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Lillian Garcia  
*Portland State University*

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# Marx and Proudhon: Two Visions of Socialism

Working Paper No. 31

Authored by: Lillian Garcia

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Prepared for Professor John Hall

**Abstract:** This inquiry seeks to establish that Karl Marx and Pierre-Joseph Proudhon espoused fundamentally different visions of socialism. Marx regarded Proudhon with initial enthusiasm and joined the left at large in celebrating his 1840 essay, *What is Property?* However, in 1846, when Proudhon attempted to solve the problems of capitalism in his work, *System of Economic of Contradictions or The Philosophy of Poverty*, Marx took to his pen for an unsparing attack, authoring his *The Poverty of Philosophy*. At the crux of their split were two analyses of the status of labor and two competing prescriptions for change. While Proudhon wished to align property rights and access to means of production in favor of laborers in a decentralized fashion, Marx saw the need for a radical political change along with the abolition of property and the market system. The differences in the two visions have echoed in the debates over socialism ever since.

***Journal of Economic Literature* Classification Codes:**

B14, B31, P14

**Key Words:** Karl Marx, Pierre-Joseph Proudhon, Socialism, *The Philosophy of Poverty*, *The Poverty of Philoso*

This inquiry seeks to establish that Karl Marx and Pierre-Joseph Proudhon espoused fundamentally different visions of socialism. The two men worked tirelessly in their respective quests to pave a way out of the capitalist system, a system that they both understood to be a source of mass poverty production. Yet their worldviews, along with their chosen approaches to creating change, diverged dramatically. Proudhon sought peace, harmony, and equilibrium, and believed in justice and reason as all-powerful principles. He wanted individual freedom and attempted to develop forms of commodity production that did away with exploitation and gave workers power over the operations. Marx, on the other hand, saw conflict as inevitable given the class antagonisms inherent in capitalism, and believed there was no possibility for the reconciliation of proletarian interests within the existing system. For him, nothing less than political revolution would suffice.

### **Foundations of analysis**

To understand the two diverging viewpoints, and why their differences would become irreconcilable, it is helpful to understand that the two men were born to very different circumstances. Proudhon was born in 1809 in a Burgundy suburb. With his father a cooper, his mother a cook,

the family was to remain poor. Proudhon's education came from a nearby parish, and to contribute financially, he also did farm work at a young age and entered a printing apprenticeship. D.W. Brogan (1934, 10), in his biography, notes that Proudhon felt pride in his "free peasant" roots. Proudhon, while rejecting organized religion, named the Bible as one of his main influences. His trade work also exerted an influence on his vision for the world, grounding it in a belief in the wealth producing potential of labor. He spent his life, always in France, pursuing various enterprises alongside his writing. He made various investments; he operated a printing press; he worked in his father's trade as a cooper at times; he started a bank called "The People's Bank" along the lines of his philosophy, believing free credit to be a powerful tool to the economic liberation of the proletarian classes. Through run-ins with censorship and imprisonment, he continued to put out his critiques of society while finding one way or another to make a living for his family.

Marx, on the other hand, was born to the professional class. His father was a lawyer who had painted over his Jewish roots in order better to be accepted in German society. Born in 1818, he experienced the best education Germany had to offer, learning at University of Berlin just after the passing of the revered Georg Friedrich Hegel. His life work would be the

development of his economic analysis along with the communist doctrine that he saw as the inevitable conclusion of this analysis, which he extended to work in building the International Communist League. After the death of his father in 1841, poverty chronically plagued him. He moved around, from Germany, to France, to Brussels, and finally to England, as the political circumstances changed, barely eking out enough for his family to survive, and depending on his friend and collaborator, Friedrich Engels, for supplementary support.

Marx's thinking developed as he assimilated the contributions of various thinkers, as Isaiah Berlin [1960] (2013) describes in his biography. From Hegel, Berlin (2013, 56) remarks, Marx absorbed dialectical thinking, the perception of history unfolding in a series of antagonisms, the thesis, the antithesis, and the synthesis, which would resolve the antagonism but from which would emerge new contradictions. Upon reading the materialist writings of Ludwig Andreas von Feuerbach, Berlin (2013, 70-1) notes, Marx kept the dialectical model but discarded the idealism to which Hegel and his followers attached it. Instead, he accepted Feuerbach's proposal that material conditions, rather than, as Hegel had it, spiritual underpinnings, propelled the unfolding events of history.

To this foundational structure, Marx elaborated with the view that struggle between economic classes was, in particular, the factor that drove the course of history, an idea, Berlin (2013, 83) points out, developed by Henri de Saint-Simon, who was one of a new type of liberal historians writing at the turn of the 19<sup>th</sup> Century. Though an exhaustive list of Marx's intellectual influences is perhaps impossible, two other sources seem to be central to the worldview he developed. First, as Berlin (2013, 174) points out, it was the French Revolution writer François-Noël Babeuf, who developed the idea of a dictatorship of the proletariat. This is the idea that would set Marx distinctly, irreconcilably apart from the anarchists who had sought to collaborate in the Communist league. This endorsement of dictatorship, one suspects, also contributed to making Marx's work required literature in the most notorious, brutal dictatorships that would develop in the 20<sup>th</sup> Century under the name of Communism, however far they veered from Marx's vision of a communist society.

Second—and more benignly, though just as importantly to the intellectual content of Marx's work—Berlin (2013, 14) notes that Marx studied the classical economists, with Adam Smith and, above all, David Ricardo, providing the inspiration and the preliminary workings-out of Marx's labor theory of value, upon which his analysis of the capitalist

system and its exploitation in large part rested. His labor theory of value, so assiduously worked out, would be an important source of clash with Proudhon.

Berlin (2013, 75) notes that it was in Paris, where he arrived in 1843 and lived until 1845, that Marx came fully into the development of his particular vision. It was here he met Proudhon, with whom he had corresponded previously. The intellectual vibrancy and revolutionary fervor were a great inspiration to Marx, though he took a critical stance even towards those who would seem to be natural allies.

The two men had very different intellectual approaches. One can see in Proudhon's work passion and dreaminess, along with a reverence for the ideals of justice and reason, features in common with the French literature and culture that held a strong influence over him; in Marx, one witnesses both the plunging intellectualism found in the German works that inspired him, paired with the assiduous cataloguing of details in line with the English writings he absorbed before arriving in the country where he was eventually to live the last part of his life. Whereas Marx conscientiously studied Ricardo and Smith, as well as a long list of political economists, philosophers, and what he called the "vulgar" economists, the thinkers who built the foundations of the neoclassical economics that is practiced widely

today, Proudhon was fine with getting Hegel secondhand, with drawing from a variety of thinkers while diverging from their exact ideas in pursuit of his own, creative vision. He was certainly not illiterate; he read widely, with particular attention to socialist thinkers such as Charles Fourier, but he was not the painstaking scholar that Marx was.

Proudhon's casual treatment of others' ideas allowed him to develop his own concepts in a creative way. As Henri de Lubac (1948, 152), in his work on Proudhon's life and thought, *The un-Marxian Socialist*, points out, Proudhon, inspired by Hegel's dialectic as well as Kant's concept of antinomy, developed a different, though similar model of development: equilibrium, in which contradictions persist unresolved but find a gradual balance. As opposed to Hegel's progression of theses, antitheses, and syntheses, de Lubac (1948, 155) notes that Proudhon believed that the same antagonistic elements would never be negated but rather produce an oscillation; the two opposing elements would not eliminate but moderate as well as "exalt" each other. De Lubac (1948, 157) notes that Proudhon proposed a reciprocity of pairs of elements: property and the State, order and freedom, socialism and political economy. The concept of harmony, which Proudhon, as de Lubac (1948, 157-8) notes, received from Fourier, figured centrally into his vision. History would proceed towards harmony.

Proudhon, in stark contrast to Marx, identified certain ideals as foundational to human understanding as well as historical progress. Justice and equality, for him, were determinative principles. In Proudhon's eyes, as de Lubac (1948, 278) notes, justice quite literally "governs the world" as well as human understanding, leading towards harmonious equilibrium.

Marx's severe faithfulness to his vision had the advantage of producing one of the most in-depth analyses of society ever produced; it had the disadvantage of producing a belief system as domineering as religious doctrine (ironically, for a man who so loathed religion.)

Proudhon's intellectual promiscuity had the advantage of permitting a variety of ideas to live alongside one another, to allow for an openness of thought; the disadvantage was perhaps that too many ideas could survive in this intellectual atmosphere. Proudhon wrote against war, and then accepted it as a necessity. He harbored a number of prejudices: he viewed women as incapable of the self-directed lives he wished for men; he hated the railroads and their assault on older industries. He engaged in faulty philology, as Brogan (1934, 38) details, and used it as a basis of his analyses.

## **The Definitive Split:**

### ***The Philosophy of Poverty and Marx's response***

Marx initially praised Proudhon's work. At the time Marx arrived in Paris, Proudhon had gained international renown and a national following. His socialist writings, Berlin (2013, 89) notes, were well known in France and beyond. In particular, Berlin (2013, 104) notes, Marx had read and praised Proudhon's 1840 work, *What is Property?*, out of which comes Proudhon's most famous phrase, "What is Property? It's theft." Proudhon's indictment of property owners who received income while contributing nothing was in line enough with the broad goals of the left for Marx to be an admirer. The seeds of their divergence, however, were already planted. It was in *What is Property?* that Proudhon identified himself as an "anarchist," finding the authority of government to be as wrong as the authority of capital. (His "anarchism," it should be noted, was a very moderate variety and distinct from other anarchists, such as the contemporary Mikhail Bakunin, who experienced his own falling out with Marx.)

It was not until 1846, however, that the two split definitively.

Proudhon published his work, *System of Economic Contradictions, or The Philosophy of Poverty*, and submitted it to Marx for feedback. In this work, Proudhon seeks to reconcile the antagonism between socialism and

political economy, between the material gifts of the productive system due to technology and the division of labor, on the one hand, and the exploitative dynamics of capital-labor relations, on the other. He gives his critique of the views offered by the orthodox economists such as J.B. Say and the proposals of socialists, offering his own, somewhat spotty economic analyses, covering the issues of tax, wages, competition, and technology.

Marx did not take kindly to Proudhon's attempt to reconcile forces that he saw as fundamentally inimical. In reply to Proudhon's work, he published *The Poverty of Philosophy, A response to "The Philosophy of Poverty" by M. Proudhon* [1867], turning Proudhon's title on its head. He tore Proudhon's analyses and proposed solutions to shreds. Marx attacked Proudhon on two levels. First, he found Proudhon to be intellectually deficient: he calls him a "sophist," accusing him of allowing bold rhetoric to cover up a basic lack of understanding of economic thought. Marx, with his mastery of history and economic thought, cites at length Proudhon's intellectual predecessors, whose ideas, in Marx's view, Proudhon has failed to comprehend, erased by claiming for himself intellectual "discoveries," or which have preemptively invalidated Proudhon's arguments. Beyond this, however, Marx is levelling a more serious accusation. It is the one which he repeats in *The Communist Manifesto* and throughout his works: that

Proudhon's is a petit bourgeois socialism, a veiled apology for the capitalist system rather than a true challenge to it.

The first accusation may have some merit. De Lubac (1948, 23-4) notes that even Proudhon himself admits to his own intellectual flightiness—and, to be fair, any thinker facing a comparison to the rigor of a behemoth like Marx is inclined to seem unserious. The accusation of Proudhon's intellectual deficiency is complicated, however, by the possibility that Marx was simply disturbed by the fact that the successful Proudhon, elder to Marx by nine years, was writing about the same topics Marx planned to address—and coming to different conclusions. Brogan (1938, 45-46) notes that Proudhon saw Marx's response purely as a manifestation of jealousy that he was first past the post on these topics, and more successful. Brogan also notes, however, that there were fundamental differences between the two both in aim and in method.

The aim of this inquiry is not to pronounce judgment on whether Marx's attack of the quality of Proudhon's work is justified. Rather, our focus is on Marx's criticism of Proudhon's essential positions. The task is difficult, for these two levels of criticism cannot be entirely disentangled: it was Proudhon's errors, in Marx's rendering, that led to the bourgeois conclusions of his analysis. (Marx finds these bourgeois-friendly errors in

many writings, in the classical economists, for instance.) We will examine two concepts essential to the differences in Marx's and Proudhon's economic thinking, the labor theory of value and the analysis of commodity exchange. These two concepts are essential to the differences in Marx's and Proudhon's economic thinking and, as we shall come to in the third part of this inquiry, to the conclusions they came to about the correct methods of producing change.

As Berlin (2013, 109) summarizes, Marx's view was that Proudhon had misunderstood Ricardo with regard to the labor theory of value. Where Ricardo saw the theory that labor underlies exchange value as a straightforward statement of the way things actually worked, Proudhon believed, instead, that it was a solution: if labor truly became the basis of exchange value, workers would be justly compensated. It was an error, in Marx's eyes, at the basis of many forms of socialism, and an error responsible, in turn, for Proudhon's misunderstanding of money, commodity exchange, and the entire economic structure of capitalism.

Proudhon's analysis of the status of labor within the economic system is the central point of Marx's critique on this subject. Proudhon (1972, 101), accepting the view of Say and orthodox economists, states that labor is not merchandise. When it is said to have value, there is a contraction of

expression at work. (Here we see Proudhon's philological flair.) The true meaning of the expression is that labor's *product* has a certain amount of value.

Such an analysis is entirely at odds with that of Marx. As he would develop extensively in *Capital* and other works, the commodification of labor was a defining fact of the capitalist system. Labor was absolutely, and quite literally, merchandise. Engels (1920, 27), in prefacing the *The Poverty of Philosophy*, notes that Marx had not yet developed the terminological distinction between labor and labor-power. However, Marx's critique already embodies this distinction. The value of labor—or rather, as it would be identified later, the value of the labor-power commodity, was determined by the amount of labor necessary to produce it, that is, to produce the means of subsistence of the laborer. The formula for the value of other commodities was analogous: the amount of labor necessary to produce them determined their value. In Marx's *The Poverty of Philosophy* [1867] (1920), Marx (1920, 59) accused Proudhon of conflating the value of labor (i.e., the value of labor-power) and the labor-determined relative value of commodities. Furthermore, not to recognize labor as a commodity was the ultimate in bourgeois thought—to pretend labor commodification

was only an expression and not a brutal fact which forced laborers to sell their only possession was to ignore the essence of capitalism.

In part, the dispute may come down to a deliberate semantic difference in the two thinkers. When Proudhon “conflates” the value of labor and the relative value of commodities, he is establishing his version of just compensation: the value of labor was measured by its product, while the value of products (commodities) was reciprocally measured by the labor that produced them. For Proudhon, this theory of value led to a system of just proportionality of compensation: the products of labor would be valued in relation to one another according to the amount of labor that went into them, and laborers would be compensated accordingly—so long as they were not working under capitalists. The problem with the capitalist system, for Proudhon, was the violation of this proportionality. Those who did not work received compensation due to an unjust arrangement of rights and resources.

For Marx, proportionality existed: but in the productive system of advanced capitalism, the value of the labor commodity figured as infinitesimal in relation to other commodities, because such a small amount of labor was necessary to produce it, i.e., to produce the means of subsistence of the laborer. Marx saw Proudhon’s value theory as circular:

how could labor value be determined by its product and products be determined by labor? The circularity is not fatal to Proudhon's analysis if one accepts that labor acts simply to provide proportionality of value to commodities. However, Marx's definition of labor as a commodity made their two viewpoints irreconcilable.

Proudhon's treatment of commodity production and exchange also meets Marx's total rejection. For Marx, Proudhon begins in error: His analysis starts with two individuals, two "free" individuals. Proudhon erases their embeddedness within systems to imagine them free. In *Capital*, Marx (2011, 79) leaves a footnote concerning Proudhon, proposing that his misunderstanding of relative value comes down to the fact that that commodity production is the ultimate dream of the petit bourgeois, the path to freedom and independence. To Marx, commodity production was coextensive with capitalist production. Marx (1920, 84) denounces individual exchange as inherently bourgeois, inherently composing and composed of class antagonism.

Whereas Proudhon saw commodity exchange as serving to satisfy the variety of human wants, Marx saw it as determining wants, determining consumption by the law of what is cheapest to make and what, in consequence, allows for the most surplus labor to be extracted. He (1920,

67) poses the question of why cotton, potatoes, and spirits are produced far more than their superior alternatives, linen, wheat, and beer. His answer is that “in a society founded on *poverty* the *poorest* products have the fatal prerogative of being used by the greatest number.” Circumstances of production, for Marx, are always determinative of patterns of consumption. Marx asserts that Proudhon’s assessment of prices is false, but beyond that, Marx finds in Proudhon’s analysis a wishful way of seeing society, a “bourgeois”-colored view, that the structure of society, in particular, its practices of production, faithfully addresses the needs and desires of the people. The result, Marx (1920, 68) claims, was that Proudhon, without understanding society, wrote an apology for it.

### **Methods for Creating Change**

From the two distinct analyses of the economic system came two very different conclusions as to how to go about bringing positive change. Proudhon, despite being a committed fighter for the left, came to symbolize a certain form of impotent socialism in Marx’s eyes. In Marx’s 1848 *Manifesto of the Communist Party* (now known simply as the *Communist Manifesto*), which was commissioned by the Communist League, as Berlin (2013, 153) notes, to offer a definitive summary of the doctrines to which Marx and his co-author, Friedrich Engel, ascribed, Marx identifies the

various deficient forms of socialism and communism, analyzing their faults. There was “reactionary socialism,” practiced by classes that had survived from the old, feudal order who looked still to the past for their salvation. There was “conservative or bourgeois socialism,” which sought, rather than true change, to cure the proletariat of their resentments while maintaining the existing order. And there was “critical-utopian socialism and communism,” offered by philosophers who had not yet seen capitalism in its full-fledged form, which built fantasies rather than real world solutions.

Marx (2012, 98) identified *The Philosophy of Poverty* as epitomizing the second type: conservative or bourgeois socialism. Again and again throughout Marx’s works, Proudhon served as the archetype of the “petit bourgeois” way of thinking, which accepted the basic foundations of the capitalist system. In the view of Marx, as Berlin (2013, 93) notes, Proudhon’s thinking was anything but revolutionary.

For Marx, as he (1920, 66) writes in *The Poverty of Philosophy*, it was simple: “No antagonism, no progress.” Proudhon, on the other hand, sought harmony. As de Lubac (1948, 32) notes, he even referred to himself periodically, slightly in jest, as a Conservative. Marx wanted political revolution, the abolition of property and class divisions, along with a proletarian government that would distribute all social products according

to need; Proudhon wanted to develop methods of economic empowerment for workers, centered around the restructuring of property rights in favor of labor, the availability of free credit, and the development of workers' associations which would put the means of production into the hands of the workers in a decentralized fashion.

Proudhon by no means stayed out of the fray of political life. Not only did he stand for election and get elected (briefly) in the socialist party, he went to prison for his revolutionary writings. Yet, despite his high engagement in political life, Proudhon, as George Comninel (2015, 76) in his essay, "Marx and the Politics of the First International," puts well, took a rather "anti-political stance." Brogan (1934, 59) adds the point that for Proudhon, government inherently functioned in the interests of those that governed.

Instead of striving for political power, Proudhon sought to establish new systems that would put property in the hands of those that put it to productive ends—the workers. In spite of his most famous phrase that "property is theft," Proudhon did not wish to abolish property, but rather align it with use: those who lived in a home were its rightful owners; those who worked on a field were the field's rightful owners. In pursuit of this vision, he called for the availability of interest-free credit (and worked to

establish his People's Bank on this principle) along with the development of associations between workers in order to control the means of production collaboratively, an idea, inspired by Fourier, that went under the name "mutualism". He believed the market had great advantages in catering to the diversity of human needs and wants, but in its current form it was corrupted: the working class was entering into the market not quite freely but under the fetters of the unjust property system.

Marx saw the market and all property as inherently engendering an oppressive class system. He saw the answer in proletarian political power. He agreed that government was for those who governed. At least, he believed this when it came to the current system, but he believed all interests would be united under the eventually classless communist regime.

The differences between the two visions came alive during meetings of the International Workingmen's Association, known as the First International. It was in this organization, begun in 1864 by working class men in England, that Marx, as Comninel (2014, 60) notes, was to gain recognition as a force in the socialist front, eventually becoming leader of its general council. Proudhon had his own following, the Proudhonists, in attendance. They espoused Proudhon's policies on property and credit, along with his skepticism of authority. The Marxian faction, on the other

hand, called for a powerful, centralized government brought on through revolutionary action. In contrast to Proudhon, who disavowed many confrontational tactics, they saw strikes as an absolutely vital tool in their struggle. The two factions would split off (with another faction under the more radical anarchist Bakunin splitting off as well.) The legacy of their two visions has echoed through debates around socialism ever since.

## **Conclusion**

This inquiry has sought to establish that Proudhon and Marx espoused different understandings of socialism. Marx, on the one hand, espoused the need for political change and, ultimately, revolution. Proudhon sought, on the other hand, to build economic institutions that would allow workers to develop independence from capitalist exploiters while benefitting from the cooperative system of production. Marx's 'centralist' and Proudhon's 'mutualist' approaches to socialism have served as the foundation for disputes within the socialist sphere ever since.

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