

the basic economic system is the public ownership system as the mainstay and the common development of various economic ownership systems. The answer of whether there is a bourgeois existing currently in China is no. However, the answer of whether there are bourgeois elements existing currently in China is yes. Now, the problem we face is not discussing the existence of the bourgeoisie, for the existence of bourgeois elements in the primary stage of socialism is tolerable. The most important issue we face is how to adhere to the dictatorship of the proletariat, and how to persist in the leadership of the CPC. Meanwhile, there shall be a more scientific explanation and definition of the proletariat. The class nature of the newly risen stratum is not very clear, and some of them have become bourgeois elements, while a part of them is still belonging to the scope of the proletariat. We shall adopt different ways and means to treat the newly risen stratum with different class natures, with a base of upholding the dictatorship of the proletariat and the leadership of the CPC. Only in this way can we better play the positive role of the newly risen stratum.

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On the Criticism of Böhm-Bawerk against Marx

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I. Introduction

Since Böhm-Bawerk published “Karl Marx and the Close of his System”, there have been many arguments about it. However, Böhm-Bawerk’s idea has not been adequately challenged by Marxist economists. Most of their arguments concentrate on the discrepancy between the 1st volume of *Capital* and the 3rd volume of *Capital* or counter arguments against Böhm-Bawerk’s subjective utility theory. Although these arguments are quite important, they are insufficient. One critical point of Böhm-Bawerk’s attack concerns the

source of profit. He thought the periods of production justify the profit taken by capitalists. Negishi (1994) also criticizes Marx's value theory using Böhm-Bawerk's argument, and this argument is considered as the fatal flaw by neo-classical economists. But, there have never been discussed adequately on this crucial point by Marxist economists. So, it may be seen that Marx failed to see it. Indeed, there is no argument about it in his magnum opus, but he argued it in *Theories of Surplus-Value*, the 4th volume of *Capital*. In this paper, I discuss about this point in accordance with Marx's description in *Theories of Surplus-Value*, and clarify Marx's thought on it.

II. The criticism of Böhm-Bawerk against Marx

Although there are many points of contention, one of the most important point is about the validity of profit¹. In "Karl Marx and the Close of his System", Böhm-Bawerk cites a case which two laborers —I and II— produce two goods². I represent a branch of production which requires technically a relatively large and valuable means of production resulting from previous labor, raw material, tools, and auxiliary material. Böhm-Bawerk supposes it takes five years for me to produce means of production and one more year to make it a finished product A. On the other hand, it takes only one month for II to produce a finished product B.

In this Böhm-Bawerk's supposition, the quantities of labor which two products —A and B— has are equal. So, they should be exchanged equally in according to Marx's labor theory of value. Böhm-Bawerk, however, argues this argument is inadequate because the waiting time of two laborers is different. He argues I who waits much longer than II should be paid much more. Unless I paid more than II, I won't produce A and I will also produce B. As long as there is competition in the economy, the laborer which must wait would be paid more, Böhm-Bawerk argued. And the difference is caused by the period of production. In short, Böhm-Bawerk points out the possibility of different exchange values of two products having the same amount of labor.

In capitalist society, laborers don't have means of subsistence and can't wait for the time to produce means of production. Only capitalists have means of subsistence. So, capitalists employ laborers and give means of subsistence. Instead of giving them in advance, capitalists get the fruits of producing goods which requires more time. In other words, capitalists convert production which requires short time to production which requires longer time. Therefore, Böhm-Bawerk argued the periods of production justify the

1 This term "profit" means "interest" in neo-classical economics. But classical economists and Marxist economists have been used "profit" rather than "interest". So, I use "profit" in this paper. See Blaug (1996), p.91 and Schumpeter (1954), p.647.

2 Böhm-Bawerk(1949), pp.44-45

profit taken by capitalists. And for this conversion, capitalists must have fund to give workers wages before commodities are produced. Classical economists called this fund "wage fund" and Böhm-Bawerk called "subsistence fund".

III. Marx's Description on this Argument in "Theories of Surplus-Value"

Unfortunately, there have never been discussed adequately on this point by Marxist economists. The reason is, I think, Marx didn't argue on it in his magnum opus. But, this fact doesn't mean Marx failed to see it or Marx's value theory can't counter Böhm-Bawerk's attack. Marx argues about it in the subsection of "*Theories of Surplus-Value*" titled "The Absurdity of Speaking of Wages as an Advance by the Capitalist to the Laborer. Bourgeois Conception of Profit as Reward for Risk"¹. His argument written here is quite important because it is substantially Marx's counter attack against Böhm-Bawerk and clarifies the feature of his value theory.

What Marx argues here is:

[1] Profits doesn't spring from commodity exchange on the law of value. According to Marx, labor power is also commodity, so profit doesn't accrue from buying and selling of labor power.

(1a) Laborers are paid after their labor powers are consumed, while other commodities are paid for before they are consumed. So, it is irrational for capitalists to earn profit from that exchange.

(1b) Although capitalists are buyer when they buy labor power, they are seller when they sell their commodity. So, if they insist buyer should get profit from seller, they must pay for profit and can earn nothing in the end. Moreover, they may lose more money than they got from laborers.

(1c) Capitalists can't require profit in buying means of production, even if they are buyer. This isn't because they pay for by bill. And also, Capitalists can't earn profit in paying interest to money capitalists.

[2] Once production process is continuous, capitalists only pay laborer out of their own products, the laborer is only paid with a part of his own product, and the advance is therefore a mere pretence.

[3] If the products are unsalable or they fall below the market price for long, laborers are thrown out onto the street or their wages are lowered. Therefore, it is laborers that run the greatest risk.

For us, the most important argument is [2]. Böhm-Bawerk argued the fund of

¹ Marx (1963), part1, 314-321

capitalists enabled them to convert the production to longer one and to earn profit. Marx admits capitalists have fund to convert the production period to longer one, but it is produced by laborers. Profit from the conversion therefore shouldn't belong to capitalists but laborers. In this sense, Marx argues the advance (fund to employ laborers —wage fund / variable capital—) is a mere pretence that deceives "bourgeois economists". For Marx's, Böhmer-Bawerk's argument just mirrored capitalist viewpoint. Here Marx doesn't care in this argument if profit accrues from the production period. According to Marx's labor theory of value, profit doesn't accrue because value isn't generated from production period; instead it accrues from social necessary labor. Meanwhile, Marx seemed to thought laborers have a right to acquire profit even if profit does accrue.

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