Istvan Mészáros
'Marginal Utility' and neo-classical Economics
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DESPITE Adam Smith's reassuring words on the benevolent control of the capitalist order by the 'hidden hand', the latter failed to live up to expectations. Instead, crises of growing severity became an undeniable feature of Smith's 'natural system of perfect liberty and justice', compelling its defenders to offer some sort of explanation implying also a remedy.

Given the new circumstances, a simple declaration of faith in the 'hidden hand' successfully guiding the actions of the individual capitalists in their 'local situations' was not enough. A different way of assessing the issue of control had to be found; partly because the dominant units of business enterprise were becoming ever larger (and, of course, inextricably intertwined with far from local connections); and partly because it had to be acknowledged that the 'trade cycles' which were assuming most damaging proportions had to be at least accounted for – in full agreement with the imperatives of the system without which the reassuring message would no longer be credible at all. This is how the second typical theorisation of the dilemmas of control and uncontrollability mentioned in Section 3.1.1 came into being out of a partial awareness of the crisis symptoms. Characteristically, however, also the representatives of the new approach refused to acknowledge the causes of the identified difficulties. They preferred to address themselves to the symptoms only, reinterpreting the earlier accounts of the established mode of social metabolic reproduction in such a way that it should not query in the least the uncritically assumed belief of the classics of bourgeois political economy in the naturalness and absolute permanence of the capital system.

W. Stanley Jevons, one of the pioneers of this new approach – which became celebrated as the 'marginalist revolution' or the 'subjective revolution' – insisted that a rigorous scientific method, with a proper mathematical apparatus, should be applied to the encountered problems. The fact that his trend-setting book – *The Theory of Political Economy* – appeared in the midst of a major international crisis and the year of the Paris Commune, 1871, is of course a coincidence. It is also a mere coincidence that the most influential English economist who offered the fruits of the same 'revolution', Alfred Marshall, was pursuing his research project in Berlin at the same time when Bismarck's Prussian troops were besieging Paris, and thereby massively contributing to the eruption of the Paris Commune. What was, however, anything but coincidence was the increasing frequency and intensity of crises over decades, until a new imperialist expansion relieved tension in the European 'little corner of the world' and gave a new lease of life to capital in the dominant imperialist countries. After all, Stanley Jevons himself had to interrupt his University studies and seek employment in Australia for five years – until he could save enough money to resume his studies – because his formerly wealthy iron merchant father's business had suffered bankruptcy as a result of a serious economic crisis.

As a matter of fact, the spectre of crises haunted Jevons to the end of his life. As a very young man he expressed his concern in a letter to his brother Herbert, in April 1861 (i.e. more than two years before receiving his M.A. at University College, London) in these terms:

> "Whether commercial revolutions be or be not as necessary and inevitable as are the flux and efflux of the tide, forms a curious and doubtful question. Certain it is that they make their appearance in the ordinary course of affairs, if not at periods exactly regular, at least in cycles of which it is not difficult to determine the average extent. Difficult though it be accurately to determine the principles which regulate them, they are usually found preceded by symptoms and followed by results bearing an analogy, if not a resemblance to each other. A close attention to them on the part of *our business men* would go far towards the dissemination of that sound information *respecting the laws of trade, which would greatly mitigate the severity Commercial revulsions*".

Indeed, fifteen years later, in a lecture on 'The Future of Political Economy', occasioned by the centenary celebrations of Adam Smith's *Wealth of nations held* at the Political Economy Club in 1876 – he insisted that:

> "We need a science of the money market and of commercial fluctuations, which shall inquire why the world is all activity for a few years, and then all inactivity; why, in short, there are such tides in the affairs of men."

Yet, the successful elaboration and application of Jevons's 'science of money and of economic fluctuations' remained an elusive dream ever since, despite all efforts expended on it and despite all honours – including quite a few Nobel Prizes – lavished upon its propounders. Nevertheless the illusion rooted in wishful thinking persisted ever since that such a science – capable of eliminating the much deplored 'commercial fluctuations' and periodic crises or in Jevons's term 'revulsions' – was feasible within capital's structural parameters, provided that rigorous quantitative methods (encapsulated in mathematical formulas) were adopted by its representatives; as indeed they were fairly quickly, constituting a distinguishing feature of the new orthodoxy. Even Alfred Marshall, who was very anxious to retain the popular accessibility of his writings in order to be able to influence businessmen, happily accepted Edgeworth's characterisation of his work as 'bearing under the garb of literature *the armour of mathematics*'.

However, instead of the postulated remedy touching the causal ground of the system, only the effects were tackled, often with overbearing mathematical and statistical apparatus, producing most problematical results even in the opinion of those who were expecting solutions from the same formalised science of money. Thus many years later, in 1936, Keynes had to sound more than a word of caution against sanguine expectations, appealing to ordinary discourse and common sense as the necessary correctives to mathematical zeal. He argued that

in ordinary discourse, where we are not blindly manipulating but know all the time what we are doing and what the words mean, we can keep 'at the back of our heads' the necessary reserves and qualifications and the adjustments which we shall have to make later on, in a way in which we cannot keep complicated partial differentials 'at the back' of several pages of algebra which assume that they all vanish. Too large a proportion of recent 'mathematical' economics are mere concoctions, as imprecise as the initial assumptions they rest on, which allow the author to lose sight of the complexities and interdependencies of the real world in a maze of pretentious and unhelpful symptoms.

But the roots of the problem reaching back in its mathematicised form to the 1860s and 1870s were much deeper for any appeal to the guidance of common sense and ordinary discourse to rectify. it is true, as Keynes stated, that in the late 1860s 'the notion of applying mathematical methods was in the air'. But something of much greater import – the deeply felt concern, if not alarm, of capital's personifications about the growing socialist labour movement – was also in the air. The various theories of 'marginal utility' – from the English and Swiss versions to the Austrian variations – were conceived to a large extent as an antidote in this respect. Wesley C. Mitchell rightly stressed in his lectures delivered in 1918 at Columbia University that:

> "No one can read the Austrian writers, whose general scheme was similar to Jevons's, without feeling that they are interested in developing the concert of the maximising of utility largely because they thought it answered Marx's socialistic critique of modern economic organisation. It seemed at least at first blush, to show that, so long as interference with competition is repressed, theoretically the best possible organisation of society results when everyone is left perfectly free to make his own decisions. ... One of the interesting and rather ironical developments of the generation after Jevons was that this line of economic theorising which the Austrians used in answer to Marx was adopted by the Fabian socialists as their basic economic doctrine, and a new scheme of socialism, very different in character from Marx's, was erected on its foundation".

The economists who embraced the main tenets of marginal utility theory politically ranged from Francis Ysidro Edgeworth's extreme conservative position, stretched to the point of obscurantist insanity – and to be fair to Edgeworth, there was a touch of lunacy in the remedial conceptions of all of them, including Jevons, who wanted to explain 'scientifically' what he called 'commercial revulsions' by statistically linking them to sun-spots (by which standard the sun must have been excessively, nay perversely spotty in recent decades; but who in his or her right mind would wish to quarrel with the sun?) – to varieties of paternalism towards labour, prominent among the

Fabians. The neo-classical paternalist Marshall, for instance, despite his reputation as a careful and most scrupulous scientific thinker, was nonetheless perfectly happy by means of grotesque caricaturistic misrepresentations to dismiss Marx in the most summary fashion – in order to be able to do away at the same time with the notions of *surplus labour* and *exploitation.* Indeed, after patting Marx on the back for his 'sympathies with suffering', he did not hesitate to indulge even in playing up to the philistine academic gallery, sneering that Marx's arguments were 'shrouded by mysterious Hegelian phrases', although (as we know from Keynes's account, based on Mrs Marshall's biographic sketch of her late husband) when Marshall himself was 'living in Berlin in the winter of 1870-71, during the Franco-German war, Hegel's *Philosophy of history* greatly influenced him'.

The big difference in the second half of the 19th century with regard to 'commercial revulsions' and crises was that the established production and political order was increasingly being challenged by the organised socialist movement which dared to put forward the 'extra-economic' proposition that economic crises are not due to cyclic extra-terrestrial disturbances, nor to the unalterable determinations of 'human nature', but to the fundamental structural defects of the capital system.

Understandably, the personifications of capital had to do something about that challenge, since they could not expect an automatic solution from their earlier adopted *deus ex machine*: the much revered 'invisible hand'. Whether conservative or paternalistic, they had to offer explanations and justifications which could at least appear to respond to the demands arising from the labour movement. Even the extreme reactionary Edgeworth was suggesting that 'The whole creation groans and yearns, desiderating *a principle of arbitration, an end of strifes.*' It is true that Edgeworth was somewhat special in that his 'principle' turned out to be the most naked apologetics for the privileges of the ruling classes, backed up by pseudo-scientific humbug which justified the entrepreneur's superior social position and corresponding wealth with Darwinian verbiage and utilitarian camouflage by saying that 'a more highly nervous organisation required on the average a higher minimum of means to get up to the zero of utility'. Nevertheless, the substance of the teaching of his ideological comrades in arms was the same as regards their 'principles' of grossly iniquitous distribution and its claimed 'scientific' justification. For they all wanted to spirit away even the possibility of considering the relationship between wages and profits, surplus-labour and surplus-value, the fact and the potential remedy of exploitation. And to do this with a view to proclaiming no longer in theoretically and politically contestable Political Economy but more and more in the rationally unchallengeable 'science of Economics' – the 'end of strifes'.

Shifting the emphasis from Adam Smith's individual capitalist decision-makers to the utility-maximising consumers in general – whose demands are, of course, soundly interpreted and realised by the capitalist entrepreneurs – served the same purpose. For if it was true, as Jevons argued, that 'value depends entirely on the final degree of utility' – a proposition shared in one form or another by all variants of 'marginal utility theory' – in that case rationality itself prescribed that all claims of the workers had to be assessed in terms of, and in subordination to, purchaser/consumer demand, removing thereby the possibility of contesting in strife-bound class terms the structural determination of the system. What a pity that the claimed link between sun-spots and 'commercial revulsions' could not be really established, despite the fact that Jevons twice modified his 'scientific' economic statistics in order to fit the (for his scheme most unfortunately) revised astrophysical sun-spot data; and despite the fact that he introduced the notion of 'normal cycles' – a methodological procedure of arbitrary definitions and assumptions widely adopted by later apologists so as to be able to prove what could not be sustained by any other way – in order to exclude the stubborn cycles that refused to fit into his neat and convenient preconception. For success in this respect would have demonstrated how absurd all those socialists were who were looking for explanations and remedy not in the sky but on earth by focusing attention on the monstrous iniquities and contradictions of the established socioeconomic order.

HOWEVER, notwithstanding the hypotheses and reassurances of the new economists who adopted the faith of marginal utility theory, the deplored 'commercial revulsions' and crises – with their concomitant strifes and class struggles – not only did not fade away but tended to grow in severity. At the same time the persistent challenge of the organised labour movement – not only in

France (despite the bloody suppression of the Paris Commune) but in Germany, Russia, Austria/Hungary, Italy, and England as well, to mention only the European ‘little corner of the world’ – made it much more rational from the vantage point of capital to adopt the strategy of *co-option* in place of confrontation. The concern about social conflict was constantly voiced by Alfred Marshall – probably the most enlightened of the caring paternalists – who argued in an essay written shortly after the 1905 Russian revolution that:

> “In Germany the dominion of bureaucracy has combined with other causes to develop a bitter class hatred, and occasionally to make social order depend on the willingness of soldiers to fire on citizens; and the case is, of course, much worse in the even more bureaucratic Russia. But under collectivism there would be no appeal from the all-pervading bureaucratic discipline. ...collectivism is a grave menace to the maintenance even of our present moderate rate of progress”.

And Marshall combined his categorical rejection of collectivism with an idealised picture of both the capitalist ‘rich man’ – who not only fully understands but also generously implements the teachings of the compassionate marginalist creed – and the socioeconomic order of which the Marshallian rich man was supposed to be an exemplary representative. According to this picture, in Marshall’s slowly but inexorably unfolding Utopia:

> “The rich man would further co-operate with the State, even more strenuously than he does now, in relieving the suffering of those who are weak and ailing through no fault of their own, and to whom a shilling may yield more real benefit than he could get from spending many additional pounds. ... Under such conditions the people generally would be so well nurtured and so truly educated that the land would be pleasant to live in. Wages in it would be high by the hour, but labour would not be dear. Capital would therefore not be very anxious to emigrate from it, even if rather heavy taxes were put on it for public ends: the wealthy would love to live in it; and thus true Socialism, based on chivalry, would rise above the fear that no country can move faster than others lest it should be bereft of capital. National Socialism of this sort might be full of individuality and elasticity There would be no need for those iron bonds of mechanical symmetry which Marx postulated as necessary for his ‘International’ projects”.

Thus, characteristically, preaching the virtues of conflict-avoidance with an appeal to the fairy-tale conditions of the coming capitalist ‘chivalry’ could be happily wedded to a militant anti-socialism, misrepresenting Marx, again, as a crude mechanical thinker. At the same time Marshall also had to maintain that the idealised capitalist socioeconomic order contained within it the true Socialist system, in its ‘National Socialist’ variety. After all, he was not only a ‘friend of labour’ and of the British Co-operative movement (at one time even the President of the latter), but also a good English imperialist who – while strongly condemning German and Russian bureaucracy, as well as too much state involvement in general – could believe and argue in all seriousness that ‘The chivalry which has made many administrators in India, Egypt, and elsewhere, devote themselves to the interests of the peoples under their rule is an instance of the way in which British unconventional elastic methods of administration give scope for free, fine enterprise in the service of the State’. Surely this must have pleased national imperialists from all classes, including the ‘moderate’ and ‘realistic’ Fabian labourite ‘National Socialists’. The curious thing was only that Marshall imagined that he could combine without inconsistency his militant strictures against the unreality of radical socialists – like: ‘in recent years we have suffered much from schemes that claim to be practical, and yet are based on no thorough study of economic realities’ – with the total unreality of his own idealisation of both capitalism in general and of its British imperialist variety in particular.

But, of course, he was not alone in all this. The ‘economic realities’ which he proclaimed to be the necessary premises of rational economic discourse were the imperatives of the capital system to which all social reform strategy had to conform. Marshall was far from unique in defining the only legitimate form of ‘collective action by the working classes’ as ‘employing their own means, not indeed suddenly to *revolutionise,* but *gradually* to raise their own material and moral conditions.’ Reformism surfaced in the radical socialist movement in the late 1860s and early 1870s, and Marx’s 1875 *Critique of the Gotha Programme* clearly sounded the alarm in this respect. However, his critical intervention proved to be in vain in that the emerging Social-democratic parties in the dominant capitalist countries moved in the direction of reformist participation in their national Parliaments.

This tendency was both reflected and actively influenced by marginalist economic theory, not only in England – mainly through the agency of the Fabians – but all over Europe. 'Co-option' was 'in the air' both before and – with greater intensity – after the Paris Commune. Indeed it was so much preferable to confrontation in the view of capital's personifications that no less a prominent figure than 'Iron Chancellor' Bismarck himself wanted by 'scheming with Lassalle', as Marx and Engels complained at the time, to entice the 'Red Doctor' Karl Marx to return home in order to suitably manage the German working class on behalf of national-imperialistically aspiring German capital. (The repeal of Bismarck's anti-Socialist Law in due course. was fully consistent with the Iron Chancellor's national imperialist design and the role assigned to the working classes in it.) Understandably, Marshall treated Lassalle with much greater sympathy than Marx, praising him for his rejection of the 'iron law of wages' while crudely ascribing adherence of it to Marx. As to the theoretical formation of the leading light of German 'evolutionary socialism', Edward Bernstein (who later became also Max Weber's favourite socialist), he derived much inspiration not only from the Swiss and Austrian variety of marginal utility theory but also from its British versions during his long stay in England.

This is how the organised socialist movement – in the new imperialist expansionary phase of dominant European capital, and in tune with the specific form of division between economics and politics in the capital system – became fatefully split between labour's 'industrial arm' and its 'political arm', from which later the split and antagonism between revolutionary and 'evolutionary'/reformist socialism inevitably also followed. Capital, the extra-parliamentary force *par excellence,* could exercise political power as a matter of course through the capitalist state – i.e. its own political command structure of which Parliament is only a part, and by no means the decisive one. By contrast, the 'economic arm' of labour (the trades unions) were confined to the strictly limited economic domain, and labour's 'political arm' (the reformist social-democratic parties) to the bourgeois self-serving rules of the parliamentary game, – established a long time before the working class was allowed to participate in political legislation in a structurally entrapped and therefore necessarily subordinate position. In this way 'evolutionary socialism' condemned itself to 'evolving' absolutely nowhere beyond the 'practicable' and by capital in its own favour predetermined 'economic realities'.

But despite all of capital's successes and labour's self-paralysing. accommodations the uncontrollability of the system itself could not be remedied. Instead of gradually progressing towards Alfred Marshall's (according to him 'in the course of being accomplished') Utopia of capitalist chivalry – a condition which was supposed to secure higher and higher achievements thanks to the happily paid high taxes of risk-taking entrepreneurs and to the proper education of the working classes for appreciating 'economic reality' and for accepting their moral and political obligations implicit in it – the antagonistic contradictions of capitalist society already in Marshall's lifetime erupted in the form of a most devastating imperialist conflagration, co-involving the entire world (for the first time ever) in the 'Great War' lasting four long years. As to the postulated National Socialist solution, defined as the harmonious fusion of chivalrous businessmen with the 'rational' sections of the working class – people who would hold the conviction that it was possible to 'rise above the fear that no country can move faster than the others' without trampling upon the others in order to avoid becoming 'bereft of capital' – this strategy, far from leading to a state 'full of individuality and elasticity', resulted in the monstrous inhumanities of Hitler's national and global adventure. Besides, such a grave turn of events in Germany and elsewhere did not come about without the active complicity, for several years, of powerful sections of foreign capital, nurturing its own 'International project' to liquidate forever through Hitler's and Mussolini's agency Marx's 'mechanical International' socialist project.

ECONOMISTS viewing the world from capital's vantage point cannot simply ignore the structural uncontrollability of their cherished system, matter how much they might wish to do away with the underlying contradictions. Depending on the given stage of historical development, the difficulties of control are more or less prominent in their conceptualisations, but no one can completely avoid them.

Adam Smith, writing in the age of capital's dynamic historical ascendancy and the dawn of its global expansion – that is, at a time when his own fight against mercantilist protectionism represented a real progress – could well content himself with brief references to the 'invisible hand' as not only the evidence for but also the benevolent solution of the system's uncontrollability by the individual capitalists. No such straightforward solution was available to his late 19th and early 20th century successors when, in sharp contrast to Adam Smith's age, the second half of the 18th century, all further territorial expansion of the capital system had been terminated in the form of the rival imperialist carve-up of the entire planet, and of necessity the prospect of major systemic crises entered the horizon. John Stuart Mill's 'stationary state' already foreshadowed some of the dangers implicit in the coming closure not only territorially which could be in principle reopened through the 'zero-sum game' of imperialist wars in favour of the victors and at the expense of the defeated but in terms of the constraints imposed in the future on the productive expansion of the capital system as a whole. Significantly, therefore, in the new economics' of Mill's successors all the dark shadows had to be removed; and the 'stationary state' had to be turned into a pillar of apologetic economic wisdom through its transformation into an openly admitted 'convenient' technical device in terms of which all of the arbitrarily adopted *assumptions* of 'scientific economics' could be proclaimed to correspond to the '*normal*' state of affairs.

In Adam Smith's scheme of things the 'invisible' hand fully solved the identified problem and thereby assigned to the individual capitalists the satisfactory operational control of their part in the system. Thus there was no reason for Smith to indulge in inventing a bewildering network of assumptions through which the dominant but by labour contested values of the capital system could be readily justified. Under the new circumstances, however, responsibility for the system's actual mode of operation – and, of course, for its potential defects and crises – had to be spread as wide as possible in order to deflect and neutralise criticism. To quote Joan Robinson, according to Mill's successors"

> "Each employer of factors (of production) seeks to minimise the cost of his product and to maximise his own return, each particle of a factor seeks the employment that maximises its income and each consumer plans his consumption to maximise utility".
>
> "There is one equilibrium position in which each individual is doing the best for himself, so that no one has any incentive to move. (For groups to combine to better themselves collectively is strictly against the rules.) In this position each individual is receiving an income governed by the marginal productivity of the type of factor that he provides, and marginal productivity is governed by scarcity relatively to demand. Here 'capital' is a factor like all the rest, and the distinction between work and property has disappeared from view. Setting the whole thing out in algebra is a great help. The symmetrical relations between x and y seem smooth and amiable, entirely free from the associations of acrimony which are apt to be suggested by the relations between 'capital' and 'labour'; and the apparent rationality of the system of distribution of the product between the factors of production conceals the arbitrary nature of the distribution of factors between the chaps".

Thus the concept of 'sovereign subject' which is supposed to 'plan' the 'normal' functioning of the socioeconomic metabolism and to which responsibility for the encountered economic problems and 'dysfunctions' could be legitimately ascribed embraced in equal measure the totality of individuals in society. Accordingly, the very idea of contesting the system as such in collective terms could be ruled out of court as utterly irrational. For in the neatly streamlined accounts of 'marginal utility theory' all such contestations must have been based on a total misunderstanding of the 'factors of production' as well as of their constituent parts or 'particles' which were predestined to define in the interest of all the nature of the established order of production and distribution. At the same time, the use of algebra and suitable diagrams not only removed the real actors – capital and labour – from the historical stage but also created the semblance of great scientific rigour in dealing with the subject matter of 'Economics' supplying the best possible tools for the healthy functioning of the system.

Naturally, there could be no question of challenging the individual capitalist's ideal suitability to fulfil the functions assigned to him in this scheme. For, as Marshall argued, 'no fairly good substitute has been found, or seems likely to be found, for the bracing fresh air which a *strong man with a chivalrous yearning for leadership* draws into his lungs when he sets out on *a business experiment at his own risk*'. Indeed, remaining wedded to the idealisation of the individual capitalist, Marshall insisted that 'If he [the businessman] is working at his own risk, he can put forth his energies with perfect freedom. But if he is a servant of bureaucracy, he cannot be certain of freedom'. Accordingly, Marshall passed utterly negative judgement on the control structure not only of the 'industrial undertakings of Governments' but also of '*very large joint-stock companies*': an attitude radically reversed at the next stage of trying to control capital's inherent uncontrollability, as we shall see in Section 3.3 of the present study. The courageously risk-taking and innovative businessman/entrepreneur remained for Mill's successors the proper intermediary figure who would perfectly facilitate for the totality of individual consumers the maximisation and harmonisation of their interests, acting without interference from the freedom-denying bureaucratic forces.

As mentioned above, Edgeworth characterised Marshall – and through the writings of the latter what he himself considered the essential feature and the most important achievement of the new economics in general – as 'bearing under the garb of literature the armour of mathematics'. In truth, however, such a claim was by no means justified. For the 'mathematical armour' was in fact no armour at all; it would be much more appropriate to call it 'mathematical garb'. The real armour was something else, providing a consciously produced defensive shield against the socialist critics of the capital system. Indeed, given the *conceptual structure* of the new economics – and not its *mathematical garb* which gave it the appearance of 'hard-headed' and 'tough-minded' scientific rigour – the defensive shield of the so-called 'subjective revolution' had to be considered in its own terms of reference quite impregnable.

Here it is important to remember the link of marginal utility theory to one its forefathers, utilitarianism. For in the new economics the key orienting principle of '*equilibrium*' is inextricably tied to the notion of the individuals' '*utility maximisation*'. Everything else is built around these two principles which are never *established,* but always *assumed.* They reciprocally and quasi-axiomatically support one another, constituting thereby the real armour of the theory. According to the believers in the 'subjective revolution', the irrepressible drive of the – by their 'human nature' so determined – individuals for maximising their utilities brings about the happy economic condition of equilibrium; and by the same token, economic equilibrium itself is the required condition under which the maximisation of the utilities of all individuals predestined for the purpose of selfish utility-maximisation can be – and for good measure actually is being – accomplished.

This impregnable circular reasoning provides the theoretical framework in which assumptions can run riot, enabling the economists concerned to derive the desired conclusions from the earlier enunciated 'assumptions' and 'suppositions', without any need to subject them to the test of actuality. (This is how we are offered explanations in terms of 'general equilibrium', 'perfect competition', 'competitive equilibrium', 'perfect freedom of exchange', etc., etc.) If discrepancies and anomalies appear for some reason, that can be also quite easily remedied by the attribute of 'normal' as the convenient qualifier and help to put the derailed carriage back on the rails, or, with better apologetic foresight, to prevent it from being derailed by the intrusion of reality. 'Normal' is whatever needs to be defined in that way in order to fit the requirements of the theory. Indeed the category of 'normality' is used in great abundance, from Stanley Jevons (as we have seen earlier with reference to his 'corrective' to his own sun-spots theory of periodic crises) to everybody else, including Marshall who uses it hundreds of times as an obliging self-referential escape-clause in his *Principles of economics and* in his other writings.

When it comes to the concept of utility, the ubiquitous individualistic assumptions conveniently remove the potentially most embarrassing question in relation to the real world – as opposed to the tendentiously assumed 'economic realities', – namely: 'whose utility' are we talking about. For if it is stipulated from the outset that the maximisation of utilities is a strictly individual matter and therefore the ongoing process of maximisation adequately covers all individuals who are themselves responsible for pursuing their own strategies in the best possible way for themselves, and thereby indirectly also for all – in that case the most problematical and disturbing reality of *actually existing relations* into which the individuals are inserted completely disappears from sight. Not surprisingly, therefore, the concept of 'power relations' is conspicuous in the writings of all the marginalist economists by its absence. They are happy to depict their own world of 'economic realities' in strictly individualistic terms when in the actually observable world the ever-intensifying tendency of *monopolistic* transformations – with all its brute force for nullifying the decision making power of the individuals, including even that of the idealised 'risk-taking and innovative entrepreneurs' – is staring them in the eye.

A great deal has been written about the so-called 'naturalistic fallacy' concerning 'pleasure' and the 'desirable' in utilitarian discourse. However, the real fallacy of utilitarian philosophy – fully embraced in one form or another by the representatives of marginal utility theory – is to talk about '*the greatest happiness of the greatest number*' in *capitalist* society. For the suggestion that anything even remotely approaching the greatest happiness of the greatest number of human beings can be achieved under the rule of capital, without even examining let alone radically changing the established power relations, constitutes a monumental vacuous assumption, whatever the subjective intentions of the major utilitarian philosophers behind it. Marginal utility theory, instead of acting in this respect as a corrective to Bentham and Mill, makes everything worse by asserting not only that it is possible to maximise every individual's utility within the established framework of production and distribution, but also that the desired maximisation is actually being accomplished in the 'normal' processes of self-equilibrating capitalist economy. People who deny the reality of such a happy state of affairs are dismissed even by the enlightened paternalist Alfred Marshall by saying that 'they nearly always divert energies from sober work for the public good, and are thus mischievous in the long run'.

In this way even the indirect acknowledgment of capital's uncontrollability does not last very long. Admitting that the controlling power of the businessman/entrepreneur cannot account for the functioning of the system, let alone guarantee the satisfaction of the wants generated under capitalism, does not lead to a badly needed critical examination. On the contrary, the broadest possible extension of the notion of the controlling subject (done in such a way that it fictitiously embraces the totality of individuals) – which is another way of saying that no identifiable subject is really in control, other than what Hegel characterised with the notion of 'bad infinity' – is used for the most apologetic purpose. For with the help of this extension and individualistic harmonisation of all 'legitimate' claims the actually existing class subjects of the system capital and labour – are fictitiously 'transcended' towards 'bad infinity', thereby simply *assuming out of existence* the problems and antagonistic contradictions of the established socioeconomic order. The mathematical and 'scientific' garb in which this conceptual framework of *assuming out of existence the dilemmas of control* is dressed up well serves the purpose of removing the temptation of contesting the various tenets of the 'subjective revolution' and 'marginalist revolution' in other than the purely self-referential 'rational' terms of the theory, far away from actual substantive social – not to say class – issues.

If in the end the problem of uncontrollability is still contemplated by some of the marginalist and 'neo-classical' economists, it is done in a characteristic way. Edgeworth, for instance, refers to what he calls the '*controlless core*' of human affairs in his discussion of utilitarian theory. However, his purpose is not the investigation of the objective social relations and identifiable economic determinations of the given system of production and distribution, with a view to finding some remedy to uncontrollability, but, on the contrary, an attempt to freeze and turn into an unalterable absolute the identified defect. For in his view the ineradicable core of controllessness is a characteristic of *human nature itself*. To counteract its consequences 'It would have to be first shown that the interest of all is the interest of each, an *illusion* to which the ambiguous language of Mill, and perhaps Bentham, may have lent some countenance'.

Comparing Marshall with Jevons as originators of the new 'scientific economics' Keynes wrote in his celebratory essay published in the *Memorials of Alfred Marshall* volume:

> "Jevons saw the kettle boil and cried out with the delighted voice of a child; Marshall too had seen the kettle boil and sat down silently to build an engine".

Perhaps so – even though the judgement seems rather harsh on Jevons – but to what effect? For Marshall himself was in his later years somewhat dissatisfied with his own steam engine. He wrote, accordingly, that 'The Mecca of the economist is *economic biology* rather than *economic* *dynamics'.* And, without intending to, in the same article he also revealed the secret of why the economists of his own liking could never reach their Mecca. He proclaimed that 'The chief difficulties of economic science now arise *rather from the good than from the evil fortunes of mankind*'. This he did at a time when the overwhelming majority of humankind lived – as it does today, almost one hundred years after Marshall's sanguine diagnosis – in the most abject poverty. Thus, just like Keynes himself, who ten years later criticised Marshall for very different reasons, the representatives of the new 'scientific economics' could not see anything wrong with totally divorcing in their theoretical considerations the conditions of the privileged imperialistic countries in which they lived from those of the 'wretched of the earth' at the receiving end of their system. It was not the insufficiency of statistical data, as Marshall claimed, that had to prevent them from reaching the Mecca of their claimed scientific anticipations even in a thousand years. Rather, their necessary failure was due to the fact that they could formulate their diagnoses and solutions in such conveniently separate compartments, against the painfully obvious evidence of a hierarchically structured and globally intertwined world.

The actually existing capital system took no notice of the wishful thinking and corresponding remedies of control advocated by the marginalist and neoclassical believers in its steady progress towards the happy 'solution of mankind's economic problem', as Keynes went on promising it even in 1930, disregarding the sobering evidence of a grave world economic crisis. Instead, capital continued inexorably on its own uncontrollable course of development which became theorised by its faithful defenders at the next stage under the promising label of yet another 'revolution'.

The new-found answer to the structural deficiencies of control was no longer called 'the marginalist revolution' and 'the subjective revolution' – although, of course, in the new theory the old claims to scientific rigour and sound evaluation of the 'economic realities' remained as strong as in the writings of the neo-classical predecessors – but 'the managerial revolution'. By adopting such orientation, the new conception of how to gain control over the encountered 'dysfunctions' – of which there were far too many in evidence in the period of the great world crisis of 1929-33, when the first theories of 'the managerial revolution' were articulated in some detail – abandoned the earlier idealised notion of the risk-taking and innovative businessman/entrepreneur as the pivot of the capital system. The remedial powers ascribed to the managers in the new approach constituted the third typical way of addressing and by the same stroke happily resolving the stubborn problem of uncontrollability. This is what we must now consider.