

CHAPTER I

Methodological Foundations of the Theory of Marginal Utility and of Marxism

1. OBJECTIVISM AND SUBJECTIVISM IN POLITICAL ECONOMY.
2. THE HISTORICAL POINT OF VIEW AND THE UNHISTORICAL POINT OF VIEW.
3. THE POINT OF VIEW OF PRODUCTION, AND THE POINT OF VIEW OF CONSUMPTION.
4. CONCLUSIONS.

ANY fairly well organized theory must present a definite whole whose parts are united by a sound logical bond. Therefore a consistent criticism must inevitably deal with the basis of the theory, with its method, for it is this and nothing else which unites the various parts of the theoretical structure. We are therefore beginning with a criticism of the methodological presuppositions of the theory of marginal utility, by which we do not understand its *deductive* character, but its *characteristic* traits within the frame of the abstract deductive method. In our opinion, any theory of political economy—if it be a theory at all—is an abstract thing; to this extent Marxism completely agrees with the Austrian School.²¹ But this agreement is only formal in character; if there were no such agreement, there would be no means of comparing the Austrian theory with that of Karl Marx. For we are interested here in the concrete contents of the abstract method peculiar to the Austrian School, and making it so strikingly different from Marxism.

Political economy is a *social* science and its presupposition—whether the theorists of political economy are conscious of this fact or not—is some conception or other as to the essence of society and its laws of evolution. In other words, any economic theory depends on certain presuppositions having a sociological character and serving as the basis of an investigation of the *economic* phase of social life. Such presuppositions may be clearly expressed or may remain unformulated; they