

# **Proudhons Exchange Bank: Socialism for Petites Bourgeoises or Vision of a Credit Money Economy?**

**Ferdinand Wenzlaff**

Leuphana University of Lüneburg  
Otto Group Chair of Strategic Management  
Leuphana University of Lüneburg  
Scharnhorststr. 1  
D-21335 Lüneburg, Germany  
Phone: +49 (0)4131-677-2110  
Email: wenzlaff@leuphana.de

09.08.2013

Proposal for the XV<sup>th</sup> International Conference of the

“Charles Gide Association for the Study of Economic Thought”

Lyon, May 22<sup>th</sup>-24<sup>th</sup>, 2014

Influenced by early French socialists Proudhon closed a bridge from socialism to political economy. Without underplaying the necessary criticism such as his biologism and antifeminism (Adam, 1868; D’Hericourt, 1856) as well as antisemitism (Krier, 2009; Schapiro, 1945), a deficient discussion of Proudhon’s economic ideas can be stated. Gide and Rist in their *History of economic doctrines* (1915) devoted 30 pages to Proudhon and thereby carefully discussed original ideas behind the exchange bank (bank of the people). However, many important thinkers and economists discussing Proudhon misinterpret his exchange bank as a bank storing labour values and handing out labour paper money (Damaschke, 1920; Gesell, 1958; Kropotkin, 1910; Marx, 1847). The false interpretation of Proudhon continues persistently in recent encyclopedia and is a misplacement in the history of economic doctrines that this contribution aims to correct. I want to show that Proudhon has envisioned an endogenous credit money economy far from the notion of any commodity bank conceptualized by Owen and other early Socialists.

While Proudhons thoughts are rarely structured and difficult to follow, there might be another important reason rooted in Marx’ desire to raise his power within the sphere of socialist ideas. His defaming book *The poverty of philosophy* (1847) attempted to downplay the influence of Proudhon in

the socialist movement emerging that time. Marx did not only shunned an academic debate with Proudhon (Hilmer, 2000; Roemheld, 2000), but criticized „viciously every anarchist with whom he came into theoretical or practical contact” (Thomas, 2013: 14). And this happened after Marx praised Proudhon in his Book *The holy family* (1845). The anarchist Rocker (1925: 5) even claimed: „All who have seriously studied Marx’s evolution as a socialist will have to concede that Proudhon’s work *What is Property?* was what converted him to socialism.“

Proudhon is one of the early thinkers of modern credit money and its functionality. The practical implementation of his ideas did not succeed and I don’t claim that the exchange bank would function the way Proudhon designed it. However, from studying Proudhon’s credit and capital theory (Proudhon, 1849, 1927), foreshadowing the works of Keynes (Dillard, 1942), we might draw lessons of practical relevance (Ferraton & Vallat, 2011). An understanding of his credit reform in order to overcome capitalism can also help to critically evaluate more recent reform proposals.

## Bibliography

- Adam, J. L. 1868. *Idées anti-proudhoniennes sur l’amour, la femme et le mariage*. Paris: Lévy.
- D’Hericourt, J. 1856. Proudhon et les femmes. *La Revue Philosophique*, décembre.
- Damaschke, A. 1920. *Geschichte der Nationalökonomie: eine erste Einführung*. Jena: Fischer.
- Dillard, D. 1942. Keynes and Proudhon. *The Journal of Economic History*, 2(1): 63–76.
- Ferraton, C., & Vallat, D. 2011. Une Approche Politique du Crédit Populaire: Pierre-Joseph Proudhon et le Crédit Mutuel. *Cahiers d’économie Politique*, 60: 45–65.
- Gesell, S. 1958. *The Natural Economic Order. Translated by Philip Pye in 1929*. London: Peter Owen Ltd.
- Gide, C., & Rist, C. 1915. *A history of economic doctrines. From the time of the physiocrats to the present day*. London: Harrap.
- Hilmer, J. 2000. Two views about socialism: Why Karl Marx Shunned an Academic Debate with Pierre-Joseph Proudhon. *Democracy & Nature: The International Journal of Inclusive Democracy*, 6(1): 85–94.
- Krier, F. 2009. *Sozialismus für Kleinbürger. Pierre Joseph Proudhon - Wegbereiter des Dritten Reiches*. Köln: Böhlau.
- Kropotkin, P. 1910. *Anarchism*. The Encyclopaedia Britannica.
- Marx, K. 1845. *The holy family. Translated by R. Dixon and C. Dutts 1956*.
- Marx, K. 1847. *The Poverty of Philosophy*. New York: International Publishers.
- Proudhon, P.-J. 1849. *Interest and principal. The Bastiat-Proudhon Debate on Interest, 1849-1850. Translations by Benjamin R. Tucker, The Irish World and American Industrial Liberator, 1879*.
- Proudhon, P.-J. 1927. *Proudhon’s Solution of the Social Problem [excerpts] Edited by Henry Cohen*. Vanguard Press.
- Rocker, R. 1925. *Marx and Anarchism*. The Anarchist Library.
- Roemheld, R. 2000. Marx-Proudhon: Their Exchange of Letters in 1846. On an Episode of worldhistorical Importance. *Democracy & Nature: The International Journal of Inclusive Democracy*, 6(1): 73–84.
- Schapiro, J. S. 1945. Pierre Joseph Proudhon, Harbinger of Fascism. *The American Historical Review*, 50(4): 714–737.
- Thomas, P. 2013. *Karl Marx and the Anarchists*. London: Routledge.