

**KARL MARX AND THE
CLOSE OF HIS
SYSTEM: A CRITICISM**

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KARL MARX
AND THE CLOSE OF HIS SYSTEM
A Criticism

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WITH A PREFACE
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PREFACE

THE work here translated was one of a series of independent Essays on Political Science, drawn up in 1896 in honour of the aged economist, Professor Karl Knies, and in quaint testimony to the fruitfulness of his example.

Professor Böhm Bawerk's contribution to the series was not a mere review of another man's latest book. It was one of those rare critical estimates that kindle light when they seem to be merely quenching it. It will be found free from rhetoric. The subject is for argument, not declamation; and it is so treated in the essay before us. There are few better models of calm and close economic reasoning than the writings of Professor Böhm Bawerk.

So far as so condensed a document can be condensed again, the course of it may be given with some freedom as follows, the usual

reservations and qualifications of all economic discussion being taken for granted.

1. In the first volume of his *Capital* (1867), Marx professed to explain the profits of capital by a theory which resolved exchange value into labour and nothing but labour. Goods exchange according to the labour they have cost, the said labour being measured by the time it necessarily takes. Labour, in the same way, exchanges for its cost in labour; it exchanges for the equivalent of the labourer's necessaries of life. But, as the labourer is at the mercy of the employer, the employers can make him work far longer than is enough to provide these necessaries. He will get this bare sufficiency as his wages; but, besides producing the equivalent of his subsistence, he will produce, in the unnecessary or additional "unpaid" hours of his working day, a surplus product yielding a surplus value—the source of profits to the employers.

This is the foundation, and the soundness of it is doubtful. The proposition that all value is labour is assumed without proof; and it is a matter of common experience that goods do not exchange only according to the labour

they have cost. The reader of the first volume of *Capital* is often perplexed by the continual convertibility of the terms "value" and "labour," and there are no arguments to show why the two should be convertible. Professor Böhm Bawerk has not exaggerated the dogmatic character of this part of the work of Marx. It has been well said by Sloninski (*Karl Marx' Nationalökonomische Irrlehren*, Berlin, 1897, translated from the Russian) that in assigning to labour a unique power to produce value Marx falls into the same fault as the French Economists of the eighteenth century, who assigned it to the land. He falls into metaphysics, in the bad and obsolete sense of the word.

2. Suppose the definitions to be granted, and allow that the goods of everyday experience are sold at their cost price in labour alone, we do not find that the profits of everyday experience go up and down with the amount of labour as distinguished from the amount of fixed capital employed. Our everyday capitalists expect profit not only on their outlay in wages, but on their whole capital, fixed or circulating. Those