

Remarks on the Concept and Essence of Capitalism*

By Karl Diehl**

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About Passow's Book *Kapitalismus* – Incorrect Terminology of “Capitalism” – Critique of Passow's Concept of “Capitalism” – Own Definitions.

In an instructive and commendable study on the concept of “capitalism,” Passow¹ has demonstrated the state of dismal confusion that the political economy literature presents about this concept. The ambiguity, confusion, and vagueness in the usage of this catchword is even worse than with the term “socialism.” This is only a symptom of the terminological perplexity which has contributed to the detriment of our science. In this particular case, however, this lack of clarity has also had a very detrimental effect on neighboring sciences as well as on the popular science literature. The applications of the concept “capitalism” are more bearable, despite its apparently objective-scientific untenability, than the frequently encountered custom of using this term without having formed a clear opinion about its meaning and significance. This is simply insufferable. Passow's study ought therefore be credited with having pointed out the many shortcomings and contradictions in the application of this term. In part this confusion emerges from the fact that the concept “capital” is itself such an ambiguous and colorful term, which of course therefore must lead to even greater ambiguity in the concepts “capitalism” and “capitalist mode of production.” This malady is partly also derived from the fact that individual authors have formulated their understanding of a certain economic form through highly subjective value judgments.¹

* Translated by Mark McAdam, Stefan Kolev, and Erwin Dekker.

1920. “Bemerkungen über Begriff und Wesen des Kapitalismus.” *Schmollers Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reiche* 44 (1): 203–14.

** Born on March 27, 1864, deceased on May 12, 1943. Professor at the University of Halle (1893–1898), the University of Rostock (1898–1899), the University of Königsberg (1899–1908), the University of Freiburg (1908–1933).

¹ Richard Passow. 1918. „*Kapitalismus*“: *Eine begriffsterminologische Studie*. Jena: Gustav Fischer.