Marx vs. Hayek on Fictitious Capital: Comparative Analysis and Contemporary Implications

This paper traces the competing frameworks through which Karl Marx and Friedrich Hayek theorized fictitious capital—a rare conceptual common ground between two otherwise antithetical critics of capitalist instability. This common ground provides valuable insights into our understanding of the contemporary economic system. For Marx, fictitious capital emerges as a necessary contradiction within capital accumulation, representing a future claim on unrealised value (embodied in credit money, public debt, and tradeable equities) that both accelerates production and undermines its foundations by inflating "phantom" wealth detached from the labor that produces real value. Hayek conversely dismisses fictitious capital as a monetary mirage—credit detached from genuine savings—that perverts price mechanisms, fuels malinvestment, and engenders cyclical crises through distorted resource allocation. Compared to Hayek's critique, Marx's framework implies the possibility of an organic intertwining between the "real" and the "fictitious". In today's economy—where the boundaries between real and fictitious sectors are increasingly blurred—this insight becomes particularly relevant. Rather than isolating or suppressing financial mechanisms, the challenge lies in leveraging them productively. The task is not to eliminate fictitious capital altogether—though, of course, purely speculative or self-referential forms of capital circulation should be restrained. Rather, the goal is to reorient financial structures so that they actively support real production and social needs—in short, to steer the economy "from fictitious to real."