

Towards a Critique of Bourgeois Economics:
Essays of Thomas T. Sekine



STUDIES IN SOCIAL SCIENCE AND PHILOSOPHY

VOLUME 1

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Towards a Critique of Bourgeois Economics

Essays of Thomas T. Sekine

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Introduction by the Editor

John R. Bell (formerly Professor, Seneca College)

Thomas (Tomohiko) Sekine completed his doctorate at the London School of Economics and Political Science and then began his teaching career in Canada at Simon Fraser University in 1966-68 before accepting a position in the Economics department at York University in Toronto where he spent the bulk of his teaching career (1968-1994). After retiring from York, he returned to Japan and completed his teaching career at Aichi-Gakuin University.

Until 1973-4, Sekine worked mainly in the area of neoclassical monetary theory and its application to international economics, but he never really felt at home with that sort of enterprise. Fortunately, a Marx Renaissance was then taking hold in North America, and this gave him a welcomed opportunity to teach Marxian economics. He thus changed the focus of his research to Marxian economics and, more specifically, to the work of Kôzô Uno (1897-1977), who had been by far the most impressive and influential teacher that Sekine came into contact with during his undergraduate studies in Japan. His *Journal of Economic Literature* article on Uno-Riron (1975) was his first publication after his intellectual re-orientation; it was soon followed by his translation into English (1980) of Uno's condensed *Principles of Political Economy* (1964). (The original *Principles*, published in 1950-52, was a much longer, two volume work.) Sekine subsequently published *The Dialectic of Capital, a Study of the Inner Logic of Capitalism*, 2 vols. (1984 and 1986), and *An Outline of the Dialectic of Capital*, 2 vols. (1997), in which he expanded and elaborated upon his mentor's *genriron* (or the pure theory of capitalism). All of the twelve essays collected in this volume were written and published during Sekine's 35-year research career, during which he single-mindedly devoted himself to the appropriation, reformulation and exegesis of Uno's unique approach to economics.

The essays in this volume are, however, not arranged in the chronological order in which they were written. The first four items are grouped together under the heading of *I. Methodological Essays*. The following seven items are classified into *II. Theoretical Essays*. The last essay is simply called *III. A New Essay*, since it has been drafted afresh and specifically for this volume. Among the four methodological essays, the fourth is the earliest dated, and retains most vividly Sekine's old interest

in, and concern with, the scientific method. He read Popper and Logical Positivists on the one hand, and Engels, Lenin and the Dialectical Materialists on the other; yet he felt that neither was compatible with Uno's approach. He discovered instead that Hegel's *Logic* was much more congenial to Uno, even though the latter had never quite professed his intellectual affinity with it. The awakening to this fact launched Sekine into a characteristic research career of his own, as the other three methodological essays will bear witness. Just as Hegel's "logic coincided with metaphysics", the logic of capital must coincide with economic theory. For, according to Sekine, it is only in this way that the "dialectic" can be made "materialist" and be released from Hegelian idealism. Moreover, it is in this light that Sekine rejected the natural-scientific pretensions of bourgeois economics, which he viewed as nothing more than a covert invitation to conform to the existing social order, the significance of which he elaborates further in the last (or new) essay.

The fifth paper, which opens the section entitled *Theoretical Essays*, having been written under stringent space limitations, turns out to be a rather excessively condensed summary of Marxian theory of value. The latter constitutes the very core of the dialectic of capital, which, in a nutshell, is nothing more than "the definition (or specification) of capitalism by capital itself". The reader may be relieved, to some extent, after the extremely dense nature of the first contribution to be able to turn to three more expansive articles that supplement and expand upon the first: the sixth, on the "meaning of the law of value", the seventh, on the "transformation problem" and the eighth, on the "law of market value". Together, they explicate the thesis that the existence and viability of capitalism hinge upon the validity of the labour theory of value, and that capitalism itself cannot even be defined objectively, unless "labour-power" is recognized as the sole factor that produces the specifically capitalist category of value, as distinct from use-values, where labour is, of course, recognized as only one of three factors of production in any society. The remaining three articles of the section are comparatively new.

The ninth paper is a rebuttal of Chris Arthur's critique of the Unoist approach to value-form theory. Marx's treatments of the "value expression by the commodity seller" and of "the measure of value function of money" were both unsatisfactory because he allowed the "exchange process" to intervene between the two. The commodity seller must find a way to express the value of his commodity in a money price before an exchange ever takes place. Value form theory thus begins with the commodity expressing its "moneyness or value" in the use-value of another commodity

and only ends when one commodity emerges as the general equivalent or money. This is a point that Uno had made quite clear many years ago in Japanese, but it understandably escaped Arthur's notice.

The tenth essay advances the view that the dialectic of capital is a "general equilibrium theory" that is much more general and defensible than the one made much of in the bourgeois tradition. For one thing, it is subject only to the "fundamental constraint of the capitalist market", which says that the workers do not save, and not to Walras' law, which says that no one saves (and, thus, confines general equilibrium theory to a stationary state). As in many other essays, Sekine is quite averse to Sraffian Marxism. Yet, he recognizes the importance of Sraffa's work, which shows that, in a system of many interrelated capital-goods, there exists a unique standard commodity, in terms of which many Marxian theorems can be reformulated more adequately. He also emphasizes the fact that the micro law of value can, and must, be founded on the macro law of relative surplus population in the dialectic of capital, although the "micro-foundation of macro-theory" that bourgeois economics seeks is a chimera.

The last essay, which has been written specifically for the present volume, and which shares with it the same title, recapitulates Sekine's fundamental argument that only the Unoist approach to economics renders the latter scientifically defensible in the light of a materialist copy-theory, which does not copy its object, capitalism, so much as it reproduces in theory the process of self-abstraction and self-synthesis that capital employs to organize itself, while simultaneously managing the reproduction of material or substantive economic life. The dialectic of capital thus reveals how capitalism actually operates, whereas bourgeois economics merely dictates what capitalism ought to be (the image of which it imposes by means of arbitrarily concocted models) as the ideal, norm or "ought" that should guide the operation of any economic life. In other words, only Marxian economics, as reformulated by Uno, constitutes an objective knowledge of capitalism, whereas bourgeois economics is essentially a religious faith that glorifies capitalism with esoteric adornments.

Throughout all these essays, there are certain recurrent themes, which delineate the Uno-Sekine approach to economics. They may be summarized as follows: (1) Economics is a social, and not a natural, science. Society, as the object of study, is quite unlike nature; thus, the application of the natural scientific method to economics amounts to a humbug, a

smokescreen to hide a rabid ideology behind a “scientific” appearance. If the knowledge of nature is bound to be “partial”, since we are not its Creator, that of society must be “total”, since we ourselves compose it. (In other words, there cannot be an “unknowable thing-in-itself” of any human society.) Therefore, just because empirical and positivist methods make a good fit with research in the natural sciences, it does not follow that such methods are suitable for social science, including economics. Social science does not seek a predictive knowledge, but only one that is “post-dictive”, or, as Hegel would say, “grey”, knowledge. Otherwise, we will allow ourselves to be deprived of the freedom to choose to reform or remake our own society, and will be easily coaxed into “conforming” to the existing social order. (2) True economic theory cannot be obtained by arbitrarily constructing a subjective “model” (or an ideal type) of what economic life seems to us to be, but, rather, by uncovering the “definition of capitalism by capital itself”. Here, “capital” is the Economic Man, or the “economic motive”, present in all human beings, “made infinite”; and “capitalism” means a “use-value space” (or real economic life of society) “subsumed under” commodity-economic logic, or the capitalist principle. This subsumption, however, is never complete because “use-values” (representing the concrete-specific, material and heterogeneous substance of wealth) always resist “value” (representing the abstract-general, homogeneous and mercantile form of wealth). There is, therefore, a “contradiction” (meaning either an incongruity, tension, conflict, gap, stress, cleavage, or the like) between the commodity-economic and the real-economic. Capitalism is always an uncertain union between these two sides of the economy. This makes capitalism a historical, transient and once-and-for-all economic order, not a permanent and eternal one, as liberal-bourgeois ideology falsely claims. (3) Capitalism consists of the process of cyclical accumulation of capital, in which the widening (or extensive) phase, with the organic composition of capital held constant, and the deepening (or intensive) phase, involving its elevation, alternate. From the point of view of the capitalist market, the same process appears as the alternation of prosperity and depression in business cycles. The phase of prosperity consists of the sub-phases of recovery, average activity and precipitancy (or over-heating). Only in the sub-phase of average activity do the demand for and the supply of labour-power tend to be equalized, thus determining its value. It is also in this sub-phase that rates of profit tend to be equalized in all industrial sectors. In other words, the micro-law of value (which appears in the capitalist market as the law of average profit) is founded on the macro-law of population (which, by innovating techniques, substitutes capital-goods for labour-power).

The twelve essays assembled in this volume were each written on different occasions to suit the house-style of the original publisher. Therefore, differences from one essay to another in the spelling of the same word, in the use of punctuation methods, etc. cannot be avoided. The author and the editor are in agreement that it is appropriate to retain such differences in the original writing, rather than enforcing uniformity throughout the chapters, although all footnotes are changed to endnotes, and shown at the end of each essay under "Notes and References". Quite apart from these issues related to editorial matters, the author himself changed his writing style over time. For instance, he used such terms as "commoditize, commoditization" before "commodify, commodification" became the more common usage. He also frequently used the term "political economy" in the sense of "non-bourgeois economics" in his early writings, which usage he later abandoned as "political economy" came to be recognized as an independent branch of political science. On the other hand, the qualifiers Marxian and Marxist are both used throughout but in different senses; the former means, for Sekine, "in the intellectual style of Marx", while the latter connotes "an ideological sympathy with Marx". Sekine presumably aims to maintain Uno's clear distinction between "Marxian economics (marukusu-keizaigaku)", to which his own economics belonged, and "Marxist economics (marukusu-shugi keizaigaku)", which refers to the economics advanced and defended by politically and ideologically motivated Marxists.

The editor wishes to express his thanks to the original publishers of the essays for the permissions granted for reprinting them in this collection. The original sources are listed in the bibliography at the end of this volume.

I. Methodological Essays

Uno's Method of Marxian Economics

Two kinds of Marxism

In order to highlight the nature of Uno's approach, I would like to begin by characterising Marxism in two distinct types. All forms of Marxism contain, and stand on, a critique of capitalism. There are, however, two ways of criticising capitalism.

The first type, which I would call the conventional type, denounces capitalism as an "unjust" society, in which a large number of propertyless workers are exploited by a handful of greedy and repressive capitalists. The latter monopolise the means of production, while the former have nothing but their own labour-power to sell. Hence, there is a war, a class struggle, between haves and have-nots, between exploiters and exploited, and it will end in a proletarian revolution. This version is so well known that it hardly bears repetition. In short, it is an ideology that opposes the economic exploitation and political repression of the working classes by the capitalist class.

There is, however, another type of critique of capitalism, the alternative type. This one criticises capitalism as a market economy, which is "upside-down" or "inverted" in the sense that human priorities are subordinated to the market priorities of capital. Human relations in capitalist (or civil) society are "reified", i.e., translated into relations among things, called commodities. That is viewed as anti-human or dehumanising because, in principle, they exclude direct I-Thou relation among persons. Human beings can be liberated from the spell and sway of capital, only when capitalist society is superseded by a more human-centered society, according to the second type of critique.

Marx's writings contain elements of both arguments. Most Marxists, however, have followed the first approach. Even though some of them pay lip service to the second type of critique, they demonstrate very limited understanding of its importance. Only the Unoist approach brings out its full implication, and that is what makes Unoism unique.

I include in the conventional type both the old party-line, Soviet Marxism and the Western Marxism which developed later after the discovery of the *Paris Manuscripts* in the 1930s. The former, of course, is more economic, deterministic and scientific, and, hence, more fanatical, arrogant and hypocritical. The latter is perhaps more humane, environ-

ment-friendly and voluntaristic. Yet both share the Judeo-Christian eschatological outlook, and see in Marx the arrival of a prophet. Now that the prehistory of mankind is about to end, there will be an inevitable Armageddon, after which the kingdom of freedom, namely, a socialist society free from class antagonisms, will replace the kingdom of necessity in which drudgery, misery and hardships, as well as alienation and repression, must be endured. They derive this incredibly optimistic outlook from *the materialistic conception of history (historical materialism)*, which says that capitalism is the last class-antagonistic society, and will inevitably break down to give way to a socialist paradise.

At first sight, paradoxically, conventional Marxism has always avoided a serious study of *Capital*, which objectively defines or specifies capitalism. It has never understood what the "critique of political economy" really means. And that is one reason why it has proven to be so fragile today, i.e., vulnerable to the breakdown of the Berlin Wall and the recent resurgence of neo-conservatism. I wish to emphasise that Marx's critique of political economy means a critique of "liberal" (i.e., bourgeois and capitalist) social science. Indeed, modern social science, of which economics forms the core, is an offspring of the capitalist age. Before the evolution of capitalism there was not even a clear enough concept of society (actually the word "society" appeared in the English language only in 1531). Modern social science is without any doubt liberal, bourgeois and capitalist. It is so out and out, through and through, so much so that we are not even conscious of the fact that it is one-sided. To some extent, it is true, the bourgeois bias in social science has been criticised from the point of view of landed property. But that kind of criticism has always been partial and half-hearted. A truly radical critique of capitalism and of the social science to which it has given rise was undertaken only by Marx. This is the point that the alternative approach to Marxism values, especially so in the case of Unoism.

Actually, the conventional approach which reduces Marxism to a litany of secular eschatology does not need an economic analysis of capitalism at all. It only needs historical materialism. That is why we find that few Marxists today are professionally trained economists. Those few Marxists who happen to be trained in economics suffer from a schizophrenia because of the unbridgeable rift between their professionally acquired knowledge and their moral and political persuasions. In terms of the former, they are completely "liberal" and believe in market rationality; in terms of the latter, they are vehemently anti-establishment. They are in the good Anglo-American tradition of democracy, but not in the tradition of Marxism. None of them, surely not Steedman and Roemer, who have reduced Marxian economics to mere linear production models, has any

further business to do with *Capital*. The Marxist economists of that kind tend to believe that there is nothing more to learn from *Capital*, which has become a museum piece, or a preserve of the more bookish and eccentric colleagues of our profession, known as historians of economic thought. Uno's approach differs radically from that kind in that he unambiguously opts to follow Marx's lead in the critique of liberal social science. Let us see what that involves.

Natural science and social science

The first claim that I wish to make is that "nature" and "society" are two altogether different things, and that we need different methods of studying them. This view is diametrically opposed to the widely held belief, sometimes called "reductionism", to the effect that there is only one scientific method, which is exemplified by physics, and that all sciences must imitate the practice of physics. We reject "reductionism" of that sort for the following reason.

Since we are not the creator of nature, we cannot know it totally. That is to say, we can never really lay bare the inner logic, or programme, that ultimately governs the motion of nature. Although we are part of nature, we are so only as natural objects. We are not for that reason any more privy to the working of natural laws. All we can do is to observe nature from the outside in various specific contexts, and find regularities of its motion. We thus gain partial knowledge of nature. Sometimes, our knowledge is good enough to enable us to make a reasonably accurate "prediction" of what nature might do next in the same or a similar context. It is this kind of knowledge that natural science seeks. We are, however, certain that the accumulation of this type of knowledge will not enable us to alter the laws of nature fundamentally, or to repudiate one nature and create another by a "revolution" to suit our need.

For instance, we may be able to predict, with a fair degree of accuracy, that an earthquake of a certain magnitude is about to occur in a given region. In the light of that knowledge, we may prepare evacuation plans and other appropriate measures with a view to minimising harm to ourselves. We cannot, however, stop the earthquake itself from occurring, or to let it happen at another time somewhere else. We must accept what nature has decided to do without consulting us, and do our best to circumvent the harm that will befall us in consequence. In other words, it is a matter of practical wisdom to "conform" to the order of nature, and to "piggyback" on its blind forces, if we can. Sometimes we talk of "taming", "controlling" or even "conquering" natural forces, but that is a matter of

rhetoric. If we really believe that nature would adapt to us, rather than we adapting to it, we shall be soundly punished by ecological disasters and other serious calamities. We must approach nature, in which we are all embedded, with circumspection, respect and humility.

In summary, we can never know nature from inside out. We can only observe it from the outside to learn the regularity of its motion in various specific contexts, and conjecture what it might do next. Since we cannot get to the *Ding-an-sich* (thing-in-itself) of nature, we had better conform to its motion wisely and subtly, without becoming too arrogant. Conformism definitely is a matter of practical wisdom.

This wisdom, however, does not apply, as soon as we put "society" in place of "nature" in the above argument. Society is that which we ourselves make up. We are its creator, and we are (or ought to be) fully privy to its inner logic or its structural programme. No society is irrevocably given to us as a "natural order" to conform to. It is hypocritical to claim that it is something beyond us, whose regularities must be detected from the outside by repeated observation and experiment. Why do we need to hypothesise its laws which we know very well and pretend to test them empirically? That would amount to an unsound invitation to conformism, i.e., abdication of responsibility to improve upon our society. Instead of conjuring up such a fantasy, we should ask ourselves a much simpler and more straightforward question: what are we doing here? The method of inquiry into society, in other words, is altogether different from that into nature. Yet, our attention is deliberately diverted from this obvious truth. Why?

The reason is that it suits the ruling class of any society to make believe that the existing social order is either an extension of the natural order or ordained by divine wisdom. The doctrine of the divine right of kings is the best-known example of the ideology of the ruling class. If the existing social order is God-given, who can challenge it or criticise it? Similar tricks have been used in all class societies. Bourgeois society, too, is a class society, and it is in the interest of the capitalist class to pretend that its market-based economic order is natural, objective and inviolable. To say that economics is scientific, in the same sense as physics is, to make believe that capitalism, or bourgeois society, is as immutable as nature, which has an inner programme we can never know, and which we can never suspend. If you buy into this trick, it effectively forecloses all criticisms of bourgeois society. Yet many economists have been vain and pedantic; they would do anything to look like physicists and be called "scientific". Little do they know that, by the time they embrace the natural-scientific outlook of physics-like economics, they are already irrevocably enthralled and made slaves of capitalism, i.e., spokespersons

of the bourgeois-liberal ideology. What they do then is no longer to lay bare how capitalist society is programmed to work, but to counsel how we most effectively conform to it and make the best use of it. That is why *the more we study economics, the more “capitalist” we tend to become*. Only Karl Marx knew this danger from the beginning, and thus undertook to criticise that “opium-like” science of bourgeois political economy.

Significance of economic theory

Classical political economy believes that all societies evolve to capitalist society, or that every society is at least implicitly a capitalist society. A society, according to the liberal dogma, consists of individuals whose behaviour is overwhelmingly governed by their “economic motives”, i.e., tendencies to maximise gains and minimise losses to the extent that they are quantifiable. If, in pre-capitalist societies, people did not quite behave as their economic motives dictated, that is because, or so the story goes, they were underdeveloped and did not take the question of gains and losses seriously. Over many years, however, even the least intelligent would awaken to the calculus of gains and losses, so that the evolution of all societies to capitalist society will be inevitable. A capitalist society, it is asserted, is governed by the objective laws of the market, which harmonises diverse interests, and achieves the most rational economic organisation. This kind of outlook, or the liberal conception of history, is radically contradicted by empirical history, as Polanyi and others have shown. Human history did not so peacefully evolve into capitalism. The process of primitive accumulation which ushered capitalism in was, in fact, replete with violence, theft, swindles, expropriation and political repression. But the reminder of such empirical facts does not shake the liberal dogma at all, since it is by nature ahistorical.

Capital is not historical, though we, human beings, are. To explain why so we must understand what “capital” is. Since Marx, we have talked of it millions of times, but without clearly understanding what it really is. For hardly anyone has explained where capital comes from. This major omission has been a stumbling block to the sound development of Marxian economics. In my view, we obtain the concept of capital in exactly the same way as Feuerbach obtains his concept of God. According to Feuerbach, God did not create us in his image, rather it is we who create him in our image. Since we, humans, are finite, we are good, wise, and powerful to some extent, but never infinitely so. If, however, these wonderful attributes of ours, or human essences, as Feuerbach calls them, are made infinite and absolute, and extrapolated as attributes

of an entity beyond us, we have created God. This is his celebrated thesis of *anthropomorphism*. Similarly, I would say that we, finite human beings, are all to some extent greedy and acquisitive, avoid waste and pursue efficiency, wish to accumulate material wealth, etc.; in short, we maximise gains and minimise losses. But we never do so infinitely. Let these “economic motives” be made infinite and absolute, and be extrapolated in an entity beyond ourselves. Then we have created “capital”. In other words, capital is the god of our own “economic motives”.

Many Marxists would react to this derivation of capital with suspicion because they have always believed that capital is something “material”. They know that Marx meant by capital more than just capital goods; they also remember Marx’s formula, $M-C-M'$. But that is about all. They can talk endlessly about capital going around circles, without ever being able to come to grips with it. They feel uncomfortable when I suddenly pinpoint the ontology of capital. It seems to them to lack something, and their first impression is that if capital is a product of our mind it cannot be “material”. In this case, however, they need not worry about the thorny question of materialism versus idealism. It is true that the human mind tends to seek “idealisation”, so that once we see various physical triangles we must conceptualise pure triangles in the mathematical sense. “Idealisation”, however, occurs always in a specific material context, so that Euclidean geometry was just as much a product of ancient land surveying practice as a product of mathematical intellection. Indeed, previous to the age of capitalist commodity production, our minds could never fully develop the concept of capital. Even the word “capital” in the present sense dates only from the mid 16th century.

What is more important is that capital, like God, is an “idealisation” of ourselves rather than of an object outside us. It is a product of our human *self*-idealisation. Not only is capital a product of our mental “idealising” process, but it is also an infinitisation of *our own* attributes. That is why we know all about capital introspectively, i.e., capital has no “thing-in-itself” that exceeds our grasp. To understand the logic of capital, we only have to ask ourselves what we, as economic man, would do in this or that situation. Indeed, this is how we actually develop economic theory. Historians of economic thought know very well that we never acquired our classical economic theory by repeating empirical tests of our hypotheses. General equilibrium theory was discovered by introspection; it was not inferred by the experimental, trial-and-error method of the physicist. And that is as it should be, since the fundamental core of economic theory is, in effect, the definition of capitalism by capital itself.

This crucially important point has never been properly understood by bourgeois economics due to its self-complacent ideology. That is why