

may be enunciated as an orderly system, or they may remain an "indefinite general view"—but they cannot be absent. The political economy of Karl Marx possesses such a basis in the sociological theory of historical materialism. The Austrian School, however, possesses no well-rounded or even fairly defined sociological basis; it is necessary for us to reconstruct the vestiges of such a basis out of the economic theory of the Austrians. In this process, we repeatedly encounter contradictions between general fundamental thoughts as to the nature of "political economy" and the *actual* basis of the Austrian economic theory.<sup>22</sup> It is the latter, therefore, that will receive our chief attention. The following sociological bases of economic science are characteristic of Marxism: recognition of the priority of society over the individual; recognition of the historical, temporary nature of any social structure; and finally, recognition of the dominant part played by production. The Austrian School, on the other hand, is characterised by extreme individualism in methodology, by an unhistorical point of view, and by its taking consumption as its point of departure. In our Introduction, we have attempted to furnish a social-genetic explanation for this fundamental difference between Marxism and the Austrian School; this difference, or rather, this opposition, we have characterised as a social psychological contrast. We shall now analyse this contrast from the point of view of *logic*.

#### 1. *Objectivism and Subjectivism in Political Economy.*

Werner Sombart, in the well known article in which he reviewed the third volume of Marx's *Capital*, after having contrasted the two methods of political economy, the subjective method and the objective method, designates Marx's system as an outgrowth of "extreme objectivism"; while the Austrian School, in his opinion, was "the most consistent development in the opposite direction."<sup>23</sup> We consider this characterisation perfectly accurate. It is true that the study of social phenomena in general and of economic phenomena in particular may be approached in either one of two ways: we may assume that science proceeds from the analysis of society as a whole, which at any given moment determines the manifestations of the in-