining value, Mill commits the mistake – like the school of Ricardo in general – of stating the *abstract law* without the change or continual supersession of this law through which alone it comes into being. If it is a *constant law* that, for example, the cost of production in the last instance – or rather when demand and supply are in equilibrium which occurs sporadically, fortuitously – determines the price (value), it is just as much a *constant law* that they are not in equilibrium, and that therefore value and cost of production stand in no necessary relationship. Indeed, there is always only a momentary equilibrium of demand and supply owing to the previous fluctuation of demand and supply, owing to the disproportion between cost of production and exchange-value, just as this fluctuation and this disproportion likewise again follow the momentary state of equilibrium. This *real* movement, of which that law is only an abstract, fortuitous and one-sided factor, is made by recent political economy into something accidental and inessential. Why? Because in the acute and precise formulas to which they reduce political economy, the basic formula, if they wished to express that movement abstractly, would have to be: In political economy, law is determined by its opposite, absence of law. The true law of political economy is *chance*, from whose movement we, the scientific men, isolate certain factors arbitrarily in the form of laws.

Mill very well expresses the essence of the matter in the form of a concept by characterising *money* as the *medium* of exchange. The essence of money is not, in the first place, that property is alienated in it, but that the *mediating activity* or movement, the *human*, social act by which man's products mutually complement one another, is *estranged* from man and becomes the attribute of money, a *material thing* outside man. Since man alienates this mediating activity itself, he is active here only as a man who has lost himself and is dehumanised; the *relation* itself between things, man's operation with them, becomes the operation of an entity outside man and above man. Owing to this *alien mediator* – instead of man himself being the mediator for man – man regards his will, his activity and his relation to other men as a power independent of him and them. His slavery, therefore, reaches its peak. It is clear that this *mediator* now becomes a *real God*, for the mediator is the *real power* over what it mediates to me. Its cult becomes an end in itself. Objects separated from this mediator have lost their value. Hence the objects only have value insofar as they *represent* the mediator, whereas originally it seemed that the mediator had value only insofar as *it* represented *them*. This reversal of the original relationship is inevitable. This *mediator* is therefore the lost, estranged *essence* of private property, private property which has become *alienated*, external to itself, just as it is the *alienated* species-activity of man,

the *externalised mediation* between man's production and man's production. All the qualities which arise in the course of this activity are, therefore, transferred to this mediator. Hence man becomes the poorer as man, i.e., separated from this mediator, the *richer* this mediator becomes.

Christ *represents* originally: 1) men before God; 2) God for men; 3) men to man.

Similarly, *money* represents originally, in accordance with the idea of money: 1) private property for private property; 2) society for private property; 3) private property for society.

But Christ is *alienated* God and alienated *man*. God has value only insofar as he represents Christ, and man has value only insofar as he represents Christ. It is the same with money.

Why must private property develop into the *money system*? Because man as a social being must proceed to *exchange* and because exchange – private property being presupposed – must evolve value. The mediating process between men engaged in exchange is not a social or human process, not *human relationship*; it is the *abstract relationship* of private property to private property, and the expression of this *abstract* relationship is *value*, whose actual existence as value constitutes *money*. Since men engaged in exchange do not relate to each other as men, *things* lose the significance of human, personal property. The social relationship of private property to private property is already a relationship in which private property is estranged from itself. The form of existence for itself of this relationship, money, is therefore the alienation of private property, the abstraction from its *specific*, personal nature.

Hence the opposition of modern political economy to the monetary system, the *système monétaire* [\[1\]](#), cannot achieve any decisive victory in spite of all its cleverness. For if the crude economic superstition of the people and governments clings to the *sensuous, tangible, conspicuous* money-bag, and therefore believes both in the absolute value of the precious metals and possession of them as the sole reality of wealth – and if then the enlightened, worldly-wise economist comes forward and proves to them that money is a commodity like any other, the value of which, like that of any other commodity, depends therefore on the relation of the cost of production to demand, competition, and supply, to the quantity or competition of the other commodities – this economist is given the correct reply that nevertheless the *real* value of things is their *exchange-value* and this in the last instance exists in money, as the latter does in the precious metals, and that consequently money represents the true value of things and for that reason money is the most desirable thing. Indeed, in the last instance the economist's theory itself amounts to this wisdom, the only difference being that he possesses the capacity of abstraction, the capacity to recognise the existence of money under all forms of commodities and therefore not to believe in the exclusive value of its official metallic mode of existence. The metallic existence of money is only the official palpable expression of the soul of money, which is present in all branches of production and in all activities of bourgeois society.

The opposition of modern economists to the monetary system is merely that they have conceived the essence of *money* in its abstract universality and are therefore enlightened about the sensuous superstition which believes in the exclusive existence of this essence in precious metal. They substitute refined superstition for crude superstition. Since, however, in essence both have the same root, the enlightened form of the superstition cannot succeed in supplanting completely the crude sensuous form, because the former does not attack the essence of the latter but only the particular form of this essence.

The *personal* mode of existence of money as money – and not only as the inner, implicit, hidden social relationship or *class relationship* between commodities – this mode of existence corresponds the more to the essence of money, the more abstract it is, the less it has a *natural* relationship to

the other commodities, the more it appears as the product and yet as the non-product of man, the less *primitive* its sphere of existence, the more it is created by man or, in economic terms, the greater the *inverse* relationship of its *value as money* to the exchange-value or money value of the material in which it exists. Hence *paper money* and the whole number of *paper representatives of money* (such as bills of exchange, mandates, promissory notes, etc.) are the *more perfect* mode of existence of *money as money* and a necessary factor in the progressive development of the money system. In the *credit system*, of which *banking* is the perfect expression, it appears as if the power of the alien, material force were broken, the relationship of self-estrangement abolished and man had once more human relations to man. The *Saint-Simonists*, deceived by this *appearance*, regarded the development of money, bills of exchange, paper money, paper representatives of money, *credit*, *banking*, as a gradual abolition of the separation of man from things, of capital from labour, of private property from money and of money from man, and of the separation of man from man. An organised *banking system* is therefore their ideal. But this abolition of estrangement, this *return* of man to himself and therefore to other men is only an *appearance*; the self-estrangement, the dehumanisation, is all the more *infamous* and *extreme* because its element is no longer commodity, metal, paper, but man's *moral* existence, man's *social* existence, the *inmost depths* of his heart, and because under the appearance of man's *trust* in man it is the height of *distrust* and complete estrangement. What constitutes the essence of *credit*? We leave entirely out of account here the *content* of credit, which is again money. We leave out of account, therefore, the *content* of this trust in accordance with which a man *recognises* another man by advancing him a certain quantity of value and – at best, namely, when he does not demand payment for the credit, i.e., he is not a usurer showing his trust in his fellow man not being a swindler, but a “good” man. By a “good” man, the one who bestows his trust understands, like Shylock, a man who is “able to pay.”

Credit is conceivable in two relationships and under two different conditions. The two relationships are: first, a rich man gives credit to a poor man whom he considers industrious and decent. This kind of credit belongs to the romantic, sentimental part of political economy, to its aberrations, excesses, *exceptions*, not to the *rule*. But even assuming this exception and granting this romantic possibility, the life of the poor man and his talents and activity serve the rich man as a *guarantee* of the repayment of the money lent. That means, therefore, that all the social virtues of the poor man, the content of his vital activity, his existence itself, represent for the rich man the reimbursement of his capital with the customary interest. Hence the death of the poor man is the worst eventuality for the creditor. It is the death of his capital together with the interest. One ought to consider how vile it is to *estimate* the value of a man in *money*, as happens in the credit relationship. As a matter of course, the creditor possesses, besides *moral* guarantees, also the guarantee of *legal* compulsion and still other more or less *real* guarantees for his man. If the man to whom credit is given is himself a man of means, *credit* becomes merely a *medium* facilitating exchange, that is to say, *money* itself is raised to a completely *ideal* form. *Credit* is the *economic* judgment on the *morality* of a man. In credit, the *man* himself, instead of metal or paper, has become the *mediator* of exchange, not however as a man, but as the *mode of existence* of *capital* and interest. The medium of exchange, therefore, has certainly returned out of its material form and been put back in man, but only because the man himself has been put outside himself and has himself assumed a material form. Within the credit relationship, it is not the case that money is transcended in man, but that man himself is turned into *money*, or money is *incorporated* in him. *Human individuality*, human *morality* itself, has become both an object of commerce and the material in which money exists. Instead of money, or paper, it is my own personal existence, my flesh and blood, my social virtue and importance, which constitutes the

material, corporeal form of the *spirit of money*. Credit no longer resolves the value of money into money but into human flesh and the human heart. Such is the extent to which all progress and all inconsistencies within a false system are extreme retrogression and the extreme consequence of vileness.

Within the credit system, its nature, estranged from man, under the appearance of an extreme economic appreciation of man, operates in a double way:

1) The antithesis between capitalist and worker, between big and small capitalists, becomes still greater since credit is given only to him who already has, and is a new opportunity of accumulation for the rich man, or since the poor man finds that the arbitrary discretion of the rich man and the latter's judgment over him confirm or deny his *entire* existence and that his existence is wholly dependent on this contingency.

2) Mutual dissimulation, hypocrisy and sanctimoniousness are carried to extreme lengths, so that on the man without credit is pronounced not only the simple judgment that he is poor, but in addition a pejorative moral judgment that he possesses no trust, no recognition, and therefore is a social pariah, a bad man, and in addition to his privation, the poor man undergoes this humiliation and the humiliating necessity of having to *ask* the rich man for credit.

3) Since, owing to this completely *nominal* existence of money, *counterfeiting* cannot be undertaken by man in any other material than his own person, he has to make himself into counterfeit coin, obtain credit by stealth, by lying, etc., and this credit relationship – both on the part of the man who trusts and of the man who needs trust – becomes an object of commerce, an object of mutual deception and misuse. Here it is also glaringly evident that *distrust* is the basis of economic trust; distrustful calculation whether credit ought to be given or not; spying into the secrets of the private life, etc., of the one seeking credit; the disclosure of temporary straits in order to overthrow a rival by a sudden shattering of his credit, etc. The whole system of bankruptcy, spurious enterprises, etc.... As regards *government loans*, the state occupies exactly the same place as the man does in the earlier example.... In the game with government securities it is seen how the state has become the plaything of businessmen, etc.

4) The *credit system* finally has its completion in the *banking system*. The creation of bankers, the political domination of the bank, the concentration of wealth in these hands, this economic *Areopagus* of the nation, is the worthy completion of the money system.

Owing to the fact that in the credit system the *moral recognition of a man*, as also *trust in the state*, etc., take the form of *credit*, the secret contained in the lie of moral recognition, the *immoral* vileness of this morality, as also the sanctimoniousness and egoism of that trust in the state, become evident and show themselves for what they really are.

*Exchange*, both of human activity within production itself and of *human product* against one another, is equivalent to *species-activity* and *species-spirit*, the real, conscious and true mode of existence of which is *social activity* and *social enjoyment*. Since *human nature* is the *true community* of men, by manifesting their *nature* men *create*, produce, the *human community*, the social entity, which is no abstract universal power opposed to the single individual, but is the essential nature of each individual, his own activity, his own life, his own spirit, his own wealth. Hence this *true community* does not come into being through reflection, it appears owing to the *need* and *egoism* of individuals, i.e., it is produced directly by their life activity itself. It does not depend on man whether this community exists or not; but as long as man does not recognise himself as man, and therefore has not organised the world in a human way, this *community* appears in the form of *estrangement*, because its *subject*, man, is a being estranged from himself. Men, not

as an abstraction, but as real, living, particular individuals, *are* this entity. Hence, *as they are*, so is this entity itself. To say that *man is estranged* from himself, therefore, is the same thing as saying that the *society* of this estranged man is a caricature of his *real community*, of his true species-life, that his activity therefore appears to him as a torment, his own creation as an alien power, his wealth as poverty, the *essential bond* linking him with other men as an unessential bond, and separation from his fellow men, on the other hand, as his true mode of existence, his life as a sacrifice of his life, the realisation of his nature as making his life unreal, his production as the production of his nullity, his power over an object as the power of the object over him, and he himself, the lord of his creation, as the servant of this creation.

The *community of men*, or the manifestation of the nature of *men*, their mutual complementing the result of which is species-life, truly human life – this community is conceived by political economy in the form of *exchange* and *trade*. *Society*, says Destutt de Tracy, is a *series of mutual exchanges*. It is precisely this process of mutual integration. *Society*, says Adam Smith, is a *commercial society*. Each of its members is a *merchant*.

It is seen that political economy *defines* the *estranged* form of social intercourse as the *essential* and *original* form corresponding to man's nature.

Political economy – like the real process – starts out from the *relation of man to man* as that of *property owner to property owner*. If man is presupposed as *property owner*, i.e., therefore as an exclusive owner, who proves his personality and both distinguishes himself from, and enters into relations with, other men through this exclusive ownership – private property is his personal, *distinctive*, and therefore essential mode of existence – then the *loss* or *surrender* of private property is an *alienation of man*, as it is of *private property*, itself. Here we shall only be concerned with the latter definition. If I give up my private property to someone else, it ceases to be *mine*; it becomes something independent of me, lying *outside* my sphere, a thing *external* to me. Hence I *alienate* my private property. With regard to me, therefore, I turn it into *alienated* private property. But I only turn it into an *alienated* thing in general, I abolish only my *personal* relation to it, I give it back to the *elementary* powers of nature if I alienate it only with regard to myself. It becomes alienated *private property* only if, while ceasing to be *my* private property, it on that account does not cease to be *private property* as such, that is to say, if it enters into the same relation to *another* man, *apart* from me, as that which it had to myself; in short, if it becomes the *private property* of *another* man. The case of *violence* excepted – what causes me to alienate *my* private property to another man? Political economy replies correctly: *necessity, need*. The other man is also a property owner, but he is the owner of *another* thing, which I lack and cannot and will not do without, which seems to me a *necessity* for the completion of my existence and the realisation of my nature.

The bond which connects the two property owners with each other is the *specific kind of object* that constitutes the substance of their private property. The desire for these two objects, i.e., the need for them, shows each of the property owners, and makes him conscious of it, that he has yet another *essential* relation to objects besides that of private ownership, that he is not the particular being that he considers himself to be, but a *total* being whose needs stand in the relationship of *inner* ownership to all products, including those of another's labour. For the need of a thing is the most evident, irrefutable proof that the thing belongs *to my* essence, that its being is for me, that its *property* is the property, the peculiarity, of my essence. Thus both property owners are impelled to give up their private property, but to do so in such a way that at the same time they confirm private ownership, or to give up the private property within that relationship of private ownership. Each therefore alienates a part of his private property to the other.

The *social* connection or *social* relationship between the two property owners is therefore that of *reciprocity* in *alienation*, positing the relationship of alienation on both sides, or *alienation* as the relationship of both property owners, whereas in simple private property, *alienation* occurs only in relation to oneself, one-sidedly.

*Exchange* or *barter* is therefore the social act, the species-act, the community, the social intercourse and integration of men within *private ownership*, and therefore the external, *alienated* species-act. It is just for this reason that it appears as *barter*. For this reason, likewise, it is the opposite of the *social* relationship.

Through the reciprocal alienation or estrangement of private property, *private property*, itself falls into the category of *alienated* private property.<sup>[2]</sup> For, in the first place, it has ceased to be the product of the labour of its owner, his exclusive, distinctive personality. For he has alienated it, it has moved away from the owner whose product it was and has acquired a personal significance for someone whose product it is *not*. It has lost its personal significance for the owner. Secondly, it has been brought into relation with another private property, and placed on a par with the latter. Its place has been taken by a private property of a *different* kind, just as it itself takes the place of a private property of a *different* kind. On both sides, therefore, private property appears as the representative of a different kind of private property, as the *equivalent* of a *different* natural product, and both sides are related to each other in such a way that each represents the mode of existence of the *other*, and both relate to each other as *substitutes* for themselves and the other. Hence the mode of existence of private property as such has become that of a *substitute*, of an *equivalent*. Instead of its immediate unity with itself, it exists now only as a relation to *something else*. Its mode of existence as an *equivalent* is no longer its specific mode of existence. It has thus become a *value*, and immediately an *exchange-value*. Its mode of existence as *value* is an *alienated* designation of *itself*, different from its immediate existence, external to its specific nature, a merely *relative* mode of existence of this.

How this *value* is more precisely determined must be described elsewhere, as also how it becomes *price*.

The relationship of exchange being presupposed, labour becomes *directly labour to earn a living*. This relationship of alienated labour reaches its highest point only when 1) on one side *labour to earn a living* and the product of the worker have no *direct* relation to his need or his *function as worker*, but both aspects are determined by social combinations alien to the worker; 2) he who *buys* the product is not himself a producer, but gives in exchange what someone else has produced. In the crude form of *alienated* private property, *barter*, each of the property owners has produced what his immediate need, his talents and the available raw material have impelled him to make. Each, therefore, exchanges with the other only the surplus of his production. It is true that labour was his immediate *source of subsistence*, but it was at the same time also the manifestation of his *individual existence*. Through exchange his *labour* has become partly a *source of income*. Its purpose differs now from its mode of existence. The product is produced as *value*, as *exchange-value*, as an *equivalent*, and no longer because of its direct, personal relation to the producer. The more diverse production becomes, and therefore the more diverse the needs become, on the one hand, and the more one-sided the activities of the producer become, on the other hand, the more does his labour fall into the category of *labour to earn a living*, until finally it has only this significance and it becomes quite *accidental* and *inessential* whether the relation of the producer to his product is that of immediate enjoyment and personal need, and also whether his *activity*, the act of labour itself, is for him the enjoyment of his personality and the realisation of his natural abilities and spiritual aims.

*Labour to earn a living* involves: 1) estrangement and fortuitous connection between labour and the subject who labours; 2) estrangement and fortuitous connection between labour and the object of labour; 3) that the worker's role is determined by social needs which, however, are alien to him and a compulsion to which he submits out of egoistic need and necessity, and which have for him only the significance of a means of satisfying his dire need, just as for them he exists only as a slave of their needs; 4) that to the worker the maintenance of his individual existence appears to be the *purpose* of his activity and what he actually does is regarded by him only as a means; that he carries on his life's activity in order to earn means of *subsistence*.

Hence the greater and the more developed the social power appears to be within the private property relationship, the more *egoistic*, asocial and estranged from his own nature does man become.

Just as the mutual exchange of the products of *human activity* appears as *barter*, as trade, so the mutual completion and exchange of the activity itself appears as *division of labour*, which turns man as far as possible into an abstract being, a machine tool, etc., and transforms him into a spiritual and physical monster.

It is precisely the *unity* of human labour that is regarded merely as *division* of labour, because social nature only comes into existence as its opposite, in the form of estrangement. *Division of labour* increases with civilisation.

Within the presupposition of division of labour, the product, the material of private property, acquires for the individual more and more the significance of an *equivalent*, and as he no longer exchanges only his *surplus*, and the object of his production can be simply a *matter of indifference* to him, so too he no longer exchanges his product for something directly *needed* by him. The equivalent comes into existence as an equivalent in *money*, which is now the immediate result of labour to gain a living and the *medium* of exchange (see above).

The complete domination of the estranged thing *over* man has become evident in *money*, which is completely indifferent both to the nature of the material, i.e., to the specific nature of the private property, and to the personality of the property owner. What was the domination of person over person is now the general domination of the *thing* over the *person*, of the product over the producer. Just as the concept of the *equivalent*, the value, already implied the *alienation* of private property, so *money* is the sensuous, even objective existence of this *alienation*.

Needless to say that political economy is only able to grasp this whole development as a fact, as the outcome of fortuitous necessity.

The separation of work from itself – separation of the worker from the capitalist – separation of labour and capital, the original form of which is made up of *landed property* and *movable property*.... The original determining feature of private property is monopoly; hence when it creates a political constitution, it is that of monopoly. The perfect monopoly is competition.

To the economist, *production*, *consumption* and, as the mediator of both, *exchange* or *distribution*, are separate [activities].<sup>[3]</sup> The separation of production and consumption, of action and spirit, in different individuals and in the same individual, is the *separation of labour* from its *object* and from itself as something spiritual. *Distribution* is the power of private property manifesting itself.

The separation of labour, capital and landed property from one another, like that of labour from labour, of capital from capital, and landed property from landed property, and finally the separation of labour from wages, of capital from profit, and profit from interest, and, last of all, of landed property from land rent, demonstrate self-estrangement both in the form of self-



estrangement and in that of mutual estrangement.

"We have next to examine the effects which take place by the attempts of government to control the increase or diminution of money [...] When it endeavours to keep the quantity of money less than it would be, if things were left in freedom, it raises the value of the metal in the coin, and renders it the interest of every body, [who can,] to convert his bullion into money." People "have recourse to private coining. This the government must [...] prevent by punishment. On the other hand, were it the object of government to keep the quantity of money *greater* than it would be, if left in freedom, it would reduce the value of the metal in money, below its value in bullion, and make it the interest of every body to melt the coins. This, also, the government would have only one expedient for preventing, namely, punishment. But the prospect of punishment will prevail over the prospect of profit [, only if the profit is small]." Pp. 101, 102 (pp. 137, 138).

Section IX. "If there were two individuals one of whom owed to the other £100, and the other owed to him £100," instead of paying each other this sum "all they had to do was to exchange their mutual obligations. The case" is the same between two nations.... Hence *bills of exchange*. "The use of them was recommended by a still stronger necessity [...], because the coarse polity of those times prohibited the *exportation* of the precious metals, and punished with the greatest severity any infringement ... ." Pp. 104-05, 106 (p. 142 et seq.).

Section X. Saving of *unproductive* consumption by paper money. P. 108 et seq. (p. 146 et seq.).

Section XI. "The inconveniencies" of paper money are ... "First, – The *failure* of the parties, by whom the notes are issued, to fulfil their engagements. Second, – Forgery. Third, – The alteration of the value of the currency." P. 110 (p. 149).

Section XII. "... the precious metals, are [...] that commodity [which is the most generally bought and sold...]. Those commodities alone can be exported, which are cheaper in the country from which they go, than in the country to which they are sent; and that those commodities alone can be imported, which are dearer in the country to which they come, than in the country from which they are sent." Accordingly it depends on the value of the precious metals in a country whether they are imported or exported. Pp. 128, 129 [p. 175 et seq.].

Section XIII. "When we speak of the value of the precious metal, we mean the quantity of other things for which it will exchange." This relation is different in different countries and even in different parts of the country. "We say that *living is more cheap*; in other words, commodities may be purchased with a smaller quantity of money." P. 131 [p. 177].

Section XVI. The relation between nations is like that between merchants.... "The merchants [...] will always buy in the cheapest market, and sell in the dearest." P. 159 (p. 215).

#### IV. *Consumption*.

"*Production, Distribution, Exchange* [...] are *means*. No man produces for the sake of producing [...] distribution and exchange are only the intermediate operations [for bringing the things which have been produced into the hands of those who are] to *consume* them." P. 177 (p. 237),

Section I. "Of Consumption, there are two species." 1) *Productive*. It includes everything "expended for the sake of something to be produced" and comprise "the necessaries of the labourer...." The second class then [...] "machinery; including tools [...], the buildings necessary for the productive operations, and even the cattle. The third is, the material of which the commodity to be produced must be formed, or from which it must be derived". Pp. 178, 179 (pp. 238, 239). "[Of these three classes of things,] it is only the second, the consumption of which is not completed in the course of the productive operations." P. 179 (loc. cit.).

2) *Unproductive* consumption. "The wages" given to a "footman" and "all consumption, which does not take place to the end that something, which may be an equivalent for it, may be produced by means of it, is unproductive consumption". Pp. 179, 180 (p. 240). "Productive consumption is itself a *means*; it is a mean to production. Unproductive consumption [...] is not a means." It "is the end. This or the *enjoyment* which is involved in it, is the good which constituted the *motive* to all the operations by which it was preceded." P. 180 (p. 241). "By productive consumption, nothing is lost [...] Whatever is unproductively consumed, is lost." P. 180 (loc. cit.). "That which is *productively* consumed is always *capital*. This is a property of productive consumption which deserves to be particularly remarked [...] Whatever is consumed productively" is capital and "*become capital*." P. 181 (p. [241,] 242). "The whole of what the productive powers of the country have brought into existence in the course of a year, is called the gross annual produce. Of this the greater part is required to replace the capital which has been consumed [...] What remains of the gross produce, after replacing the capital which has been consumed, is called the net produce; and is always distributed either as profits of stock, or as rent." Pp. 181, 182 (pp. 242, 243). "This net produce is the fund from which all addition to the national capital is commonly made." (loc. cit.) "... the two species of *consumption*" are matched by "the two species of labour, *productive* and *unproductive*..." P. 182 (p. 244).

Section II. "... the whole of what is annually produced, is annually consumed; or [...] what is produced in one year, is consumed in the next." Either productively or unproductively. P. 184 (p. 246).

Section III. "Consumption is co-extensive with production." "A man produces, only because he wishes to *have*. If the commodity which he produces is the commodity which he wishes to have, he stops when he has produced as much as he wishes to have [...] When a man produces a greater quantity [...] than he desires for himself, it can only be on one account; namely, that he desires some other commodity, which he can obtain in exchange for the surplus of what he himself has produced... If a man desires one thing, and produces another, it can only be because the thing which he desires can be obtained by means of the thing which he produces, and better obtained than if he had endeavoured to produce it himself. After labour has been divided [...] each producer confines himself to some one commodity or part of a commodity, a small portion only of what he produces is used for his own consumption. The remainder he destines for the purpose of supplying him with all the other commodities which he desires; and when each man confines himself to one commodity, and exchanges what he produces for what is produced by other people, it is found that each obtains more of the several things which he desires, than he would have obtained had he endeavoured to produce them all for himself."

"In the case of the man who produces for himself, there is no *exchange*. He neither offers to buy any thing, nor to sell any thing. He has the property; he has produced it; and does not mean to part with it. If we apply, by a sort of metaphor, the terms demand and supply to this case, it is implied [...] that the demand and supply are exactly proportioned to one another. As far then as regards the demand and supply of the market, we may leave that portion of the annual produce, which each of the owners consumes in the shape in which he produces or receives it, altogether out of the question." Pp. 186, 187

"In speaking here of demand and supply, it is evident that we speak of aggregates. When we say of any particular nation, at any particular time, that its supply is equal to its demand, we do not mean in any one commodity, or any two commodities. We mean, that the amount of its demand in all commodities taken together, is equal to the amount of its supply in all commodities taken together. It may very well happen, notwithstanding this equality in the general sum of demands and supplies,

that some one commodity or commodities may have been produced in a quantity either above or below the demand for those particular commodities." P. 188 (pp. 251, 252). "Two things are necessary to constitute a *demand*. These are – A Wish for the commodity, and An Equivalent to give for it. A demand means, the *will* to purchase, and the *means* of purchasing. If either is wanting, the purchase does not take place. An equivalent is the necessary foundation of all demand. It is in vain that a man wishes for commodities, if he has nothing to give for them. The equivalent which a man brings is the instrument of demand. The extent of his demand is measured by the extent of his equivalent. The demand and the equivalent are convertible terms, and the *one* may be substituted *for the other*. [...] We have already seen, that every man, who produces, has a wish for other commodities, than those which he has produced, to the *extent* of all that he has produced beyond what he wishes to keep for his own consumption. And it is evident, that whatever a man has produced and does not wish to keep for his own consumption, is a stock which he may give in exchange for other commodities. His *will*, therefore, *to purchase*, and his *means of purchasing* – in other words, his demand, is exactly equal to the amount of what he has produced and does not mean to consume." Pp. 188-89 (pp. 252, 253).

With his customary cynical acumen and clarity, Mill here analyses exchange on the basis of private property.

Man *produces* only in order to *have* – this is the basic presupposition of private property. The aim of production is *having*. And not only does production have this kind of *useful* aim; it has also a *selfish* aim; man produces only in order to *possess* for himself; the object he produces is the objectification of his *immediate*, selfish *need*. For man himself – in a savage, barbaric condition – therefore, the amount of his production is determined by the *extent* of his immediate need, the content of which is *directly* the object produced.

Under these conditions, therefore, man produces *no more* than he immediately requires. The *limit of his need* forms the *limit of his production*. Thus demand and supply exactly coincide. The extent of his production is *measured* by his need. In this case no exchange takes place, or exchange is reduced to the exchange of his labour for the product of his labour, and this exchange is the latent form, the germ, of real exchange.

As soon as exchange takes place, a surplus is produced beyond the immediate limit of possession. But this surplus production does not mean rising above selfish need. On the contrary, it is only an *indirect* way of satisfying a need which finds its objectification not in *this* production but in the production of someone else. Production has become a *means of gaining a living*, labour to gain a living. Whereas under the first state of affairs, therefore, need is the measure of production, under the second state of affairs production, or rather *ownership of the product*, is the measure of how far needs can be satisfied.

I have produced for myself and not for you, just as you have produced for yourself and not for me. In itself, the result of my production has as little connection with you as the result of your production has directly with me. That is to say, our production is not man's production for man as a man, i.e., it is not *social* production. Neither of us, therefore, as a man stands in a relation of enjoyment to the other's product. As men, we do not exist as far as our respective products are concerned. Hence our exchange, too, cannot be the mediating process by which it is confirmed that my product is [for] you, because it is an *objectification* of your own nature, your need. For it is not *man's nature* that forms the link between the products we make for one another. Exchange can only set in *motion*, only confirm, the *character* of the relation which each of us has in regard to his own product, and therefore to the product of the other. Each of us sees in his product only the objectification of his *own* selfish need, and therefore in the product of the other the objectification

of a *different* selfish need, independent of him and alien to him.

As a man you have, of course, a human relation to my product: you have *need* of my product. Hence it exists for you as an object of your desire and your will. But your need, your desire, your will, are powerless as regards my product. That means, therefore, that your *human* nature, which accordingly is bound to stand in intimate relation to my human production, is not your *power* over this production, your possession of it, for it is not the *specific character*, not the *power*, of man's nature that is recognised in my production. They [your need, your desire, etc.] constitute rather the *tie* which makes you dependent on me, because they put you in a position of dependence on my product. Far from being the *means* which would give you *power* over my production, they are instead the *means* for giving me power over you.

When I produce *more* of an object than I myself can directly use, my *surplus* production is cunningly *calculated* for your need. It is only in *appearance* that I produce a surplus of this object. In reality I produce a *different* object, the object of your production, which I intend to exchange against this surplus, an exchange which in my mind I have already completed. The *social* relation in which I stand to you, my labour for your need, is therefore also a mere *semblance*, and our complementing each other is likewise a mere *semblance*, the basis of which is mutual plundering. The intention of *plundering*, of *deception*, is necessarily present in the background, for since our exchange is a selfish one, on your side as on mine, and since the selfishness of each seeks to get the better of that of the other, we necessarily seek to deceive each other. It is true though, that the power which I attribute to my object over yours requires your *recognition* in order to become a real power. Our mutual recognition of the respective powers of our objects, however, is a struggle, and in a struggle the victor is the one who has more energy, force, insight, or adroitness. If I have sufficient physical force, I plunder you directly. If physical force cannot be used, we try to impose on each other by bluff, and the more adroit overreaches the other. For the *totality* of the relationship, it is a matter of chance who overreaches whom. The *ideal*, *intended* overreaching takes place on both sides, i.e., each in his own judgment has overreached the other.

On both sides, therefore, exchange is necessarily mediated by the *object* which each side produces and possesses. The ideal relationship to the respective objects of our production is, of course, our mutual need. But the *real*, *true* relationship, which *actually* occurs and takes effect, is only the mutually *exclusive possession* of our respective products. What gives your need of my article its *value*, *worth* and *effect* for me is solely your *object*, the *equivalent* of my object. Our respective products, therefore, are the *means*, the *mediator*, the *instrument*, the *acknowledged power* of our mutual needs. Your *demand* and the *equivalent of your possession*, therefore, are for me terms that are *equal in significance* and validity, and your demand only acquires a *meaning*, owing to having an effect, when it has meaning and effect in relation to me. As a mere human being without this instrument your demand is an unsatisfied aspiration on your part and an idea that does not exist for me. As a human being, therefore, you stand in no relationship to my object, because I *myself* have no human relationship to it. But the *means* is the *true power* over an object and therefore we mutually regard our products as the *power* of each of us over the other and over himself. That is to say, our own product has risen up against us; it seemed to be our property, but in fact we are its property. We ourselves are excluded from *true* property because our *property* excludes other men.

The only intelligible language in which we converse with one another consists of our objects in their relation to each other. We would not understand a human language and it would remain without effect. By one side it would be recognised and felt as being a request, an entreaty, and therefore a *humiliation*, and consequently uttered with a feeling of shame, of degradation. By the other side it would be regarded as *impudence* or *lunacy* and rejected as such. We are to such an extent

estranged from man's essential nature that the direct language of this essential nature seems to us a *violation of human dignity*, whereas the estranged language of material values seems to be the well-justified assertion of human dignity that is self-confident and conscious of itself.

Although in your eyes your product is an *instrument*, a *means*, for taking possession of my product and thus for satisfying your need; yet in my eyes it is the *purpose* of our exchange. For me, you are rather the means and instrument for producing this object that is my aim, just as conversely you stand in the same relationship to my object. But 1) each of us actually *behaves* in the way he is regarded by the other. You have actually made yourself the means, the instrument, the producer of *your own* object in order to gain possession of mine; 2) your own object is for you only the *sensuously perceptible covering*, the *hidden shape*, of my object; for its production *signifies* and seeks to *express* the *acquisition* of my object. In fact, therefore, you have become for yourself a *means*, an *instrument* of your object, of which your desire is the *servant*, and you have performed menial services in order that the object shall never again do a favour to your desire. If then our mutual thralldom to the object at the beginning of the process is now seen to be in reality the relationship between *master* and *slave*, that is merely the *crude* and *frank* expression of our *essential* relationship.

Our *mutual* value is for us the *value* of our mutual objects. Hence for us man himself is mutually of *no value*.

Let us suppose that we had carried out production as human beings. Each of us would have *in two ways affirmed* himself and the other person. 1) In my *production* I would have objectified my *individuality*, its *specific character*, and therefore enjoyed not only an individual *manifestation of my life* during the activity, but also when looking at the object I would have the individual pleasure of knowing my personality to be *objective*, *visible to the senses* and hence a power *beyond all doubt*. 2) In your enjoyment or use of my product I would have the *direct* enjoyment both of being conscious of having satisfied a *human* need by my work, that is, of having objectified *man's* essential nature, and of having thus created an object corresponding to the need of another *man's* essential nature. 3) I would have been for you the *mediator* between you and the species, and therefore would become recognised and felt by you yourself as a completion of your own essential nature and as a necessary part of yourself, and consequently would know myself to be confirmed both in your thought and your love. 4) In the individual expression of my life I would have directly created your expression of your life, and therefore in my individual activity I would have directly *confirmed* and *realised* my true nature, my *human* nature, my *communal* nature.

Our products would be so many mirrors in which we saw reflected our essential nature.

This relationship would moreover be reciprocal; what occurs on my side has also to occur on yours.

Let us review the various factors as seen in our supposition:

My work would be a *free manifestation of life*, hence an *enjoyment of life*. Presupposing private property, my work is an *alienation of life*, for I work *in order to live*, in order to obtain for myself the *means* of life. My work is *not* my life.

Secondly, the *specific nature* of my individuality, therefore, would be affirmed in my labour, since the latter would be an affirmation of my *individual* life. Labour therefore would be *true*, *active* *property*. Presupposing private property, my individuality is alienated to such a degree that this *activity is* instead *hateful* to me, a *torment*, and rather the *semblance* of an activity. Hence, too, it is only a *forced* activity and one imposed on me only through an *external* fortuitous need, *not* through an *inner*, *essential* one.

My labour can appear in my object only as what it is. It cannot appear as something which by its nature it is *not*. Hence it appears only as the expression of my *loss of self* and of my *powerlessness* that is objective, sensuously perceptible, obvious and therefore put beyond all doubt.<sup>[4]</sup>

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## NOTES

1. Translated as "Monetary System": This was a specific belief among early Mercantilists. They contended that wealth consisted in money itself, in building bullion reserves. It's because of this that the export of gold or silver was not allowed, forcing active trade balances between nations.

2. This passage reads, in the original German: "Durch die wechselseitige Entäusserung oder Entfremdung des Privateigentums ist das *Privateigentum* selbst in die Bestimmung des *entäusserten* Privateigentums geraten." It demonstrates that, when using the terms "Entäusserung" and "Entfremdung" to denote alienation, Marx imparted to them an identical, or nearly identical, meaning. In all translations from early Marx, the Collected Works translates Entäusserung as "alienation" and Entfremdung as "estrangement." They made this decision based on the fact that Marx would later (*Theories of Surplus-Value*) directly employ the word alienation as the English equivalent of Entäusserung.

3. This refers primarily to James Mill, who divided his system of political economy into four independent sections: Production, Distribution, Exchange and Consumption.

4. The rest of the conspectus contains further excerpts from Mill's book. After the excerpts dealing with the question of land rent, capital profit and wages as sources of taxation and state revenues, Marx wrote:

"Needless to say, Mill, like Ricardo, denies that he wishes to impress on any government the idea that land rent should be made the sole source of taxes, since this would be a partisan measure placing an unfair burden on a particular class of individuals. *But* – and this is a momentous, insidious but – but the tax on land rent is the only tax that is not *harmful* from the standpoint of political economy, hence the only *just tax from the point of view of political economy*. Indeed, the one doubt raised by political economy is rather an attraction than a cause for apprehension, namely, that even in a country with an ordinary number of population and or ordinary size the amount yielded by land rent would exceed the needs of the government."