the practice among the ancient Greeks, among the Suevi as described by Cæsar, and in precolonial Peru ; and such is the practice at the present day among the African Marea. But when the exercise of central authority is limited to the assignment to each individual of some particular field of production, and equally when such specialisation is the outcome of individual initiative, the commodities produced by such isolated individuals cannot be distributed among these in any other way than by means of exchange. Thus, in the absence of a despotic intervention on the part of a centralised authority, the complex association of labour, or the specialisation of production, has as its correlative and as its necessary consequence a system of exchange.

How is the exchange between dissociated producers to be regulated ? In other words, how are they to decide upon the relative values of their products ? We have to distinguish several cases.

1. If the supply of the various products is unrestricted, and if the quantity of the products offered in exchange is likewise unrestricted, the value of the various commodities is that which is determined by the reciprocal absorption of the quantities produced. Now, in the case where there exist two products only, the value which is established by this process is evidently unique and determinate ; for it is clear that if one individual produces 100 A and another produces 120 B, the relation of value can only be that 100 A = 120 B.[1] But if we assume, in conformity with the actual facts of experience, the coexistence of more than two products, it would seem at first sight as if the value must in such conditions be indeterminate ; for, supposing the quantities produced to remain constant, and therewith constant also the supply of the respective commodities, changes may continually occur in their redistribution among the various buyers, with consequent changes in value among the various products. If, for example, we suppose that there are three products, 100 A, 105 B, 90 C, they may have the

[1] This, the simplest of all cases, is the only one to which the theory of value in its oldest forms refers. Two famous theories, the quantitative theory of money and the theory of the wages fund, revolve round the presupposition, expressed or implied, of a two-sided unrestricted supply, and they deduce from this a value equal to the quotient of the two quantities produced. Naturally, if the premises are abandoned both theories are invalid.