

Competition: a Marxist view

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Despite his initial intentions, Marx never wrote an organic treatise on competition. This is a pity, since nowadays competition has become a sort of political myth, apparently supported by the results of mainstream economics. In this paper, I develop an organic conception of competition from Marx's work, which contributes to demystify this myth. Marx describes competition as an 'external coercive law', which imposes capital logic over the individual and the overall society, regulates the reproduction of class relations and produces a number of economic tendencies. He shows that, historically, it develops with the development of capital and argues that even the appearance of a competitive 'human nature' is part of this process.

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Everything appears reversed in competition, and thus in the consciousness of its agents ... The vulgar economist does practically no more than translate the singular concepts of the capitalists, who are in the thrall of competition, into a seemingly more theoretical and generalised language, and attempt to substantiate the justice of those conceptions. (Marx, 1894, ch. 13)

1. Introduction

Competition is a magic word in economics and politics. Bourgeois economics treats it as the *deus ex machina* of economic phenomena, a universal cause that cannot be explained, a natural mode of human interaction or even the general law of development of the biological realm.¹ Within this conception, economic competition is only

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¹ 'Bourgeois economics' is often presented as a vague, imprecise and value-laden notion. In Marx's critique, however, this characterisation of the economic theories of his time is unambiguous, rigorous and objective. It refers to the set of theories that assume capitalist economic relations to be natural and unchangeable. It is this assumption, in Marx's view, that ultimately prevents these theories from comprehending the society they study. They might dispute on the mechanisms of working of the economy and on the eventual remedies in case of malfunctions. Overall, however, bourgeois economics 'serve only as an ideology to safeguard the social conditions of its existence' (Mattick, 1983). When this ideological role degenerates into an active justification of the capitalist status quo, Marx uses the expression 'vulgar economics': 'In place of disinterested inquirers, there were hired prize fighters; in place of genuine scientific research, the bad conscience and the evil intent of apologetic' (Marx, 1873).

a spontaneous development of an everlasting coordinating mechanism, existing in nature well before the development of human societies. Economic competition is not seen as a product of human history but as an application of ‘natural competition’ to human societies. In this conception, the problem is not to understand how economic competition becomes the coordinating mechanism of capitalism but to point out the virtues of natural competition in its economic applications.

Adam Smith’s ‘invisible hand’, Léon Walras’s general equilibrium model and its post-Walrasian developments, Friedrich Hayek’s conception of competition as a process are all theoretical variants of this conception. Although their different methods make them largely incompatible with each other, all these theories provide clear policy indications on the necessity and desirability of competition.

In politics, these theories have contributed to support the neoliberal hegemony of the past decades. In the name of competition, international institutions, national governments and capitalists’ associations have imposed capital mobility, work flexibility and processes of privatisation, liberalisation and deregulation, whose effects have been worker precariousness, increased exploitation and an acceleration in the process of subjugation of society under capital. Today, to go against competition is simply irrational, inefficient and incompatible with individual freedoms and the common good. These are the terms of the political debate in the neoliberal era.

Competition, however, is anything but natural, and its eventual social desirability is first of all a matter of class interests. As [Engels \(1845, ch. 3\)](#) argues, ‘competition of the workers among themselves is ... the sharpest weapon against the proletariat in the hands of the bourgeoisie’. The problem is not to appraise the desirability of competition, but to understand how it works, the role it plays in the reproduction and development of the capitalist mode of production and its effects on class struggle. By recognising the historical nature of capitalist competition, Marxism allows discussing the relation with competition in the broad sense, as a general form of interaction, not necessarily mediated by monetary considerations, that goes beyond the strict economic sphere: as I will argue, it is not the natural and everlasting competition that gradually expands its action to the economic sphere; it is rather the historical development of economic competition that shapes society according to capital’s needs and suggests a mystified conception of competition as universal and natural.

Marx does not follow a universalistic approach. Rather, his categories refer to historical processes that can develop only under particular conditions. He shows that the development of economic competition is strictly related to the development of capital. This is why his critique of competition can only be grasped in the context of his organic critique of capital. Symmetrically, the attempt to deal with competition without linking it to the development of capital is the key to understanding the origin of the mystified conception of bourgeois economics.

Unlike classical and neoclassical economists, Marx does not identify a world entirely regulated by competition with the ‘Eden of the innate rights of man’ ([Marx, 1867, ch. 6](#)), ruled by equal exchange and individual freedom, but shows rather that, behind these appearances, there is a world of exploitation and social coercion. The free working of competition is not at all the harmonisation of individual interests resulting in the end of exploitation, but its opposite: the strongest form of class power, which pushes up the rate of surplus value.

Against those critics who think that Marx’s theory is dated, in this paper I argue that his critique of capital and competition sheds light even on the most recent institutional

transformations, including the rise of the neoliberal hegemony. By developing a Marxist conception of competition, my aim is to counter the bourgeois conception and the political implications that follow.

I begin by discussing the bourgeois approach to competition, its theoretical shortcomings and its ideological and cultural role (Section 2).

Next, I develop a Marxist conception of competition. I proceed in two steps: first, I discuss the logical place of competition in Marx's critique of capital by focusing on the *Foundations of the Critique of Political Economy* (1857–1858)—in German, the *Grundrisse der Kritik der Politischen Ökonomie*, often referred to simply as the *Grundrisse*, or as the *Rough Draft*—and, of course, on *Capital*.² In these works, the development of the critique of competition is structured by the critique of capital. Their study is not merely an attempt to gather the most significant parts in which Marx deals with competition; the goal is rather to understand how Marx integrated competition into his general critique and how he revised his plan in the course of his research (Section 3).

This logical structure centred on capital, however, does not leave much room for other critical insights on competition that Marx develops in other works. His most explicit and polemical arguments against the bourgeois conception of competition are developed in *The Poverty of Philosophy*, in which he clashes with Pierre-Joseph Proudhon's *The Philosophy of Poverty*. As far as the origins of competition are concerned, perhaps the most explicit discussion is developed by Engels in his *Outlines of a Critique of Political Economy*, where he puts it in relation with the development of private property and market relations. The same issue is dealt with by Marx in the *Economic and Philosophical Manuscripts of 1844*, in which he criticises bourgeois economists for taking for granted private property and all the categories that presuppose it (including competition) and explains them as a consequence of estranged, alienated labour. Finally, in the unpublished sixth chapter of the first volume of *Capital*, Marx focuses on the relation between the development of competition and the process of subsumption of labour under capital. The analysis of these works and their integration with the role of competition in the critique of capital constitute the second step of my critique (Section 4).

This Marxist conception is then used to demystify the conception of bourgeois economics and to show the coexistence, in capitalism, of an essence of social exploitation and an appearance of free competition. First, I discuss the contradictory tendencies set in motion by capital accumulation and actualised by competition. Then, I focus on the one-sided view of bourgeois economics, which focuses directly on competition, without criticising capital, and, as a consequence, cannot grasp these general tendencies. Finally, I discuss the ideological role of bourgeois economics in promoting the conditions for further developing competition: not of course as an explicit defence of class interests, but in the name of the common good (Section 5).

² The publication of the *Grundrisse* has boosted the debate on Marx's scientific project and has revolutionised previous interpretations. The German manuscript was first published in two volumes in 1939 and 1941 by the *Moscow Marx-Engels-Lenin Institute* (before, only limited parts of this work had been published). These volumes, however, had a very limited circulation in the West: 'three or four copies', according to [Rosdolsky \(1977, p. xi\)](#). It was only when they were reprinted in Germany in a single book in 1953 that they spread and influenced the academic debate. The first translations were in Japanese (1958–1965) and Chinese (1962–1978). The Russian translation came only in 1968–1969. In Western Europe, the *Grundrisse* was first translated into French (1967–1968), then into Italian (1968–1970) and, in the 1970s and the 1980s, in many other languages. The English translation is of 1973 (cf. [Musto, 2008](#)).

2. Bourgeois economics and competition

2.1 'Positive' and 'negative' definitions

Competition has been defined in different ways in economic theory. It is often presented as a market form characterised by many (infinite) agents of small (infinitesimal) dimensions, or as a market form in which free entry and free exit prevail. In any case, however, its characterisation always refers to its opposite: market power (which concretely might take the form of monopoly, oligopoly or any form of 'imperfect competition'). Indeed, formally, competition is not defined by what *it is*, but by what *it is not*. In a static conception, such as the neoclassical one, 'perfect competition' coincides with price-taking behaviours, a limit case of price-making when market power tends to zero. In dynamic conceptions, such as the classical or the Austrian ones, competition is defined by the absence of obstacles and barriers in the market process: as in the static case, it is thus the antithesis market power.

This 'negative' conception of competition is not peculiar to economic theory. Early examples of competition as the opposite of market power (and as a mechanism that should be protected from it) can be found in Roman law, long before the development of proper capitalistic relations.

In sum, both in the theoretical inquiry and in concrete applications, competition and market power have developed as mutually dependent notions: one is the negation of the other. In the 1970s, with the development of the debate on power, neoclassical economics finally generalised this conception as a juxtaposition between perfect competition and power (Palermo, 2014).

2.2 Natural competition

Despite the theoretical symmetry between competition and power (or simply market power), neoclassical economics has taken the former as *the* object of economic inquiry and has relegated the latter to an appendix of the former: perfect competition has become the canonical reference, and power has been studied merely as its exception. The forms of power and coercion of capitalism have been explained as consequences of a lack of competition, but the causes of competition, its historical origins and its development in the capitalist mode of production have not been investigated. In this approach, competition is the *explanans*, its negation the *explanandum*.

The best example is provided by Oliver Williamson (1975, p. 21), who builds his 'new institutional' framework for the analysis of the institutions of capitalism on the explicit assumption that 'in the beginning there were markets' and of course ends up with a conception of competition as an everlasting principle in which history is only a mental exercise (Ankarloo and Palermo, 2004). Against this speculative method, Marx wrote long before the Nobel Laureate:

Do not let us go back to a fictitious primordial condition as the political economist does, when he tries to explain. Such a primordial condition explains nothing. He merely pushes the question away into a grey nebulous distance. He assumes in the form of fact, of an event, what he is supposed to deduce. (Marx, 1844, first manuscript, Estranged labour)

In the neoclassical conception, competition is not a mode of social interaction that developed historically, but a universal category, existing outside history. William Dugger (1992, p. 89) is trenchant:

The neoclassical market is an act of God, not an act of man. It is natural rather than artificial ... It is not a unit of enquiry, something to be investigated. Instead it is something to be assumed, taken for granted ... It is viewed as a self-generated phenomenon, a product of immaculate conception and virgin birth.

2.3 Positive and normative roles of competition

As I mentioned, since the Roman Empire, competition was treated mainly normatively. It is only with the development of political economy that positive studies of how it works begin. In Smith's theory, however, the invisible hand remains charged of normative contents as a mechanism guiding individuals to promote social goals. This may appear bizarre since the attempt to separate clearly statements of facts and statements of values has permeated social sciences since David Hume.

For centuries, the 'Humean guillotine' has been a methodological guide in social research and was finally systematised by Max Weber (1949) in the doctrine of *Wertfreiheit* (value-freedom), which states that social theory should be value-free and its eventual prescriptions should be derived from an explicit and fully independent discourse on ethical values. In neoclassical economics, this methodological dichotomy has led to the clear-cut separation of positive and normative economics and to the rise of the *New Welfare Economics* based on the Pareto criterion (Robbins, 1932).³

Within this methodological framework, the most organic conception of competition is developed through the general equilibrium model.

2.4 Perfect competition: from dawn till dusk

The conceptions of competition developed by Walras, Stanley Jevons and Carl Menger in the 1870s were all but coincident (Jaffé, 1976). Perfect competition—in particular in Walras and Jevons—was only an abstract market form, a methodological tool to understand how competition works in a frictionless system. Its study was the precondition to shed light on its concrete working in the real economy in which, of course, frictions abound. Menger had a different method and was more interested in the process through which competition operates and in the eventual obstacles that might hinder its development. These methodological differences led the founders of the 'marginal revolution' to develop different and, to a large extent, incompatible conceptions of competition.

The general motivation of these approaches was, however, a common one: the fact that competitive markets were at that time really spread in Western economies. Unfortunately, this institutional configuration became rapidly obsolete. As Marx explained, it is precisely the development of competition that leads capital to concentrate and to supersede the competitive market form. In 1917, Lenin (1917, ch. 1) already commented: 'This transformation of competition into monopoly is one of

³ The positive-normative distinction has been severely criticised both in philosophy and in economics. Methodologically, Davis (2014) argues that it is an indefensible consequence of logical positivism. Within Marxism, Dobb (1973) has discussed the inevitable ideological content of all economic theories. Outside Marxism, Myrdal (1969) is perhaps the economist that has best illustrated the levels of value judgements in both positive and normative economics. Hausman and McPherson (1996) focus on the surreptitious introduction of value judgements in neoclassical economics. Gloria-Palermo and Palermo (2005) compare the role of value judgements in Austrian and neoclassical economics.

the most important—if not the most important—phenomena of modern capitalist economy’.⁴

In the neoclassical camp, this historical transformation in the market structure has led to the development of a new set of models based on imperfect competition by focusing on isolated markets in a partial equilibrium framework (Chamberlin, 1933; Robinson, 1933).⁵ Walras’s general equilibrium model, however, continued to occupy the minds of the best mathematical economists for decades and, even today, is the object of generalisations and theoretical developments. The first rigorous results came only in the 1950s with Kenneth Arrow and Gérard Debreu, who demonstrated the existence of a general equilibrium and its link with Pareto efficiency (Arrow and Debreu, 1954; Debreu, 1959).

The first result is about positive economics and shows that perfect competition is compatible with equilibrium, i.e. it prevents the economy from moving away from the equilibrium point if such a point is somehow reached. The second set of results is regarding normative economics. Welfare theorems and their corollaries seemed, in fact, to demonstrate the old idea that competition is good for the individual and for the overall society: consumers can acquire the best goods (according to their preferences) at the lowest prices; competition is compatible with any point of the Pareto frontier; it allocates efficiently the factors of production; and it rewards the owners of the factors of production according to their marginal productivity.

The ‘demonstration’, however, was incomplete: indeed, the theory missed the most important aspects of positive economics, namely the conditions that guarantee 1) that competition does in fact lead to an equilibrium when the system is not already there and 2) that the equilibrium is also unique. Unfortunately, the model fell precisely on these internal problems just two decades later: the Sonnenschein-Mantel-Debreu theorem states that, with the assumption of the Arrow-Debreu model, there is no guarantee that the general equilibrium is stable and unique (Sonnenschein, 1973; Debreu, 1974; Mantel, 1974). The equilibrium point becomes thus a purely abstract construct disconnected from economic reality, comparative statics exercises lose any methodological justification and applications of this model to real economic processes result in a pure act of faith. With these limitations on the grounds of positive analysis, the normative properties of an equilibrium are simply irrelevant.

Faced with these negative results, the ‘post-autistic’ student movement has recently suggested that economic teachings should be completely revised, by presenting Walras’s model as one of the most unfruitful chapters of theoretical research in the history of economic thought (www.paecon.net). The Royal Swedish Academy of Social Sciences had, however, a different opinion and, in 1972 and 1983, rewarded first Arrow and then Debreu for their contributions on the issues of existence and Pareto optimality, forgetting that, in the meantime, Debreu had also contributed to demolishing the entire approach with his analysis of stability and uniqueness.

2.5 *From Walrasian to post-Walrasian economics*

Although general equilibrium theorists recognise the theoretical impasse of this research program, the Walrasian approach was not abandoned but further developed

⁴ Lenin’s (1917) point is not simply that competition as a market form becomes an exception but also that its role as the coordinating and coercive mechanism of capitalism develops at a higher stage.

⁵ Notice, however, that these models still rest on the assumption of perfect competition, which is now simply restricted to only one side of the market.

(Hahn, 1982; Fisher, 2011). The frictionless laboratory in which competition is supposed to work in Walras's model was gradually problematised, by introducing asymmetric information, bounded rationality, uncertainty and any sort of 'imperfection'. New institutional economics, new Keynesian economics and neoclassical radical political economics are all examples of this new approach, often called 'post-Walrasian economics' (Stiglitz, 1993).⁶ Of course, this methodological step, like the introduction of forms of monopolistic competition, does not help in solving stability and uniqueness problems, which, on the contrary, become more general and mathematically complex and, for these reasons, are often neglected.

In normative economics, the main novelty is that, with imperfections, welfare theorems do not hold and the normative problem shifts from first-best to second-best solutions. In this supposedly more realistic framework, Pareto efficiency can no longer be attained, but competition remains the best tool to approach it. Put simply, post-Walrasians suggest that if we cannot achieve the ideal first-best (Pareto-efficient) equilibrium, then we should go for the second-best option. But in any case, Walrasians and post-Walrasians agree that all we need is competition.

2.6 *Heterodox neoliberalism and the cultural hegemony of competition*

Alongside this internal development of neoclassical economics, Austrian economists have studied competition by focusing on the market process rather than on the equilibrium point. The original differences between Menger, Jevons and Walras have been progressively developed, first by Ludwig Mises and Hayek and then by the modern Austrian school (Israel Kirzner, Ludwig Lachmann, Murray Rothbard), and have led to a dynamic conception of competition as a discovery procedure and a knowledge-coordinating mechanism (Jaffé, 1976; Vaughn, 1994; Gloria-Palermo, 1999).

The Austrian school criticises the notion of equilibrium and maintains that competition can be grasped only in action, in the process of coordination of individual plans, not at the end of this process. It rejects the mathematical method on methodological grounds and develops its arguments verbally. Its role in university teachings is marginal and academically belongs to heterodox economics. At a more general methodological level, however, it shares with mainstream neoclassical economics the adherence to methodological individualism, which it develops more explicitly and ideologically as the basis of its radical defence of liberalism. Its apology of competition is not based on abstract mathematical theorems in a frictionless system but on the virtues of a decentralised system in which individuals can express themselves freely.

Although the neoclassical and the Austrian schools have confronted harshly in important methodological controversies, politically they play complementary roles. The former is the academic orthodoxy, its models are addressed to specialists and its language is largely obscure to those who do not have a degree in economics. The latter is an academic niche but has a strong cultural impact thanks to its powerful think-tanks and its active engagement in politics.

Margaret Thatcher and Ronald Reagan did not mention Pareto efficiency when they started the neoliberal program but attacked frontally the labour movement by

⁶ The general compatibility of these 'new' branches of post-Walrasian economics is discussed in a special number of the *Journal of Economic Perspectives* (1993, vol. 7, no. 1) by some of their most authoritative exponents, including Stiglitz, Williamson and Bowles and Gintis. In the Marxist camp, this approach is criticised by Palermo (2016).

removing all obstacles to competition. And in Eastern Europe, anti-communist political movements did not arise as spontaneous reactions against Pareto inefficiencies but were actively boosted by George Soros's Austrian-inspired Open Society Foundation. It is only when restructuring plans have to be imposed, in the West as in the East, that the most authoritative neoclassical economists enter the scene, with their technicalities for specialists, which common people must accept without really understanding.

From a Marxist viewpoint, however, this political convergence towards a common conception of competition is only an expression of the same methodological and ontological error of both Austrian and neoclassical economics: the attempt to study competition without any critique of capital.

3. The role of competition in Marx's critique of capital

3.1 *From the Grundrisse to Capital*

In the attempt to develop a Marxian conception of competition, the first challenge is that when Marx outlines his plan in the *Grundrisse*, he explains that he intends to treat such a topic after 'capital in general'. 'Capital in general' and 'Competition' are in fact the first two sections of the first book, titled *On Capital*, of a six-book research project. 'Capital in general', however, does not appear in *Capital*. This has raised a controversy in Marxist scholarship (cf. [Arthur, 2002; 2010](#)).

Some authors maintain that the three volumes of *Capital* ([Marx 1867, 1885, 1894](#)) deal in fact with this general category and contain just the aspects of competition that are strictly necessary for such a purpose ([Wilbrandt, 1920; Kuruma, 1962](#)). Therefore, there is no hope to find a systematic analysis of competition in Marx's own work, since in his life he did not even have the time to finish volumes 2 and 3 of *Capital*.

[Rosdolsky \(1977\)](#), however, argues that Marx gradually revised his scientific plan and finally abandoned the notion of 'capital in general'.⁷ In his attempt to develop this wholistic category, Marx realised in fact that he could not completely abstract from its internal relations, namely from the competition between individual capitals. Therefore, he gradually abandoned the clear-cut separation between capital in general and competition and included some aspects of the latter in the section originally dedicated to the former. The section on 'Capital in general' was then progressively enlarged and became the bulk of *Capital*: most of the material regarding capital as a wholistic entity was included in the first two volumes, whilst its more concrete expressions ('Profit and interest') and the other sections of the book *On Capital* (including the section on 'Competition') were incorporated into the third volume. Rosdolsky concludes that *Capital* is not at all the development of the first section of the first book of the plan defined in the *Grundrisse* but is rather the result of a general rearrangement of Marx's scientific project guided by his progress in the ontological understanding of the nature of capital.

As Michael [Heinrich \(1989, p. 72\)](#) points out, the rubric of 'capital in general' proves to be inadequate to support a complex ontology based on the dual nature of capital as

⁷ The main targets of Rosdolsky's critique are the interpretations developed by Henryk Grossmann and Friedrich Behrens. His new interpretation has then stimulated fruitful ontological and methodological developments within Marxism. In 1991, on the initiative of Fred Moseley, some Marxist economists and philosophers formed the *International Symposium on Marxian Theory*, aiming at developing the ontological and methodological aspects of Marx's theory.

a wholistic entity and as a multitude of individual capitals: on the one hand, “‘Capital in general’ had to encompass a specific content, namely all the characteristics which appear in the real movement of capitals, in competition; on the other hand, this content had to be presented at a specific level of abstraction’. This necessity to embrace different levels of abstraction led Marx to abandon the notion of capital in general and its clear-cut separation from competition. Moseley (2013; 2015), however, contends that Marx dropped the category of capital in general only nominally. As he argues, it is not the inadequacy of a wholistic notion, but the need to develop it more accurately, that led Marx to restructure his work in four books (the three volumes of *Capital* plus a three-volume book on the history of political economy that eventually was published as *Theories of Surplus-Value*) and to reorganise his critique of the dual nature of capital in terms of a more precise conceptual separation: the distinction between ‘total social capital’ and ‘competition between capitals’.

Marx develops this distinction dialectically as a movement from the abstract to the concrete (Rosdolsky, 1977; Pilling, 1980; Arthur, 1986; Heinrich, 1989; Smith, 1990; Moseley, 1993; Moseley and Smith, 2015). ‘Methods of inquiry’ and ‘methods of presentation’, however, are not the same thing (Levine, 2006, ch. 1). According to Geert Reuten (1988), Marx’s method of presentation is based on ‘systematic dialectic’.⁸ Systematic dialectic is a logic of dialectical conceptual development: it starts with an ‘abstract all-embracing concept’ (resulting from a critical appropriation of concrete empirical phenomena) and develops it by passing through different levels of abstraction. Each level of abstraction is characterised by a distinction between necessary and only contingent ontological entities, and the overall critical process is a progression towards lower levels of abstraction, which gradually leads to grasping the concrete expressions of the initial abstract concept (Reuten, 1988; Smith, 1990; Arthur, 2015).

In *Capital*, Marx begins with a wholistic notion—total social capital—defined by abstracting from competition, i.e. from the relations between the single elements that form it. This level of abstraction allows him to explain the general nature of surplus value as surplus labour done by exploited workers. Then, he gradually introduces competition as far as he moves towards the concrete manifestations of capital. First, he considers simple reproduction, as a method to reveal the very conditions of existence of total social capital. Then, he discusses accumulation, the process through which in real capitalism, capital’s existence manifests itself as a tendency towards expansion. Only at the end of this critical path can he properly deal with individual categories, such as profits and prices, and can thus discuss more explicitly the role of competition between individual capitals. But let me first analyse textually the appearance of competition in *Capital*.

3.2 Competition in Capital

In *Capital*, the word ‘competition’ appears for the first time in volume 1, chapter 10, titled ‘The working day’, in which Marx explains how competition regulates such a crucial aspect of the conflict between capital and labour in the production of surplus value. In chapter 12, however, he soon clarifies that he does not intend to consider here the way in which the laws of capitalist production ‘assert themselves as coercive laws

⁸ Reuten (1993) distinguishes ‘systematic dialectic’ (or ‘conceptual dialectic’) from ‘dialectical historical development’ and ‘historical development of concepts’, and finds the origin of these different approaches in different works by Hegel.

of competition, and are brought home to the mind and consciousness of the individual capitalist as the directing motives of his operations' and reaffirms that 'a scientific analysis of competition is not possible, before we have a conception of the inner nature of capital'. Many other explicit references to competition occur, however, along the rest of the volume. In fact, although Marx abstracts from competition all along volume 1, the more he develops the critique of total social capital in its concrete manifestations, the more he has to refer explicitly to its *alter ego*, namely competition between capitals.⁹

In the second volume of *Capital, The Process of Circulation of Capital*, competition is mostly in the background and appears explicitly only three times, moreover in occasional ways.¹⁰ This might be surprising since Marx sees competition as the main regulator of the process of circulation. Here however Marx is still dealing with total social capital and is focusing on the necessary acts of circulation that allow its reproduction and accumulation. Therefore, like in volume 1, the role of competition cannot yet be developed.

It is only in the third volume—after having shown that surplus value is unpaid work and capital accumulation is the result of increasing exploitation—that Marx discusses the relations between many individual capitals in competition with each other. More precisely, in chapter 10, he explains the role of competition in the equalisation of the rate of profit. He shows that the price of production includes the average profit and coincides basically with Smith's *natural price*, Ricardo's *price of production* or *cost of production* and Physiocrats' *prix nécessaire*. However, contrary to his predecessors, who were not able to explain the nature of profit according to the labour theory of value and saw it as an effect of competition, Marx shows that competition is not the cause of profits but only tends to equalise the profit rates in the different sectors of the economy, through its effects on the prices of production.

Unlike classical political economists, Marx shows also that within each sector, competition tends to revolutionise technology, to differentiate the costs of production and to impose thus heterogeneous profit rates (Chattopadhyay, 2012). This consideration is linked to a more general critique of competition in purely 'negative' terms (mostly developed in the *Grundrisse*), as the negation of monopolies, corporations and legal regulations. Marx's primary interest here is not in what competition *is not* but in its role in capitalism. In 'positive' terms, competition is essentially the enforcer of capital's laws. It forces individual capitals to constantly revolutionise the labour process as a condition of survival and, as a consequence, produces both a tendency towards a uniform profit rate (operating through inter-sectoral capital movements) and a tendency towards heterogeneous intra-sectoral profit rates (caused by the coexistence of different technological developments within each sector).

Finally, in the last part of the book, Marx discusses the 'Illusions created by competition' (ch. 50). He explains that 'competition already presupposes the existence of profit' and criticises the notion that profits and rents might be created in the sphere of circulation.

3.3 Total social capital and competition between individual capitals

Marx's choice to discuss total social capital before competition between capitals is not merely a methodological choice or an expositional expedient. It is rather the result of an ontological argument (Arthur, 1986; 1993).

⁹ In volume 1, the word 'competition' appears in chapters 10, 12, 14, 15, 17, 20, 21, 22, 24, 25, 32 and 33.

¹⁰ Ch. 6, footnote 11; ch. 8; ch. 15.

In phenomenal reality, Marx notices, capital presents itself as a set of individual capitals and total social capital seems a purely conventional aggregate. The former appears as the real nature of capital and the latter as an abstract entity, without any real autonomy. The abstract character of total social capital, however, does not imply that it has no real existence. On the contrary, its existence is a consequence of its general necessary role in the capitalist mode of production (Pilling, 1980). Marx explains that before analysing the relations between many capitals we must discuss what they all have in common, their quality of being capital. The very distinguishing feature of capital—of any individual capital—is the capacity to expand its value by appropriating the surplus value created in the production process. This general quality of capital is independent of the way the single capitals share between themselves the total surplus value extracted from the working class. Competition is only the mechanism that allocates total profits to the single fragments of total social capital. Other allocative mechanisms, however, might accomplish this task differently. Yet all of them can only distribute what already exists. Therefore, neither competition nor any allocative mechanisms can be the cause of surplus value and profit. Only capital in its unity can explain the origins of surplus value. As Marx (1863, ch. 10) argues,

The equalisation of the surplus-values in different spheres of production does not affect the absolute size of this total surplus-value; but merely alters its distribution among the different spheres of production. The determination of this surplus-value itself, however, only arises out of the determination of value by labour-time. Without this, the average profit is the average of nothing, pure fancy. And it could then equally well be 1,000 per cent or 10 per cent.

Against the appearances, total social categories conditions individual categories, not the other way round. As Georg Lukàcs (1919–1923, ch. 2) argues, ‘The category of totality, the all-pervasive supremacy of the whole over the parts, is the essence of the method which Marx took over from Hegel and brilliantly transformed into the foundations of a wholly new science’.¹¹

Ontologically, the existence of total social capital is a general and necessary consequence of the divorce of the workers from the means of production, a divorce that subordinates workers’ existence to their ability to establish a relation with capital. Of course, in each concrete wage relation, the worker puts his/her labour power under the control of only one fragment of the total social capital. But if the worker has to accept these conditions—if he/she must sell his/her labour power—it is because of his/her relation with the total social capital. In capitalism, the worker is not obliged to exchange his/her labour power with the wage of a *particular* capitalist but is obliged to exchange his/her labour power with the wage of *a* capitalist. As individuals, the worker and the capitalist seem to meet on an equal basis; as members of different social classes, however, the former must give the latter a part of the value he/she produces. This is why, in capitalism, exploitation is essentially a social relation, not an interpersonal one: exploitation is a relation between the total social capital and the working class, not a relation between an individual capital and a single worker.

By focusing only on isolated relations between single capitalists and single workers, there is no way to understand the general relations that govern all of them. On the contrary, the impression is that these isolated relations are socially unconstrained and

¹¹ The relations between Marx and Hegel are developed within the *International Symposium on Marxian Theory* (Moseley, 1993; Moseley and Smith, 2015).

can thus develop according to all thinkable paths. This is the origin of the mystified representation of capitalism developed by bourgeois economists, who do not start their investigation with an analysis of the conditions of social reproduction and do not even accept the existence of the total social capital, but start rather with abstract interpersonal relations in a social vacuum—the fisher and the hunter, Robinson and Friday or, in post-Walrasian economics, the talented capitalist and the opportunist worker—as if the relationship between the individual capitalist and the individual worker were independent from the general laws of this mode of production based on capital.

The fact that, in competition, the worker can leave the individual capitalist that employs him/her whenever he/she wishes becomes all that matters in this mystified conception. The other side of the coin, however, is that, if he/she really does it, he/she will simply have to find another individual capitalist willing to employ him/her. As Marx (1867, ch. 23) put it: ‘The Roman slave was held by fetters: the wage labourer is bound to his owner by invisible threads’. The worker is free from any individual capital, but tied to social capital, as its accessory. Its master is not a single capitalist but the capitalist class.

3.4 *A bi-dimensional interpretative framework*

With this ontological and methodological reading, we can now specify the role of competition in the different stages of Marx’s critique of capital.

The first, almost tautological, point is that, in Marx’s dialectical conception of capital as a total social entity and as the set of its individual constituents, capital cannot exist without competition: they are two sides of the same coin. Competition is thus an essential category of Marx’s critique and, implicitly or explicitly, is present since the first pages of *Capital* (Arthur, 1993). At the same time, however, it is for its relation with capital that it plays an essential role in this mode of production (and in *Capital*).

The development of competition can then be discussed along two methodological axes. The main axis regards the progression from the analysis of total social capital to the analysis of its internal relations: the first two volumes deal with the former (first in production and then in circulation), whilst the third volume (in which the two spheres are reunified and considered in more concrete terms) deals with the latter.¹² The second axis regards the progression from simple reproduction to accumulation (which guides the development of the critique within each volume).

1. In the analysis of total social capital, competition is supposed to enforce capital’s laws. The analysis of simple reproduction shows its essential role as a mechanism that governs the reproduction of class relations. Concretely, it executes this task by regulating the wage and the length of the working day. Competition, however, is not the cause of exploitation. The latter is instead a consequence of total social capital. In *Capital*, this argument is developed in the first six parts of volume 1 and in the corresponding parts of volume 2 in which Marx considers simple reproduction from the viewpoint of circulation. Competition is not absent; it operates in the background as the enforcer of capital’s laws. Precisely for this reason, however, these laws are studied by abstracting from it.

¹² This separation between total social capital and competition is in fact a sub-product of the separation of the spheres of production and circulation, which constitutes the main methodological axis in the development of Marx’s critique, as shown by the division of *Capital* into three volumes.

2. The analysis of (total social) capital accumulation shows a second role for competition, as the internal engine of innovation and changes in the organisation of the labour process. Here competition does not simply enforce the need of capital to reproduce its general relation with labour (the very reason of its existence); it also forces capitalists to accumulate their fragments of capital as concrete ways to realise the accumulation of total social capital (the reason of capital growth and development). In *Capital*, this argument is developed in parts 7 and 8 of volume 1 (and reconsidered in volume 2 as far as circulation is concerned). Here Marx focuses on the *effects* of accumulation on the organic composition of capital and the rate of surplus value, but its *causes* cannot yet be discussed. Without an explicit analysis of the relations between many capitals, all that Marx can say in volume 1 (ch. 24) is that accumulation is a ‘deliberate act’ by the capitalist. But a deliberate act occurring under the pressure of competition: ‘Competition makes the immanent laws of capitalist production to be felt by each individual capitalist, as external coercive laws. It compels him to keep constantly extending his capital, in order to preserve it, but extend it he cannot, except by means of progressive accumulation’.
3. The third volume of *Capital* shifts ontologically to the relations between many capitals. Here, competition is more easily detected, as it operates on more concrete categories. Its role of equaliser of individual profit rates is not new in political economy. What is new is the demonstration that competition is not the cause of what it equalises: total profits are a consequence of total social capital and competition only regulates their distribution. The strength of this argument rests on the fact that Marx has already explained the nature of surplus value and capitalist exploitation in the critique of total social capital, without referring to competition.
4. Finally, Marx develops the critique of accumulation from the viewpoint of competition. Again, the argument is a logical development of the previous critique of total social capital. Here, however, Marx can discuss how this coercive mechanism acts on individual capitals and produces the aggregate effect of capital accumulation. This last stage of the critique explains and validates his factual starting point (i.e. the historical phenomenon to explain) that capital tends in fact to accumulate. The initial abstraction of a totality as an interconnected whole that develops contradictorily is finally reconstructed after a progression towards ever more concrete analytical levels, which allows now grasping the accumulation of capital in its most concrete manifestations (Reuten, 2000). This reconstruction completes Marx’s organic critique of capital.

4. The development of a Marxist view on competition

4.1 *The origins of competition*

As we have seen, the development of capital is the key to understanding the development of competition. Now, we must consider its role in the explanation of the *origins* of competition. As Marx (1857, Notebook 4) explains, ‘Conceptually, *competition* is nothing other than the inner *nature of capital*, its essential character, appearing in and realized as the reciprocal interaction of many capitals with one another, the inner tendency as external necessity. (Capital exists and can only exist as many capitals, and its self-determination therefore appears as their reciprocal interaction with one another.)’

Analytically, the first economic category that explains the origins of competition is private property:

We have seen that in the end everything comes down to competition, so long as private property exists ... because private property isolates everyone in his own crude solitariness, and because, nevertheless, everyone has the same interest as his neighbour, one landowner stands antagonistically confronted by another, one capitalist by another, one worker by another. In this discord of identical interests resulting precisely from this identity is consummated the immorality of mankind's condition hitherto; and this consummation is competition. (Engels, 1844)

Private property alone, however, cannot explain the central role of competition in capitalism. In fact, it is only when private property becomes capitalistic private property that competition becomes *the* coordinating mechanism of this mode of production.

In capitalism, property relations are necessarily class relations as well (Campbell, 1993). The distribution of individual property can change over time, but these changes remain internal to class relations: one individual gets richer, the other poorer, but from the viewpoint of society, these changes simply reproduce a class of proprietors and a class of the propertyless, a class of sellers and a class of buyers of labour power. Capitalistic private property may thus be defined simply as a general asymmetry in the distribution of property able to reproduce the two sides of the wage labour relation. This social notion of property is invariant with respect to changes in individual property. Changes in the distribution of individual property and reproduction of class property are two faces of the same coin (Chattopadhyay, 1994).

Marx discusses at length the conditions under which labour power becomes a commodity and the parallel shaping of private property between social classes. He explains that for the wage-labour relation to arise the worker must be free in a 'double sense, that as a free man he can dispose of his labour power as his own commodity, and that on the other hand he has no other commodity for sale' (Marx, 1867, ch. 6). Then, he discusses the historical circumstances that produced 'on the one side owners of money or commodities, and on the other men possessing nothing but their own labour power', and the mechanisms that reproduce these classes of people.

The development of capitalistic private property and the development of competition are parts of the same process and mutually reinforce each other: private property pits individuals against one another and unleashes rivalry behaviours; competition, with its economic incentives, contributes to develop and generalise property relations. Here, however, Marx and Engels take two slightly different theoretical routes.

Engels (1844; 1884) intends to show that all the categories of political economy and the realities to which they correspond presuppose both competition and private property. In his critique, however, he explains competition as a consequence of private property, but his treatment of the origins of private property remains mainly of a historical character.

It is Marx that undertakes the task of explaining also logically the origins of private property (Clarke, 1991). Particularly in his early writings, Marx focuses on the relations of private property to another social relation, namely alienated labour, which suggests a more articulated relation between private property and competition. As he explains, in order for labour to be appropriated in the form of property, it must first take the form of alienated labour. In this sense, 'although private property appears as the basis and cause of alienated labour, it is in fact its consequence ... Later, however, this relationship becomes reciprocal' (Marx, 1844).

Put another way, Marx arrives at his social conception of competition via its relations with alienated labour, as a category that logically precedes private property. Engels focuses instead on the necessarily asymmetrical distribution of private property between social classes as a condition of reproduction of this mode of production. But for both of them, commodification of labour power is the theoretical and historical reason for the class nature of competition in capitalism.¹³

4.2 The development of competition and the subsumption of labour under capital

The process of capital accumulation is also a process of subsumption of the labour process under capital. This process is guided by competition and reinforces the role of competition in this mode of production. Marx (1864) distinguishes between formal and real subsumption.

The former occurs when capital restructures pre-existing non-capitalist labour processes without transforming the concrete activity of the worker: capital imposes its logic on the labour process and allows its owner to appropriate the surplus value produced by the worker. This type of surplus value stems from a surplus labour that already existed before the transition to proper capitalistic production. Although the worker concretely continues to perform the same job, his/her surplus labour goes now to a capitalist rather than to a feudal lord. The subsumption is merely formal.

The latter occurs when capital puts labour concretely under its command, by re-organising the labour process according to capitalistic principles and by transforming and reshaping the tasks of the worker and his/her way of working.

Marx argues that, in the development of the capitalist mode of production, formal subsumption tends to become real over time. Only under conditions of simple reproduction can the labour process repeat itself perpetually. Capitalism, however, is an intrinsically dynamic system requiring expansion, which produces a series of well-known consequences: technology is constantly innovated; cheaper processes of production replace older, less competitive processes; large capitals exploit economies of scale better than small capitals. In these processes governed by competition, workers' tasks evolve to fit to the organising principles of capital. Their concrete work gets reformed in various possible ways. In some cases, the worker himself/herself becomes an appendage of the machine. Against these tendencies, the individual worker has no effective means of resistance. He/she may destroy or sabotage the machine—the concrete commodity that dictates him/her the tasks and the pace of work—but cannot abolish competition, the external force that governs these processes.

In the history of capitalism, competition has directed capital accumulation along two main trajectories. First, it has led capital to develop extensively (so-called globalisation processes) by overcoming national frontiers and by imposing its logic on areas that were not yet subjugated to capital. Second, within a given geographical area, it has pushed capital to develop intensively (commodification processes), by putting more and more aspects of nature and human activity under its control: under the pressure of competition, land, minerals, vegetal and animal life, health, education, culture, sport, science, everything tends to be converted into a commodity.

¹³ Starting from the recognition of Marx and Engels's slightly different theoretical objectives, Clarke (1994) discusses the different implications of their analysis of competition in the study of crisis.

4.3 *From the subsumption of labour to the shaping of society*

Although Marx focused on the subsumption of the labour process, the process of accumulation and its related processes of globalisation and commodification tend to generalise the role of capital in shaping social relations. With the increasing role of the economic sphere, capital tends to overcome the barriers of capitalist production and to impose its logic on the whole sphere of social interaction. It is no longer within the strict boundaries of production of surplus value that competition imposes the coercing laws of capital, but within social life in general. From a coercing mechanism of the capital-labour relation, it becomes the general coercing mechanism of the capitalist society.

In this process, competition tends to impose itself at a subjective level as well: as the spectrum of social relations governed by competition develops, the latter tends to appear as a natural force, a form of interaction that has always existed, a consequence of human nature. In this way, the development of competition tends to produce a distorted image even of itself: the fact that competition develops out of the economic sphere does not appear as a consequence of the growing role of capital in shaping social relations, but as the demonstration that competition pre-existed the economy and that, logically, it has nothing to do with money and economic calculus.

In this mystified appearance, economic competition is only an application of a pre-existing ‘natural competition’, a special case in which the battle of all against all takes a monetary dimension. As a universal mechanism, competition seems independent from the development of money and the market. It is only when the development of competition is put in relation with the development of capital that the true essence behind this appearance can be grasped: it is not the development of natural competition in the economic sphere that produces economic competition; it is rather the development of economic competition (which accompanies the accumulation of capital) that increasingly contaminates social life and tends to generate even a competitive human nature.

4.4 *Association against competition*

Against the enforcer of capital’s laws, [Marx and Engels’s \(1848\)](#) reply is political: ‘Working men of all countries, unite!’ are the last words of the *Communist Manifesto*. Association is in many respects the opposite of competition. It unites people as a concrete way to resist the tendency of competition to isolate them. Unlike competition, however, this mechanism is not really necessary to the reproduction of capitalism, and its concrete development depends on class consciousness and political action. This is why Marx and Engels discuss workers’ association mainly in their studies of concrete social formations and in their political works, where association takes the form of a conscious subjective response to the objective coercive mechanism of competition ([Marx, 1847A; 1867; Engels, 1844; 1845; 1847; Marx and Engels, 1848](#)).

Association can be a response to competition within both sides of the capital-labour relationship. But this does not surely come without political struggle, in particular when workers’ association is at stake. The concrete development of association is in fact conditioned by the asymmetric power relationship between classes. It is not historically accidental that associations emerged quite spontaneously (and legally) among capitalists, whilst they encountered many obstacles among workers and had to remain secret for quite some time. In fact, the right to associate is itself a political victory of the workers’ movement, a result of class struggle—a result that can never be considered definitive and that recent political developments have seriously downsized.

But workers' association is not only the means to confront competition. It is also the goal of a new society finally liberated from capital and competition. As Marx and Engels write: 'In place of the old bourgeois society, with its classes and class antagonisms, we shall have an association, in which the free development of each is the condition for the free development of all' (Marx and Engels, 1848, ch. 2). 'What will this new social order [communism] have to be like? ... It will, in other words, abolish competition and replace it with association' (Engels, 1847, question N. 14).

Of course, Marx and Engels did not have in mind a free association of small property owners, as Proudhon (1847) envisaged, but a free association of producers collectively owning their means of production. These different conceptions of association are a direct consequence of different conceptions of competition. Proudhon did not see competition as a historical mechanism developing with the development of the capitalist mode of production but as a universal necessity. As he affirmed, 'there can be no question here of destroying competition, as impossible as to destroy liberty' (Proudhon, 1847, ch. 5). Marx, by contrast, criticised competition for its role in the capitalist mode of production and considered 'socialist competition' as a contradiction in terms (Deutscher, 1952): 'M. Proudhon does not know that all history is nothing but a continuous transformation of human nature' (Marx, 1847B, ch. 2, part 3). The problem, therefore, is not to explain how God or an immutable human nature produced capitalism (the hypothesis of a God is introduced provocatively by Proudhon himself), but to understand how, historically, capital has imposed its logic on society and has led to developing a competitive human nature, as the specific human nature of the capitalist mode of production, in the same way as other modes of production shaped different human natures in the past.

Against Proudhon, who saw association as a *complement* to the eternity of competition, a remedy to its inconveniences, Marx and his followers see it as the means to struggle *against* competition and its causes. As Lenin (1917, ch. 9) put it: 'the aim of proletarian policy cannot today be the ideal of restoring free competition—which has now become a reactionary ideal—but the complete elimination of competition by the abolition of capitalism'.

5. The bourgeois conception of competition demystified

Marx's critique is not simply a path to grasp the essential role of competition in capitalism. It is also an explanation of the mystified appearances produced by competition, which bourgeois economics tries to rationalise. Indeed, Marx does not reject Smith's idea that competition produces effects that go beyond the individual will. Rather, he develops this conception as part of his critique of capital. The result is a conception diametrically opposed to the Smithian one: the invisible hand appears as a natural regulator of economic relations but is in fact simply the enforcer of capital's contradictions.

5.1 Competition and the contradictions of capital

By enforcing capital's laws, competition imposes the contradictory nature of capital on society. This contradiction manifests itself on both sides of the capital-labour relationship.

As mentioned, competition is introduced in *Capital* in the discussion of one of the central conflicts between capital and labour: the length of the working day. Within the working class, workers are forced to cheapen their labour power and maximise their

effort at work and the length of the working day. These are the conditions for being hired. Similarly, within the capitalist class, competition forces individual capitalists to extract as much labour as possible from workers' labour power—not so much because of their subjective desire, but because of the objective needs of capital. [Marx \(1867, ch. 10\)](#) writes:

Après moi le déluge! is the watchword of every capitalist and of every capitalist nation. Hence Capital is reckless of the health or length of life of the labourer, unless under compulsion from society. To the outcry as to the physical and mental degradation, the premature death, the torture of over-work, it answers: Ought these to trouble us since they increase our profits? But looking at things as a whole, all this does not, indeed, depend on the good or ill will of the individual capitalist. Free competition brings out the inherent laws of capitalist production, in the shape of external coercive laws having power over every individual capitalist.

It is not an ethical question of 'good or ill will' but the necessary condition for minimising costs and remaining in business. This is the 'essential locomotive force of the bourgeois economy', as Marx calls it in the *Grundrisse* (Notebook 5). But, in doing so, competition also tends to deteriorate labour power, to the point of becoming an obstacle to capital accumulation. 'The unnatural extension of the working day ... shortens the length of life of the individual labourer, and therefore the duration of his labour power'. This raises the costs of its reproduction: 'just as in a machine the part of its value to be reproduced every day is greater the more rapidly the machine is worn out'. Without forces capable of counterbalancing competition, the imperative of exploitation produces a tendency towards 'over-exploitation'.

The contradictory nature of capital does not concern only living labour but also dead labour. Competition between capitalists tends to increase constant capital, both in absolute terms and in relation to variable capital. Over time, the valorisation of constant capital by living labour tends to become more and more problematic. This is perhaps the most contentious consequence of competition in Marxist debates. According to Marx, in the same way as competition stimulates technical progress, growth and capital accumulation, it also leads to stagnation and crisis.

Under the pressure of competition, capitalists are pushed to innovate, to introduce more advanced technologies and to exploit better increasing returns to scale and the division of labour. Risk aptitude, predictive ability and other subjective considerations may influence their individual strategies. But the general imperative is common to all of them: 'Accumulate, accumulate! That is Moses and the prophets!' ([Marx, 1867, ch. 24](#)).

After competition has pushed individual capitals to revolutionise the labour process, it generalises these changes to the whole economy. Once a capitalist introduces an innovation, there is no real choice for competitors: either they follow, or they get forced out of the market. In this process, innovating firms make higher profits, accumulate faster and increase their market shares at the expense of small capitals, incapable of taking the pace of competition. Capital tends thus to concentrate not so much as a result of subjective individual choices, but as a consequence of the coercive law of competition, which compels each individual capital to grow in order not to die.

Such a process of concentration of capital is reinforced by the tendency for mergers and take-overs that accompanies capitalist accumulation. In analysing these processes, [Marx \(1867, ch. 25\)](#) considers the integral role played by the credit system and the acceleration prompted by crisis. The effect of these processes of concentration and centralisation is that fewer and fewer capitalists control larger and larger capitals: in this

way, the development of the competitive mechanism tends to supersede the competitive market form and to produce its opposite, namely market power and monopoly.¹⁴

To the extent that these processes increase the organic composition of capital in the economy, the average profit rate decreases (*ceteris paribus* on the rate of exploitation and the turnover time of capital). The invisible hand of competition shows here the essential contradiction of capital accumulation: the same profit motive behind the success of innovating capitals is in fact the cause of the crisis of capital as a whole. Individual rationality and systemic irrationality are two aspects of capital's rationale.

The rise of the organic composition of capital and the fall of the profit rate are heavily disputed topics within Marxian political economy. During the classical period, the fall of the profit rate was generally accepted on empirical grounds. The problem was not how to prove it empirically, but how to explain it theoretically. After Marx's developments, however, some critics and supporters of his ideas have interpreted his notion of tendency mainly empirically, as a description of actual economic processes. Some of them have even attempted to dismiss or defend his theory by means of empirical tests. The problem, however, is not strictly empirical but primarily theoretical. Although economic tendencies can be studied for their effects in the empirical realm, in Marx's conception they do not coincide with their empirical manifestations. Their existence in this mode of production is not proven by the empirical processes that actually develop but by the fact that they are logical implications of capital's contradictions.¹⁵

In the study of 'The law of the tendency of the profit rate to fall' (the title of part 3 of volume 3 of *Capital*), Marx's method is straightforward. First, he analyses the structural necessity of the capitalist mode of production, i.e. the internal dynamics in the organic composition of capital caused by the contradictions of capital accumulation. This is 'The law as such' (the title of ch. 13). Then, he examines the 'Counteracting influences' (ch. 14). These contingent forces might strengthen or counter the law as such. Finally he discusses the interaction between necessary and contingent forces in more concrete terms by developing 'The internal contradictions of the law' (ch. 15). There is no attempt to suggest a typical mechanical pattern towards the crisis or to indicate the inevitable fate of capitalism. Instead, Marx shows that competition can actualise in different ways the tendencies of capital accumulation—thereby producing different empirical processes—but cannot violate the law as such, which exists before it.

5.2 *The invisible hand of the market and the mailed fist of capital*

Bourgeois economics does not conceive of capital as a social relation but as a set of things. Therefore, the notion of total social capital can be understood only as the sum of individual capitals, but cannot play any essential role. In this approach, capitalism

¹⁴ Unlike the neoclassical notion of competitive equilibrium—which, according to Austrian economists, has no real existence—and the supposedly more realistic Austrian theory of the market process, Marx's conception of competition as a coercive mechanism is based on a clear ontological separation between the mechanisms that govern actual-empirical phenomena and the phenomena themselves (Palermo, 2007). The role of competition as the mechanism that guides monopolisation processes and that is reinforced—rather than being attenuated—by the development of monopolistic market forms is pointed out by Lenin (1917) and developed by Clifton (1977), Shaikh (1980), Weeks (1981), Fine (1982) and Chattopadhyay (2012).

¹⁵ The notions of 'law' and 'tendency' as distinct ontological entities with respect to 'empirical regularity' and 'trend' are developed within critical realism, from both a philosophical and an economic perspective (Bhaskar, 1978; Lawson, 1989; Archer *et al.*, 1998; Brown *et al.*, 2002; Fleetwood, 2012). Reuten (1997; 2009; 2013; Reuten and Thomas, 2011) discusses Marx's notion of tendency from a methodological, theoretical and philological viewpoint by focusing on the tendency of the rate of profit to fall.

is not a historically determined mode of production based on capital, but an everlasting economic system, populated by naturally hedonistic individuals linked by market relations.

We have seen, however, that the free market is only one of the historical conditions for the development of proper capitalistic relations. The other necessary condition is the divorce of producers from the means of production. The former expresses formal individual freedom, as it appears in competition; the latter is the basis for the dominion of capital as a whole over the working class but is mainly invisible in the reign of competition. These conditions together characterise the capitalist mode of production and its mystified appearances.

Bourgeois economists see only half of the problem. They identify capitalism with freely contracting parties but do not grasp the necessary structuring of economic asymmetries between (classes of) individuals, which they consider only a contingency. The fact that the capitalist and the worker necessarily face completely different material constraints when they ‘freely’ sign the contract is not seen as a potential cause of their asymmetric roles in production and distribution. On the contrary, the implicit assumption is that competition operates in a context lacking any social asymmetry, in which class relations play no essential role.

In his critique of ‘vulgar’ political economics, Marx found that this representation of the capitalist-worker relationship as a relationship between equals is due to the methodological (and ontological) error of conflating the spheres of production and circulation. In circulation, these social figures appear in fact on the same ground: ‘There alone rule Freedom, Equality, Property and Bentham’, says [Marx \(1867, ch. 6\)](#) provocatively. The fact that they exchange a very particular commodity—labour power—however, is not irrelevant, since wage labour is the very peculiarity of this mode of production:

On leaving this sphere of simple circulation or of exchange of commodities, which furnishes the ‘Free-trader Vulgaris’ with his views and ideas, and with the standard by which he judges a society based on capital and wages, we think we can perceive a change in the physiognomy of our dramatis personae. He, who before was the money-owner, now strides in front as capitalist; the possessor of labour power follows as his labourer. The one with an air of importance, smirking, intent on business; the other, timid and holding back, like one who is bringing his own hide to market and has nothing to expect but—a hiding.

In the process of commodification of labour power, competition becomes the main coercive mechanism governing class relations. Juridically, individuals become equal before the law; economically, however, they are placed in front of different material conditions and forced to compete to get the means of subsistence.

Bourgeois economists and philosophers have made every effort to show that competition is the driving force towards the common good: Smith, Proudhon, Walras and post-Walrasians, Menger and modern Austrians have developed different scientific variants of this conception. But none of them criticised ‘the inner nature of capital’. Their theories remain at the level of the appearances, in which capital exists only as the sum of individual capitals and society is merely the sum of isolated individuals. The result is the celebration of the invisible hand as a natural mechanism at the service of economic and social progress.

Marx shows instead that this invisible hand only serves the needs of capital. In the capitalist mode of production, the only economic goal is capital accumulation, and competition only imposes capital’s needs on single individuals, social classes and the

whole society. Its economic effect is not a spontaneous tendency towards social harmony but the subsumption of labour under capital and, more generally, the shaping of social relations according to capital's rationale. In short, the *invisible hand* of competition is nothing but the *mailed fist* of capital.

5.3 *The ideological role of bourgeois economics*

With the development of capitalism and the shaping of society according to capital's rationale, social goals, moral norms, traditions, customs and habits evolve to fit the need of commodity production and 'cash payment'. Production becomes only a matter of profit seeking, and individuals—the methodological starting point of modern bourgeois economics—become nothing else but means of capital valorisation. Only at this stage can competition appear as natural. Competition becomes part of the spontaneous way of individuals to relate to their fellows, a social standard and a normative benchmark in every act of social life, far beyond the realm of commodity production. It becomes natural to compete at school, in physical activities, in art, in writing scientific articles. And for the scientist it becomes finally possible to conceive of a world entirely regulated by market relations and competition.

This explains how modern bourgeois economics might come up with its sophisticated conception of competition as an everlasting interpersonal relation existing out of history and society: atomised individuals competing in the market are not seen as the product of centuries of capitalistic relations, but as the ultimate cause of all economic phenomena. Competition is emptied of its history, of its social nature and of its coercive content and presented as a universal mode of interaction and, at the same time, as the highest expression of human freedom.

Although bourgeois economists see it as an immutable condition, the rise of competition as a general coordinating mechanism is the very specificity of capitalism. Historically, economic policy has attempted to govern this process through different strategies, according to different theoretical perspectives and variable political goals, with ups and downs in the role assigned to competition. It is only with the rise of neoliberalism in the 1980s, however, that major obstacles to the free development of competition have been aggressively removed and that a new ideology of competition has become hegemonic. This political and ideological turn has invested both academia and society in general.

Pierre Bourdieu (1984) is one of the authors that have best investigated the relations between academia and society. He argues that the laws of social interaction of the capitalist mode of production take different concrete forms in different 'fields' of social interaction. Academia constitutes a specific field with its own internal logic. Scientific production and academic reproduction are not spontaneous processes leading to select, in purely abstract terms, the best economic theories and the best persons capable to develop them. They are, rather, complex processes guided by class relations, power-based mechanisms and specific rules, norms and values characteristic of the 'academic field', which lead the scientific community to develop a common vision, convergent interpretative models and a general set of values and behavioural rules (a common 'habitus', in Bourdieu's terminology). The objective structures and mechanisms that characterise the academic field are so internalised subjectively without any necessary active involvement in ideological reproduction by individual researchers.

The '*homo academicus*' is neither an isolated person in search of scientific truths, nor a manipulated subject wishing to hide some of these truths for political convenience.

She is rather a complex social product of the interaction between the academic field and the academic habitus, which does not eliminate her subjective autonomy in scientific research but frames it within the rules of the academia. Only the violations of these rules appear as problematic within the academic community and need therefore to be explicitly defended. By contrast, the adherence to the precepts of the mainstream is peacefully accepted without any need to discuss it.¹⁶

In economics faculties, the neoliberal turn has radically transformed the *homo academicus*, by imposing the ideology of competition as an integral part of mainstream economics. Only in limited and extreme cases do mainstream economists really act as ‘vulgar’ class warriors, deliberately mystifying reality and treating competition as a benign force when they know it is not. More frequently, the dominant view is simply reproduced through the formal and informal rules of the academic field and through the mechanisms of reproduction of the *homo academicus*. This explains how even large parts of heterodox economics have betrayed their original approach and have adopted the method of mainstream neoclassical economics as condition of scientific rigour. By imposing its method, neoclassical economics has thus imposed also its conception of competition even within schools of thought traditionally more concerned with the real effects of this economic mechanism.

Of course, as intellectually honest individuals, social scientists can always develop a critical attitude towards dominant scientific conceptions, by questioning both its methodological and ideological premises. Yet, they remain part of a structured academic field, well integrated with the rest of society, whose power structures tend to reinforce the role of mainstream theories within academia and the ‘cultural hegemony’ existing in society.

The social role of academicians and, more generally, of intellectuals has been developed by Antonio Gramsci (1929–1935). In his view, only if and when intellectuals actively participate in practical life, in social struggles within the masses and in expressing the feelings and the instances of social movements, can they concretely counter the dominant ideology and play a revolutionary role. But it is clear that the rules and the mechanisms to access academic positions or other forms of intellectual prestige are not designed to promote this kind of ‘organic intellectual’.

Intellectual production is not merely an individual choice but a social process. Dominant ideology tends to impose the viewpoint of the ruling class as a cultural norm through economic incentives, class selection and cultural homologation processes. Without conscious resistance, the interests and values of the ruling classes tend to prevail and to appear as interests and values of the whole society, so that even dominated classes identify their own good with the good of the ruling classes. In this context, if social scientists represent themselves as value-free and politically neutral, it is only because they do not understand their role in this hegemonic process. This why, under the title of the weekly *L’Ordine Nuovo*, co-funded by Gramsci, a slogan reads:

Educate yourself, because we’ll need all your intelligence. Agitate yourself, because we’ll need all your enthusiasm. Organise yourselves, because we’ll need all your strength.

¹⁶ The development of a structured academic field and a corresponding academic habitus has also weakened the ability of academic researchers to have a critical view on their own role. In social sciences, it is not by chance that *academic critique* has investigated very different fields of social interaction but has rarely become—with some notable exceptions—a *critique of the academia*, of its internal reproducing mechanisms and of its social and economic functions.

For Gramsci, the development of a working-class culture capable to counter the bourgeois view is a central goal in class struggle. Cultural hegemony is not the *ex post* result of freely competing cultures, but a political strategy on both sides of class struggle. It is indifferent the good or bad faith of the individual scientist. The rise of neoliberalism is part of this cultural process, which accompanies the material transformations of the capital/labour relations under the imperative of competition.

The imposition of competitive relations as the imperative of society is a long and conflicted process involving both ideological and material production and is ultimately itself part of the process of class struggle. The bourgeois economist is only one of the players in this process. But if her mystified conception has become a sort of *pensée unique*, it is not thanks to its explanatory power but thanks to the mechanisms of cultural hegemony and to active political strategies at a national and an international level. By now, the weapon of competition is firmly in the hands of international institutions and national governments wishing to reshape the whole spectrum of economic relations in its image. Political confrontation between the right and left wings is obsolete in this mystified conception. Society can only genuflect in front of competition. In the words of Thatcher, the iron lady who knew how to deal with workers and political opponents: ‘Tina—there is no alternative’.

6. Conclusions

In this article, I have developed an organic conception of competition from Marx’s critique, by focusing on his major work, *Capital*, and by using the *Grundrisse* for interpretative assistance. My reading of both these works is centred upon the twofold nature of capital in its unity and in its internal relationships. This reading has allowed me to frame the role of competition in Marx’s general critique of capital. I have then integrated in this conception some hints from other works by Marx which could not be adequately dealt with in *Capital*. I have discussed: 1) the origins of competition, 2) its gradual development as the vehicle of capital’s dominion over the labour process and the whole society and 3) the forces that may counter and eventually abolish it.

According to Marx, the historical development of competition is nothing else but the process through which capital accumulation becomes an independent force, detached from the goals of individuals and society. In this process, competition acts as an external coercive force, which imposes capital logic (and its contradictions) over individual will, governs the reproduction of class relations and defines the margins of subjective choices. As an invisible hand at the service of capital, competition imposes capital accumulation as the only goal of society. I have also suggested that in this process competition tends to spread out of the economic sphere that generated it, so to become the general regulator of social relations. Competition tends thus to be internalised subjectively and to become part of the very human nature of this mode of production.

Bourgeois economics conceives perfect competition as the best guarantee of individual freedom. In a system of perfect competition, however, the only one to be free is capital, which shapes progressively individuals and the whole society according to its principles. A world of complete markets and perfect competition (if it may ever exist in the form assumed in neoclassical economics) is not a world in which everybody can express himself/herself freely, but its opposite: the full development of capital’s autonomy and the primacy of capital’s needs over human aspirations. Individuals’ subjective preferences and capital’s objective needs are not incompatible in capitalism. Rather,

they express the way competition regulates human relations at an interpersonal and a social level.

In bourgeois economics, everything appears reversed: 1) competition is conceived as a natural mode of interaction rather than as the historical product of capitalist development, 2) it is defined as power-free rather than as the expression of the coercive laws of capital, 3) it appears as the antithesis, rather than the cause, of market power and 4) it is rationalised as the benchmark of economic efficiency whilst in fact it only enforces capital's contradictions. In this mystified conception, the problems of capitalism are not at all caused by (capital and) competition, but by the lack of it. Workers' association is not seen as a political response to competition in class struggle—or as the means to free society from capital and competition—but as a trivial form of monopoly, which inevitably damages workers themselves and the whole society. In this approach, collective bargaining, strikes, occupations and all the practices of class struggle are simply irrational behaviours and violations of the common good.

It would be clearly exaggerated to blame economic theorists for the real transformations of society. After all, their theoretical rationalisation of competition is only part of a more general process of cultural hegemony—reflecting and influencing the development of class struggle—which invests academia as it invests the whole society. But it is precisely in the name of their sophisticated theoretical conception that direct attacks on wages, centralised bargaining and workers' rights—including the right to struggle—have been imposed in the past decades in most of the globe: not as acts of class struggle against the proletariat, but as technical solutions to free competition from its institutional constraints. One after the other, all the countries of Europe are adopting the same neoliberal reforms against their workers as merely technical necessities, imposed by international competition, to which everybody should adapt rapidly.

In this process of idealisation and sacralisation of competition, neoliberal economics only picks up the baton of old vulgar economics. Like the latter, it 'does practically no more than translate the singular concepts of the capitalists, who are in the thrall of competition, into a seemingly more theoretical and generalised language, and attempt to substantiate the justice of those conceptions' (Marx, 1894, ch. 13). But this is only academia. If Thatcher really acted in the interests of the whole society, I leave it to the British miners to judge. And if there is really no alternative, it will be up to the workers' movement to decide.

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