

Chapter 5 On value

5.1. Use value and exchange value

There are two approaches to value in economic theory. According to the first one, value is an objective category, closely related to goods. And according to the second one, it is a category of a subjective character, a specific relation between man and things. The objective character of value is recognized in all schools of the so-called mainstream political economy. The treatment of value in subjective categories, on the other hand, is a special feature of the Austrian School.

Despite fundamental differences in the approach to the essence and nature of value, two types of value are recognised in both streams, namely use value and exchange value. Meikle (2000, p. 159) attributes the distinction between the two concepts to Aristotle, but it turns out that apart from one fragment of the text with which these concepts could possibly be associated, Aristotle did not use any of these terms anywhere. The only passage of Aristotle's *Politics* reads as follows (Aristotle 1999, Part IX, p. 14): "Of everything which we possess there are two uses: both belong to the thing as such, but not in the same manner, for one is the proper, and the other improper or secondary use of it. For example, a shoe is used for wear, and is used for exchange; both are the uses of the shoe. He who gives a shoe in exchange for money or food to him who wants one, does indeed use the shoe as a shoe, but this is not its proper or primary purpose, for a shoe is not made to be an object of barter. The same may be said of all possessions, for the art of exchange extends to all of them, and it arises at first from what is natural, from the circumstance that some have too little, others too much"

As can be seen from the quotation, Aristotle writes about the dual use of things, the proper one, i.e. for the direct satisfaction of a need, and an improper use, i.e. the use for the exchange, without calling any of these uses a value.

Marx, on the other hand, in defining the concept of use value, refers in a footnote to Locke and argues that he distinguished the value of an object in terms of the utility of that object, describing it as 'worth', from value in terms of exchange value, using the term 'value' to describe it. (Marks 2004, I.1.4, I.1.5). This opinion does not seem correct either, since in Locke's work (1691), to which Marx refers, only once was the term "intrinsic natural worth" used in the sense of the ability of things to meet needs¹, and once was the term "marketable value" used in the sense of exchange value², but just below in the same sense is the term "worth" used. Moreover, throughout this work, Locke uses the terms worth and value interchangeably when discussing commodity and money transactions. And definitely neither the term use value nor exchange value appears there.

¹ Locke (1691, p. 42): „That the intrinsic, natural worth of any thing, consists in its fitness to supply the necessities, or serve the conveniences of human life; and the more necessary it is to our being, and the more it contributes to our well-being, the greater it is worth.”

² Ibid., p. 43): „The marketable value of any assigned quantities of two, or more commodities, are equal, when they will exchange one for another. (...) they are then of equal worth”

These concepts were certainly used by A. Smith, (1981, pp. 44-45), showing on the example of water and diamonds that goods can have a very high value in use and have no exchange value, such as water, and vice versa, have a very high value in exchange and no value in use, such as diamonds. However, whatever their origins, these two types of value have become the subject of very meticulous consideration in both streams of economic thought and are still used in the social sciences today.

5.2. Value as a feature of goods

Beginning his discussion of value, A. Smith wrote (Smith 1981, p. 44): “The word VALUE, it is to be observed, has two different meanings, and sometimes expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called 'value in use;' the other, 'value in exchange.' The things which have the greatest value in use have frequently little or no value in exchange; and, on the contrary, those which have the greatest value in exchange have frequently little or no value in use.”

Having stated that, Smith no longer deals with the use value and only focuses in the following chapters of his work on the exchange value. Hence correct seems the statement by Meikle, who 224 years later states (Meikle 2000, p. 169): “If economics is to be seen as the science of exchange value, its magnitudes and movements, its interaction with use value, and of the requirements of its pursuits and the primary end, then the place of use value in it is that of a means rather than an end.”

Later in his work, Smith explicitly identified the source of value as human labor. For he wrote (Smith 1981, p. 47): “The value of any commodity, therefore, to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchase or command. Labour, therefore, is the real measure of the exchangeable value of all commodities. The real price of every thing, what every thing really costs to the man who wants to acquire it, is the toil and trouble of acquiring it.”

Moving on to discussing the components of price as a monetary expression of exchange value in a capitalist economy, Smith concludes (ibid., p. 66): “The value which the workmen add to the materials, therefore, resolves itself in this case into two parts, of which the one pays their wages, the other the profits of their employer upon the whole stock of materials and wages which he advanced.”

In the course of his argument, Smith goes on to point out that it is still necessary to take into account the remuneration for the third factor of production, the land, and finally states (ibid., p. 67-68): “The real value of all the different component parts of price, it must be observed, is measured by the quantity of labour which they can, each of them, purchase or command. Labour measures the value not only of that part of price which resolves itself into labour, but of that which resolves itself into rent, and of that which resolves itself into profit”.

The source of the value of goods, according to Smith, is the labor of those who produce them. How much of that value accrues to them depends on whether they work "on their own" or as wage earners in a private enterprise. In the former case, all of the value produced belongs to them, in the latter case, only part of it.

The concept of value as an objective characteristic acquired by goods in the process of production has been widely accepted by Smith's successors and is still one of the most important elements of the paradigm of mainstream economics today. Only the views on the role of individual factors of production in the process of creating this value, and thus on the justification for their participation in the process of sharing it, have changed. Two extreme positions can be noted here. One of them, closest to Smith's approach, is Marx's completely ideologized theory of added value; the other is the axiomatic theory of value of G. Debreu (1987 [1959]) developed by mathematical economics. In Debreu's theory, value is determined by such a price system at which the economy described by the mathematical model of the economy built on the basis of axioms is in equilibrium.

Marx, like Smith, recognizes two forms of value, that is, a use value and an exchange value. The former is defined in this way (Marx 2004 , I.1.4): The utility of a thing makes it a use-value. But this utility is not a thing of air. Being limited by the physical properties of the commodity, it has no existence apart from that commodity. (...) Use-values become a reality only by use or consumption: they also constitute the substance of all wealth, whatever may be the social form of that wealth."

What concerns the second form of value, Marx states (ibid., I.1.5) "Exchange value, at first sight, presents itself as a quantitative relation, as the proportion in which values in use of one sort are exchanged for those of another sort, a relation constantly changing with time and place. Hence exchange value appears to be something accidental and purely relative, and consequently an intrinsic value, *i.e.*, an exchange value that is inseparably connected with, inherent in commodities, seems a contradiction in terms."

However, he immediately explains (ibid., I.1.6): "(...) first: the valid exchange values of a given commodity express something equal; secondly, exchange value, generally, is only the mode of expression, the phenomenal form, of something contained in it, yet distinguishable from it." and a little further (ibid. I.1.9) states: "As use-values, commodities are, above all, of different qualities, but as exchange values they are merely different quantities, and consequently do not contain an atom of use-value."

Having stated this, Marx proceeds to an argument in which he tries to prove that what is common to all commodities and what determines the exchange value of each of them is the abstract value, the source of which is the so-called socially necessary input of the abstract human labor contained in each of them. As a result, he comes to the following conclusions (ibid., I.1.17): "A thing can be a use-value, without having value. This is the case whenever its utility to man is not due to labour. Such are air, virgin soil, natural meadows, &c. A thing can be useful, and the product of human labour, without being a commodity. Whoever directly satisfies his wants with the produce of his own labour, creates, indeed, use-values, but not commodities. In order to produce the latter, he must

not only produce use-values, but use-values for others, social use-values. Lastly, nothing can have value, without being an object of utility. If the thing is useless, so is the labour contained in it; the labour does not count as labour, and therefore creates no value.”

Without going further into Marx's theory of value and its social implications, nor entering into a discussion with it, since that is not the purpose of this review, one can stop here at stating that Marx - as the quotations indicate - accepts Smith's view of the source of value and its objective character, but limits the scope of this concept to commodities. From this one can conclude that goods not intended for sale do not have value.

An extreme variation of the theories sketched above, which consider value to be an objective feature of goods and see its source in the production process, is G. Debreu's axiomatic theory of value. The term "value" appears in this theory only in the title of his work (*The Theory of Value*) and in the introduction, where the formal form of mathematical function describing value is presented. But nowhere in this work is there a definition of the content of this concept. The whole theory boils down to proving, on the basis of a system of axioms, that there exists such a system of market prices at which the economy achieves a specific equilibrium state in which consumers and producers implement their optimal consumption and production plans. This optimal equilibrium state of the economy is determined by the value function defined in the commodity space (Debreu 1987 [1959], p. ix). Value is thus, in Debreu's approach, a concept that means only the monetary equivalent of all production plans and all consumption plans as well as net wealth satisfying the equilibrium condition under a given price system.

5.3. Value as a subjective category

A completely different approach to the issue of value than that taken by representatives of the mainstream was adopted by C. Menger, who initiated the Austrian School of Economy. This author linked the concept of value to man and his relationship to goods, and in addition recognized that all economic goods have value, not just those that are intended for sale, i.e. commodities, as was the case with Marx. Thus, he initiated the subjective theory of value.

Menger begins his presentation of this theory with a general definition of value, in which he states (Menger 2007, p.115) that value is “the importance that individual goods or quantities of goods attain for us because we are conscious of being dependent on command of them for the satisfaction of our needs. The value of goods, accordingly, is a phenomenon that springs from the same source as the economic character of goods—that is, from the relationship, explained earlier, between requirements for and available quantities of goods.”

He further adds (ibid., p.116): “Value is therefore nothing inherent in goods, no property of them, but merely the importance that we first attribute to the satisfaction of our needs, that is, to our lives and well-being, and in consequence carry over to economic goods as the exclusive causes of the satisfaction of our needs.” This last statement is repeatedly made by Menger in his work³.

It is worth mentioning in this context that Menger was not the one who first linked the value of goods to their ability to satisfy needs. Indeed, already in the sixteenth century this is how the scholastics came to value. As Blaug (2000, p. 52) writes: “Scholastic economics categorically based value on the satisfaction of needs, and in its last versions tied utility to the relative rarity of goods.” These very two elements, need and rarity, are the basis of the Austrian School's theory of value.”

In reasoning to explain the phenomenon of value, Menger starts from the assumption that a person whose goal is the maximum satisfaction of needs has both the knowledge of the quantity of goods that is necessary to satisfy his needs in a given time horizon and the knowledge of the quantity of goods at his disposal in that same period. Comparison of these quantities then determines whether the goods in question are economic goods or not and, consequently, whether they are of value to him or not. According to Menger, a good becomes an economic good and acquires its value only when the amount of that good at one's disposal is less than the amount necessary to fully satisfy his or her needs. For only then does man take certain actions, which Menger defines as "economizing". Otherwise, he does not take action. This is because non-economic goods, i.e., those which one possesses in excess, have no value.

The terms use-value and exchange-value do not appear in Menger's work until the sixth chapter, when the author seems confident that the examples and repeated arguments about the relation of the value of goods to their rarity and their ability to satisfy human needs are sufficient. And he defines these terms as follows: “Use value, therefore, is the importance that goods acquire for us because they *directly* assure us the satisfaction of needs that would not be provided for if we did not have the goods at our command. Exchange value is the importance that goods acquire for us because their possession assures the same result *indirectly*.” These two types of value are for Menger merely two facets of the same category that is value.

The novelty of Menger's approach to value is to treat use-value and exchange-value as two aspects of the same category, that of the subjective value of goods, which result from a certain special relation of man to goods in given circumstances. This special relation is the "importance" attributed to these goods because of their known relation to needs, but only when the amount of these goods at one's disposal is less than is

³ E.g.: p.116: “Value is therefore nothing inherent in goods, no property of them, (...)”; p.120: “The value of goods arises from their relationship to our needs, and is not inherent in the goods themselves”; p. 121: “Value is thus nothing inherent in goods, no property of them, nor an independent thing existing by itself. It is a judgment economizing men make about importance of the goods at their disposal for the maintenance of their lives and well-being. Hence value does not exist outside the consciousness of men.”

necessary for the full satisfaction of these needs. Then and only then do such goods have value, otherwise they have no value.

Accepting Menger's generally subjective approach to value, the second prominent representative of the Austrian School, Ludwig von Mises, strongly emphasizes the view that the value of goods is determined by the hierarchy of values of the needs they are supposed to satisfy. In his fundamental work titled "Human Action" (Mises 1996, pp. 94-95) he writes: "It is customary to say that acting man has a scale of wants or values in his mind when he arranges his actions. On the basis of such a scale he satisfies what is of higher value, i.e., his more urgent wants, and leaves unsatisfied what is of lower value, i.e., what is a less urgent want. There is no objection to such a presentation of the state of affairs."

A little further on he modifies somewhat the definition of value given by Menger, writing (*ibid.*, p. 96): "Value is the importance that acting man attaches to ultimate ends. Only to ultimate ends is primary and original value assigned. Means are valued derivatively according to their serviceableness in contributing to the attainment of ultimate ends. Their valuation is derived from the valuation of the respective ends. They are important for man only as far as they make it possible for him to attain some ends. Value is not intrinsic, it is not in things. It is within us; it is the way in which man reacts to the conditions of his environment."

Finally, he clarifies his position on the link between the action as a category ultimately given and value, stating (*ibid.*, p. 97): "Action is an attempt to substitute a more satisfactory state of affairs for a less satisfactory one. We call such a willfully induced alteration an exchange. A less desirable condition is bartered for a more desirable. What gratifies less is abandoned in order to attain something that pleases more. That which is abandoned is called the price paid for the attainment of the end sought. The value of the price paid is called costs. Costs are equal to the value attached to the satisfaction which one must forego in order to attain the end aimed at. The difference between the value of the price paid (the costs incurred) and that of the goal attained is called gain or profit or net yield. Profit in this primary sense is purely subjective, it is an increase in the acting man's happiness, it is a psychical phenomenon that can be neither measured nor weighed. There is a more and a less in the removal of uneasiness felt; but how much one satisfaction surpasses another one can only be felt; it cannot be established and determined in an objective way. A judgment of value does not measure, it arranges in a scale of degrees, it grades. It is expressive of an order of preference and sequence, but not expressive of measure and weight. Only the ordinal numbers can be applied to it, but not the cardinal numbers."

In Mises' case, therefore, the action boils down to exchanging⁴ something less satisfactory and therefore of less value (these are the means used to achieve the goal) for something of greater value (the ultimate goal), thus achieving subjective, immeasurable profit. In this way we move to a higher level on the preference scale (it must be

⁴ This is how "Action as an Exchange" was titled the fourth subsection of Chapter IV of his work.

remembered that the direction of this scale is the opposite of "normal", i.e. the further ahead in the timeline, the lower the value).

The above-quoted fragment of Mises' deliberations proves that he equates the value of a need with the urgency of its satisfaction. Leaving aside for the moment a certain contradiction that appears here in the context of the value of the so-called goods of a higher order, as well as the problem of comparability of the value of these goods understood in this way, it is necessary to draw attention to two issues that require comment, namely, the issue of the meaning of the term "need" itself, and the issue of the value scale of needs, which is supposed to be something that, according to Mises, every person possesses, and which determines the value of goods.

Let's start with the concept of need. The meaning of this term has not been clearly defined by Mises, as in Menger, whose theory Mises is developing. Menger (2007, p.77) only points to the sources of needs, seeing them in the nature of man, and states that concern for their satisfaction manifests itself in the fact that one has to obtain all the goods necessary for this. For if man has all the necessary consumption goods at his disposal, then the satisfaction of these needs depends exclusively on him. This is in line with his earlier statement (ibid., p.56) that the success at any time, as far as the satisfaction of needs is concerned, is assured if we have at our disposal the goods necessary for their direct satisfaction.

It is worth noting the term "consumption goods" which appears in the passage quoted above. The author does not define this term anywhere, but he uses it repeatedly in the sense of goods directly serving to satisfy needs. In the Menger hierarchy of goods they are defined as first order goods (Menger 2007, p.79). When combined with the source of needs, which, according to Menger, are supposed to be the drives stemming from the nature of man, we obtain an image in which need appears as something objective. This is confirmed by this quotation (Menger 2007, p. 83): "If we observe people in provident activity directed to the satisfaction of their future needs, we can easily see that they are far from letting the capacity of their needs to grow escape their attention. On the contrary, they are most diligently concerned to take account of it. A person expecting an increase in his family or a higher social position will pay due attention to his increased future needs in the construction and furnishing of dwellings and in the purchase of carriages and similar durable goods. As a rule, and as far as his means will permit, he will attempt to take account of the higher claims of the future, not in a single connection only, but with respect to his holdings of goods as a whole."

On the basis of this passage, we can conclude that for both Menger and Mises, need is something given from outside, something objective that seems not to depend on the will of the individual, but is at most a side effect of his other actions (family increase) or the result of circumstances in which his participation is essentially passive (social advancement). The question of the possibility of satisfying these needs is similar; for Menger seems to suggest that it is not the individual who decides whether, faced with the prospect of family increase or promotion, he will strive to acquire the necessary

means to rise to the occasion, but that the available means will determine whether and which of these needs will be satisfied. Mises merely elaborates on this approach by adding the scale of value of needs mentioned above.

In commenting on this approach to needs, it should be said that as long as we are with the generalities, the matter is obvious; for no one disputes that the provision of adequate food and water to the organism is a condition of survival, and therefore that the existence of such needs is objective. The same applies to the goods necessary to protect an organism from extreme adverse conditions and atmospheric phenomena. A need in this case means "that which is necessary for survival". This is a concept that should be classified rather as a technical term in the field of the science of man as a biological organism. The state of such an objective necessity is expressed by the English term need. In relation to the needs understood in such a way, we can talk about a hierarchy of values, or better - about a hierarchy of importance. Then, for sure, the highest in this hierarchy would be food and water, then probably some kind of clothing and housing depending on the local climatic conditions, and at the end various kinds of pleasure, which can be easily given up.

But the problem arises immediately when we get down to specifics, that is, when we ask what is meant by food, clothing, housing, and so on. No special proof is needed that hunger and thirst can be satisfied in many different ways. While it is indisputable that there is an objective need to provide the body with a certain number of calories in the form of food and liquids, it is always up to the person concerned to decide whether this need will be satisfied with personally picked berries and water from a stream or with chateaubriand and brand-name red wine ordered from an elegant restaurant, under the obvious assumption that there is a restaurant serving chateaubriand in the area and that the person concerned knows about it. It is man who chooses the way of satisfying his hunger, i.e. what he actually needs for that purpose, and it is he who bears the consequences of such a choice in the form of the necessary behaviors that put this decision into action. If he decides that berries from the nearby forest will suffice to satisfy his hunger, the effort required to satisfy such a need will be different from the effort required to satisfy the need to eat dinner in a restaurant.

A rather trivial example was used above to sharpen the problem under discussion. In fact, however, all human needs must be included in the category which in English is represented by the term "wants". Because it depends on the will of every man, on his "wants", what he considers necessary at a given moment and what means he wants to use for this purpose, and what he will postpone to a nearer or farther future, regardless of the objective necessity. While it is possible to agree that there is a hierarchy of needs in the sense of necessities, it is certain that needs in the sense of wants do not have such a hierarchy. Here, circumstances and emotions connected with them are more important, which is scrupulously exploited by manipulators of advertising and marketing. If we were to refer again to the example quoted above, the choice of a dinner in an elegant restaurant by a man with a modest income does not have to be preceded by the payment of all current obligations for rent, energy, water, etc., as would be dictated by the

"normal" hierarchy of values from Maslow's theory. Examples of choices that completely contradict both the privately recognized and publicly proclaimed scale of values could be endlessly multiplied. Thus, talking about a scale of value is one of the weaknesses of the Austrian School's approach to the issue of needs and its related theory of value.

In addition to the issues raised, it is worth noting here the interchangeability (synonymity) of the terms "value" and "urgency" of need used by Mises; in his view, the greater the urgency of satisfying a need, the greater its value. Despite the explicit caveat that assessing value in this way reflects the order of people's preferences and their sequence, rather than a measurement of its magnitude or importance, such a stance can lead to confusion. Suppose, for example, that on the scale of the value of needs, that is, on the scale of their urgency, we have today buying a tie and next month buying a car. According to Mises's terminology, we would then have to conclude that a tie is of greater value to us than a car. Wouldn't such a statement confuse many listeners, and would they want to hear an explanation of what we meant by it?

5.4. Value in the view of economic personalism

Some representatives of economic personalism make certain modifications to the theory of value of the Austrian School. For example, O'Boyle (2008, p. 18) writes that exchange value is an objective piece of information and use value is a subjective feeling of a person, and then states that for each person involved in the exchange process, the use value (what one receives) must be greater than the exchange value (what one gives in return), because without this gain [from the difference in values], the exchange could not take place. However, he immediately adds that some people are able to get more than they deserve in the exchange process, while others get less, and conventional economics, that is the mainstream, tries to sweep this problem of injustice under the rug, hiding behind the "invisible hand of the market," which this author does not agree with.

Referring to such an approach, it is necessary to point out the logical incoherence of the author's reasoning. For if we accept that use-value is a subjective feeling of man, and exchange-value - an objective portion of information, it is impossible in any way to arrive at the category of profit of which O'Boyle writes, which is the difference between these two values, and thus - to determine which of the counterparties has achieved from the exchange more than he was entitled to. After all, only measurable quantities can be added and subtracted. Thus, while for Menger and Mises subjective profit could be regarded as a certain distance between these two values on a subjective scale of values, for O'Boyle these are concepts belonging to two different worlds; one belongs to the world of subjective feelings, the other to the world of objective quantities. Writing about profit and exploitation becomes in these terms pointless.

Another problem with value appears in the study of another representative of economic personalism, Gloria Zuniga. In this case, the issue is Menger's notion of the so-called economic value. After quoting Menger's definition of economic value, she states the following (Zuniga 2001, p. 155): "But the subject may be wrong in his value judgment

such that he attributes value to a thing that, in fact, will not or cannot satisfy his present, urgent want. The truth of economic value judgments is settled, then, by those facts about the thing that make it the case that it can satisfy the relevant want as expected by the agent.”

The problem here is that Zuniga allows for the possibility of bystanders to evaluate a subjective feeling, which by its very nature cannot be subject to such an evaluation. And such a subjective feeling is, in Menger's approach, the economic value of a given good.

5.5. Value in the personalist economics

There is no doubt that to achieve anything requires intellectual, physical, and mental effort, that is, what Mises calls action. Action itself, however, must always be preceded by an act of choice, the essence of which consists in choosing one option within an alternative and rejecting the opposite option. This is why the personalist theory of value starts from the fact that when someone comes up with an idea, or when such an idea is suggested to him by someone else, he always first asks himself whether it is worth implementing such an idea at all. Only when the answer to this question is positive, can the next step take place. This step consists in taking such actions that in the decision-maker's opinion are to lead to achieving this goal. This is when value emerges as an economic category. This concept, however, refers not to a characteristic of some tangible or intangible thing, but concerns the relationship of subjective importance of two things. One is the tangible or intangible goal that someone has decided to achieve, and the other is the necessary sacrifices of one's time, strength, and resources, without which that goal cannot be achieved. Deciding to proceed with the goal is tantamount to recognizing that the goal is worth making such a sacrifice. Whether or not the magnitude of this necessary sacrifice is precisely known at the time the decision is made is irrelevant to the emergence of value understood in this way.

Because any choice of one option of an alternative automatically means giving up the opposite one, the value of the option chosen is determined by the value of the option sacrificed to achieve the former. In view of this, it is always the case that what a person has chosen is worth what she has sacrificed in order to do so. A sufficient reason for such a decision is that the thing received is needed more at the moment than the thing given up in exchange. Seeking profit as a motive for such a decision does not seem to be the right approach. The more so because it leads to various awkwardnesses and problems of logical and methodological nature, which were already mentioned before.

A second reason to reject the Austrian School's approach to value is that it cannot be applied to purposes other than the exchange of market goods. And yet, it is undeniable that people ascribe value not only to goods that are subject to economic exchange, but also to intangible goals, including those that have no connection to any goods or services. Examples of the latter include the desire to become a champion in some sport, to learn a foreign language, or to get a wife or husband. For these reasons, personalist economics holds that the value of any goal is determined in each case by the amount of sacrifice that is made or must be made to achieve it. In this sense, for example, the

ascent of K2 in winter may have a value for the alpinist of a few million zlotys which he must spend in order to buy all that is necessary to achieve his goal, increased by the unquantifiable personal physical effort and damage to health incurred during the climb. And for most, such a goal is not worth it. This example is not the only case in which the personalist theory of value is applied to explain economic aspects of decisions from spheres that have little to do with economic activity *sensu stricto*. This is not the case with the Austrian School approach.

In the act of market exchange there are always two goods at stake: the one that one wants to receive and the one that one has to give in return. Here, therefore, there is no great difficulty in recognizing that the value of the good received is determined unambiguously by the value of what is given in exchange. When there is an exchange with money, that is, a transaction for the purchase of goods, the measure of the value of the goods purchased is, of course, the total cost of their purchase expressed in monetary units.

It is worth remembering, however, that buying on the market or direct exchange (barter) is only one of two ways that can lead to the possession of a given good. The second way is its own creation. So if someone is in the market at a given moment with the intention of obtaining some good through exchange, it means that he has already made two choices: first, he has decided that it is worth making the effort to possess the good in question, and then, in a second act of choice, he has chosen market exchange as a better way than the alternative. Value thus arises not when a market participant gives up something in an act of market exchange that, according to the Austrians, he values less than what he receives in return, but already when that person decides that he needs the good in question and acts accordingly, without yet knowing exactly what he will have to sacrifice.

Thus, it is not a category that refers only to goods exchanged on the market, but it is a category that must be applied to every need that someone wants to satisfy, regardless of whether it is satisfied by himself or through market exchange, and regardless of whether this need concerns tangible or intangible goods or goals of non-measurable nature. In each case the achievement of a goal is conditioned by making the appropriate efforts, i.e., by making such a sacrifice as is necessary to achieve the goal.

As already mentioned, it does not matter whether the size of such a sacrifice is known and quantifiable at the time of making the decision, or whether it is not exactly known. In any case, all that matters is that at a given moment the decision-maker decided that such a sacrifice is worth making in order to achieve the chosen goal and then does what is necessary to achieve it. The value always arises when the decision is made that a given need is to be met.

In the case of commodities purchased on the market, the measure of value is the total cost of their purchase, i.e., both the price and any associated costs necessary for them to become the property of the buyer. The latter often have a significant share in this value. On the other hand, in the case of goods created for one's own use, the value is

determined by the type, quantity and quality of efforts made and the amount of time spent to acquire a given quantity. In this case, it is more difficult to define this value precisely, but - at least in principle - it can be done because there are physical quantities on both sides of the relationship between the goods created and the necessary inputs. If one were to persist, physical and intellectual effort can be converted into calories lost, not to mention time spent and material resources expended. Of course no reasonable person does this, because there is no need, but this does not mean that such goods produced by oneself for one's own use have no value.

The most difficult thing is to determine the value of intangible goals, such as achieving fluency in a foreign language, climbing a mountain peak, cruising around the world alone, or getting a husband or wife. However, it does not matter much, because in such a case, too, the value of such a goal is determined by everything that someone had to sacrifice to achieve it, both measurable and immeasurable quantities.

As it results from the considerations, value in personalist economics is not some entity which is born (created) as a result of human actions, e.g. in a production process, and which from the moment of its creation is connected with the product of such actions, circulating with it and being subject to division, as the supporters of the laborist theory want. Nor is it merely a subjective feeling of the importance or urgency of satisfying a need, situated on some scale of preferences, as proponents of the Austrian School of Economics want. Value in our approach has both an objective and a subjective side.

The objective nature of value derives from the fact that it is always possible to determine unequivocally - at least in principle - any sacrifices made by a decision-maker who has achieved a chosen goal, regardless of whether and to what extent they have been realized, inventoried, and measured. The same applies to goals that have not yet been achieved, but for which the person is striving. In such a case it is also possible - at least in principle - to determine all the expenditures which have already been made and those which still have to be made in order to achieve the goal. As long as the actions continue, the goal retains its objective value, understood in this way. This value will be quantified when the goal is achieved. If the goal is abandoned at any time before that, the goal loses its value and the effort expended becomes futile.

The subjective nature of value, on the other hand, means that not all people will find the magnitude of the sacrifices made by the decision maker to be adequate to the broadly defined benefits that he or she achieved. Moreover, the decision-maker himself or herself may conclude after the fact that what he or she achieved was not worth the sacrifices. However, this does not change the fact that the goal was achieved with such an expenditure of effort, resources, and time.

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