The Dispute over Revisionism

Some of the main ideas and problems in Kautsky's theoretical thinking – his concepts of capitalism and of socialist revolution – can best be presented with an analysis of the first dramatic polemic against Kautsky and the Scientific Socialism represented by him, the revisionist controversy of 1899, which was the first polemic to seriously threaten Kautsky's theoretical authority inside the party. In 1899, Eduard Bernstein published his critique of Marxism and the Erfurt Programme, the theoretical basis of the Social Democratic Party of Germany. Bernstein's Evolutionary Socialism was a wholesale attack on all the main propositions on which Kautsky's position of socialism was based. (Kautsky was the recognised author of the theoretical parts of the programme). Bernstein criticised the 'method', the 'programme' and the 'tactics' of the Erfurt Programme. Kautsky hastened to answer Bernstein's critique already during the same year by publishing his Anti-Bernstein.

Evolutionary Socialism had as its main target – as explicated by Bernstein in the beginning of his preface to the first edition of 1899 – the Marxist theory of the breakdown of capitalism. This theory of collapse referred to a concep-
tion according to which capitalist development will lead, out of necessity, to the destruction of capitalism, to a final crisis in capitalist society. Economic development was understood as leading toward a growing polarisation of society, that is, to a decreasing number of big capitalists and an increasing mass of proletarian wage workers. The middle classes, artisans, small-scale manufacturers and merchants, as well as peasants, are dying out. Economic development furthermore leads to the increasing misery of the working class; immiseration is the other side of the accumulation of capital. The inevitable result of the growing polarisation of society is socialist revolution, the overthrow of capitalism.

It was typical of the polemics between Bernstein and Kautsky that the latter did not approve of the former’s interpretation of Marxism. According to Kautsky, there was no question of either collapse or immiseration in Marxism. Neither the programme of the party nor Kautsky’s own conceptions were ever based on any such ideas. The very terms were invented by Bernstein and other opponents of Marxism. Bernstein was fighting against the windmills of a dogmatic Marxism that he had himself constructed.4

Despite the obvious disagreement over the right interpretation of Marxism, it is all the more astonishing that both Bernstein and Kautsky did, however, seem to share a common understanding of what constituted the theoretical core of Marxist theory of capitalism and socialist revolution. In order to prove that this was indeed the case, it is better to start the analysis of the dispute not with a discussion of the method of Marxism – where the disagreement seems to be the greatest (Bernstein explicitly rejected dialectics and the materialist conception of history) – but instead with a discussion of the disputants’ analyses of the economic development in Western Europe and Germany in particular, and the strategic conclusions drawn from them. It was the question of the accumulation and concentration of capital – and the dispersion of ownership of property – that was the main problem for both theoreticians.

The whole dispute seems to concentrate on the empirical validity of the economic laws of capitalist development and the Marxist prognosis about the increasing centralisation of capital and the growing proletarianisation of the great majority of the population in the developed capitalist countries. They both agreed that if Marx’s prognosis is valid, then the socialist revolution is a historical necessity. If not, then the revolutionary socialist perspective loses its scientific basis and the way is open to social reforms within bourgeois

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4 Kautsky 1899a, pp. 42–3.
society and to an increasing participation of the working class and its political organisations in the political institutions of the bourgeois state.

In the chapter ‘The economic development of modern society’, Bernstein launched a full-scale attack on the Marxist law of concentration and centralisation of capital. The main question could be formulated, according to Bernstein, as follows: ‘A greater centralisation of capital, a greater concentration of enterprises, [an] increased rate of exploitation. Now, is all that not correct?’

Bernstein was willing to admit that there is some essential truth in the analysis; such a tendency is active in capitalism, but Marxism has neglected to analyse equally important countertendencies:

It is correct above all as a tendency. The forces depicted are there and work in the given direction. And the proceedings also correspond to reality. The fall in the rate of profit is a fact, over-production and crises are a fact, the periodic destruction of capital is a fact, the concentration and centralisation of industrial capital is a fact, the increase of the rate of surplus value is a fact. So far we are, in principle, agreed on the statement above. When the statement does not reflect reality, it is not because what is said is false, but because what is said is incomplete. Factors which serve to limit the contradictions described are either completely overlooked by Marx or are, despite being discussed on occasion, abandoned later on when the established facts are summed up and confronted. This ensures that the social result of the conflicts appears to be much stronger and more immediate than is really the case.

A good example of the tendencies acting against the increasing concentration and centralisation of capital is the growth of joint stock companies. These were discussed by Marx in *Capital*, but their importance as a tendency working against centralisation of property was not, however, fully recognised by Marx and his followers. Joint stock companies are a good example of the fact that in parallel to the concentration of industrial enterprises, there need not necessarily be a tendency towards the concentration of riches or property:

To a very considerable extent, the joint-stock company form counters the tendency of wealth to be concentrated by the centralisation of industry. It

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5 Bernstein 1909, p. 41.
6 Bernstein 1909, pp. 41–2 (translation modified BL).
allows for an extensive division of already concentrated capitals, rendering superfluous magnates appropriating capital for the purpose of concentrating industrial firms.7

Bernstein’s main task in his empirical critique of Marxism was to test the real distribution of property and income in the capitalist countries of his time. The relevant statistics were, of course, rather incomplete and dispersed – a fact readily admitted by Bernstein. Using various sources he was, however, able to compile data to support his arguments. The main result of Bernstein’s research was as follows:

It is thus quite wrong to assume that the present development of society shows a relative or indeed absolute diminution of the number of the members of the possessing classes. Their number increases both relatively and absolutely.8

Even if one were to admit that the concentration of capital in enterprises is an inevitable result of the development of a capitalist economy, there does not necessarily exist a parallel centralisation of property. According to Bernstein, recent developments in the capitalist countries prove quite clearly that there is an increase in the number of property owners. Joint stock companies are the means by which the middle classes are enjoying a new revival. The growth of a new middle class is also made possible because of the simultaneous increase in surplus product due to the increasing productivity of labour.9 Bernstein admitted that if the total number of property owners were steadily decreasing, capitalist society would necessarily crash. In Bernstein’s opinion, the socialist perspective is not, however, dependent on the postulate of the ever-decreasing number of property owners in society. The increase in the number of property owners by no means makes the demands of the social democrats about the just distribution of income and property less important:

Whether the special surplus product is accumulated in the shape of monopoly by 10,000 persons or is shared up in graduated amounts among half-a-million of men makes no difference to the nine or ten million heads

7 Bernstein 1904, p. 47.
8 Bernstein 1909, p. 48.
9 Bernstein 1909, pp. 49–50.
of families who are worsted by this transaction. Their struggle for a more just distribution or for an organization which would include a more just distribution is not on that account less justifiable and necessary.\textsuperscript{10}

Having discussed the dispersion and centralisation of property in society, Bernstein criticised another central supposition or doctrine of Marxist economics. According to Bernstein, the necessity of the future disappearance of small enterprises or small production units can be deduced from the doctrine of the concentration of capital. Even though Bernstein was by no means trying to deny the tendency towards centralisation of capital as such, he vehemently denied the conclusions drawn from it. The small-scale enterprise typical of an earlier stage of capitalism is by no means dying out. Even though typical of modern capitalism, big industrial enterprises do not push small ones out of the market. There continues to be room for the small producer and there are even certain factors that are beneficial to the increase of small-scale production in general in modern society. And as in the case of the centralisation of property, the statistical evidence collected from the end of last century does not support the thesis of the ever-decreasing number of small enterprises in general.\textsuperscript{11} In industrial production, the small production units are able to preserve their position or lose it only very gradually. In agriculture, the situation is even better. The small and medium-sized enterprises grow faster than the big ones. If the collapse of capitalist society were to depend on the disappearance of the middle steps between the top and the bottom of the social pyramid, it would not be any nearer to us today than it has ever been during the earlier development of capitalism.\textsuperscript{12}

In Bernstein’s opinion, it was thus not possible to generalise any tendency towards increasing centralisation either of ownership or of production in capitalism. There are tendencies inherent in capitalism pointing in such a direction, but at the same time there are countertendencies in action. The total result of these tendencies can only be clarified after careful analysis of the relevant empirical data. The empirical data at Bernstein’s disposal concerning the concentration in the 1880s and 1890s did not support the thesis of any clear concentration tendencies as such.

The next step in Bernstein’s critique consisted of the Marxist conception of crisis development. Consequently, he criticised various explanations of crises

\textsuperscript{10} Bernstein 1909, p. 49.

\textsuperscript{11} See Bernstein 1904, pp. 55–61; Bernstein 1909, pp. 54–60.

\textsuperscript{12} Bernstein 1909, pp. 63–4.
and a recent discussion of the causes of crises by Rosa Luxemburg in particular.\(^\text{13}\) The most important question taken up by Bernstein was, however, the effect of the various forms of centralisation on the character of crises. In his opinion, the employers’ associations or associations of capitalists, cartels, syndicates and trusts, were obviously able to regulate production. Bernstein was not, however, supporting the thesis that the cartels were able to cure all the evils of capitalism.

But in any case, new associations of capital, cartels, are a product of the capitalist economy, and not only a product of political intervention into the economy via protectionist tariffs. As such, they are a means of adapting production to the market; they are an effective countertendency to overproduction. According to Bernstein, cartels are able to modify the appearance of capitalist crises in the market:

> To deny this is to deny the superiority of organisation over anarchic competition. But we do so if we deny on principle that cartels can work as a modifying influence on the nature and frequency of crises.\(^\text{14}\)

It is, thus, impossible to prophesy more precisely the effect of cartels on the crisis phenomena. Bernstein, however, warned the workers’ organisations not to neglect the problem of the cartels, even though nothing very definitive could be said about their effects. One should take them into account because they might still modify crises.\(^\text{15}\)

The general line in Bernstein’s critique is not difficult to summarise. He criticised any expectations of an imminent collapse of capitalism, whether the expectations were based on the centralisation of capital, property or income, or on crisis development. On the one hand, Bernstein denied the increasing centralisation and polarisation of society, while on the other hand, the concentration of capital was, in the form of capital associations, modifying the market problems of overproduction. Collapse and general polarisation of society were not to be expected. Any strategy based on such expectations is false and doomed to failure.

The chief question in the dispute between Bernstein and Kautsky was quite evidently the role of capital concentration in capitalism. The problem was once more taken up by Bernstein at the end of his critique. Bernstein referred to

\(^{13}\) Bernstein 1909, pp. 80–9.
\(^{14}\) Bernstein 1909, p. 90 (translation modified BL).
\(^{15}\) Bernstein 1909, pp. 92–3.
Kautsky’s answer to the critique presented at the Stuttgart Party Congress a few years earlier. Kautsky had made the thesis about concentration the crucial question by saying:

If it is capitalists who are increasing in number, and not those without property, then we are going ever further from our goal the more that this development progresses. It is capitalism that grows stronger, not socialism.\textsuperscript{16}

Bernstein’s own comment on this thesis was typical. He not only rejected the increasing polarisation, but also problematised its possible consequences:

Suppose the victory of socialism depended on the constant shrinkage in the number of capitalist magnates. Social democracy, if it wanted to act logically, either would have to support the heaping up of capital in ever fewer hands, or at least to give no support to anything that would stop this shrinkage. As a matter of fact it often enough does neither the one nor the other.\textsuperscript{17}

In other words, while believing in the inevitable decrease of capitalists, the Social Democrats not only neglected the real historical tendencies, but also, in fact, condemned the practical political measures of their own party. The empirical falsification of the tendencies towards the concentration of capital was not actually needed either, after all, to prove Bernstein’s point. Having attempted with great effort to prove that the concentration of capital is not a permanent and unavoidable tendency in capitalism, Bernstein denied the importance of the whole problem as far as the socialist perspective was concerned:

That the number of the wealthy increases and does not diminish is not an invention of bourgeois ‘harmony economists’ [bourgeois economists preaching harmony], but a fact established by the boards of assessment for taxes, often to the chagrin of those concerned, a fact which can no longer be disputed. But what is the significance of this fact as regards the victory of socialism? Why should the realisation of socialism depend on its refutation? Well, simply for this reason: because the dialectical

\textsuperscript{16} Kautsky quote in Bernstein 1909, p. 212 (translation modified BL).

\textsuperscript{17} Bernstein 1909, p. 213.
scheme seems so to prescribe it; because a post threatens to fall out of the scaffolding if one admits that the social surplus product is appropriated by an increasing instead of a decreasing number of possessors. But it is only the speculative theory that is affected by this matter; it does not at all affect the actual movement. Neither the struggle of the workers for democracy in politics nor their struggle for democracy in industry is touched by it. The prospects of this struggle do not depend on the theory of concentration of capital in the hands of a diminishing number of magnates, nor on the whole dialectical scaffolding of which this is a plank, but on the growth of social wealth and of the social productive forces, in conjunction with general social progress, and, particularly, in conjunction with the intellectual and moral.\footnote{Bernstein 1909, pp. 212–13.}

The above quotation clearly proves that Bernstein was not, after all, only trying to falsify the predictions of Marx’s \emph{Capital} as interpreted by Kautsky. He was trying to prove something else, namely, the irrelevance of the whole ‘dialectical scheme’ for the socialist perspective in general. Socialism could not, under any circumstances, be the automatic consequence of the economic development of capitalism.

What then is the strategy recommended by Bernstein for the social democratic movement based on his re-evaluation of the economic tendencies in modern capitalism? According to Bernstein, socialism essentially is a ‘co-operative social order’ [\emph{genossenschaftliche Gesellschaftsordnung}].\footnote{Bernstein 1904, p. 84.} Marxists claimed that in the big capitalist enterprises, production is already organised in a socialist manner; it has become socialised. The idea of the realisation of socialism in socialist theory was based on two essential conditions: first, the high development of capitalism (the socialisation of production); and second, the exercise of political power by the worker’s party.\footnote{Bernstein 1909, pp. 84–7.}

Despite the fact that the big enterprises had developed and occupied a major position in industry, Bernstein emphasised that smaller enterprises still played an important role in production – even more so in capitalist countries other than Germany or Prussia. Consequently, there could be serious doubts as to the stage of development of the socialisation of production and the realisation of a socialist economic order in this respect in the nearest future. The second problem was even greater. The exercise of the political power through the working
class was traditionally understood among Marxists in terms of the dictatorship of the proletariat. Bernstein was expressing rather serious doubts about the willingness of the propertyless classes to support such a socialist course. To begin with, workers are differently placed in accordance with their actual economic position and qualifications. Further, the propertyless in commerce and agriculture, for instance, are in a position that is very different from the propertyless in industry. Hence, it would be a great miscalculation to suppose that all the propertyless are potential supporters of revolutionary social democracy. On the contrary, political development in England – where the capitalist relations emerged earlier and are more highly developed than on the Continent – seems to point towards serious problems in the socialist movement. Even though the wage workers have been increasing in number, the socialist revolution does not seem to be any nearer today than it was at the beginning of the nineteenth century.

As a matter of fact, Bernstein was then questioning all the central doctrines of revolutionary socialism on which the expectation of a socialist revolution had been based. The socialisation of production was not sufficiently developed; it would thus be impossible for the state to take over the organisation of production; and last but not least, the majority of wage workers and other propertyless classes by no means automatically supported the revolutionary course presented in the programmes of Social Democracy. There were no signs of a linear increase in the support of socialist ideals despite the increase of wage labourers. In short, in Bernstein's opinion, it was justifiable to question the conditions of socialism in modern society on which the social-democratic strategy rested. It is the important task of Social Democrats to overcome the evident discrepancy between the programme of the party and the Marxist theory on the one hand, and the actual goals and aspirations of the working class on the other. The only consequential result of this re-evaluation could be the overthrow of all doctrinaire beliefs in a revolution in an immediate future and in the establishment of the dictatorship of the proletariat. In fact, Bernstein claimed to have been performing exactly such a revision; the party programme should be changed to answer the needs and the conditions of the present situation: 'But is social democracy to-day anything beyond a party that strives after the socialist transformation of society by the means of democratic and economic reform?'

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21 Bernstein 1909, p. 102.
23 Bernstein 1909, p. 197.
Kautsky took Bernstein’s critique very seriously. As already pointed out, he answered it during the same year, in 1899, by publishing his *Anti-Bernstein*. In his response, Kautsky took up all the central problems and questions posed by Bernstein in his *Evolutionary Socialism*. Kautsky did not practically accept any of Bernstein’s conclusions. They were all based on either serious misunderstandings or unreliable empirical data. The historical validity of the law of capital accumulation and concentration was discussed in great detail and in a systematic way in the second part of the work, ‘the programme’.

According to Kautsky, Bernstein’s first mistake was that he did not seem to recognise that Marx’s theory of concentration of capital did not include any predictions or prophecies as to the exact development and stage of concentration, even less any prophecy of a collapse of capitalism. Marx had only pointed out the general direction of economic development in capitalism. However, Kautsky admitted that there was a real problem pointed out by Bernstein: is there a tendency towards increasing concentration active in capitalism? According to Bernstein, there is no parallel tendency towards the concentration of production and enterprises, and the concentration of property. The first tendency is – with certain reservations – a real one; the second does not necessarily take place at the same time. According to Kautsky, the statistical evidence provided by Bernstein could not, however, prove anything of the kind. To begin with, Bernstein was using statistics that for the most part referred to a certain year, and thus they could not prove anything about the historical tendency of concentration. Secondly, the Social Democrats had never denied the possible future existence of small-scale enterprises alongside the big ones. Furthermore, there cannot be any question of a general expropriation of the small capitalists all at once. In Kautsky’s opinion, it cannot be denied that there is, however, a general tendency towards the capitalisation of production and the gradual disappearance of individually owned enterprises operative in capitalism.

This tendency is of crucial importance from the point of view of the socialist perspective, for it is through this tendency that the proletariat comes to recognise the inevitability of overcoming private property:

The abolition of petty proprietor production [*Alleinbetrieb*], which hitherto formed the dominant form of enterprise, creates proletarians, wage-

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24 Kautsky 1889a; see also Kautsky 1899b and 1899c.
25 Kautsky 1899a, p. 49.
26 Kautsky 1899a, pp. 52–3.
27 Kautsky 1899a, p. 49.
workers. The more that capitalist production develops on the ruins of handicraft, the less chance the wage-worker, as an isolated producer on the basis of private property, has of freeing himself from capitalist exploitation and subjugation, and the greater his yearning for the abolition of private property. Thus, concurrently with the emergence of the proletariat, socialist ideas inevitably arise among the proletarians themselves, as well as among those who place themselves on the side of the proletariat and who wish to raise it to independence, i.e. freedom and equality.28

The concentration of capital is the crucial question because it creates both the subjective and the objective conditions of a socialist revolution:

It is the concentration of capital that continues to improve these [the preconditions of socialism]. The more it advances, the more it increases and schools the proletariat. As we have seen, however, the more it advances, the more it reduces, enfeebles and dejects the mass of those who have an interest in private property of the means of production, the self-sufficient entrepreneurs, the more it weakens their interest in maintaining this property and the more it creates the preconditions of socialist production.29

Kautsky was quite explicit in his theoretical thinking about the laws of capitalist development. The concentration of capital both sets the historical task of the proletariat and creates the means to solve it:

According to the Marxist point of view, these are the elements from which socialism is to arise. The concentration of capital sets the historical task: the introduction of a socialist social order. It produces the forces to accomplish this task, the proletarians, and it creates the means of doing so: social production. Yet it does not solve this task by itself, without further ado. This solution can only arise from the consciousness, the will and the struggle of the proletariat.30

The data about German occupational and industrial statistics used by Bernstein were not, however, totally irrelevant, for they could still be used to test

28 Kautsky 1899a, p. 53.
29 Ibid.
30 Kautsky 1899a, p. 54.
Marx's prognosis about the direction of social development. Kautsky was, after all, taking Bernstein's empirical studies, or the questions posed by them, seriously. He first took up the question of the concentration of enterprises and the development of small-scale industries or enterprises. For Kautsky, there was no doubt about centralisation in this respect. Even though the number of small enterprises and their share of the total labour force were still quite prominent in some industries, the general trend was obvious; their share had been diminishing during the latter part of the century. The situation was somewhat different in commerce and in the sphere of circulation, where small enterprises still held a dominant role. They did not, however, support the thesis of the viability of the small-scale enterprise in general. On the contrary, the small enterprises in commerce were becoming more and more 'proletarianised' and dependent on the bigger enterprises. Moreover, their customers were predominantly proletarian, which lent them a proletarian character:

However, the increase in small-scale enterprises in intermediary trade and the tourist and catering industry [Gewerbe der Beherbergung und Erquickung] is not a sign of the viability of small-scale enterprise, but a product of its decomposition. In this way the small publicans and traders are becoming ever more proletarian in their feeling and thinking. If up until now the petit-bourgeois mindset was decisive for the proletariat, then the opposite is increasingly the case.31

Taken as a whole, the statistical material supported the Marxist thesis about the development of concentration and centralisation in industry and the economy in general:

‘If ever a theory was glowingly confirmed in the figures provided by the German employment and industry data, then Marxist theory was’.32 In agriculture, the situation was somewhat different, and Kautsky was forced to admit that the concentration of capital was not as clear in farming as in industry. The share of small farms had been increasing in agricultural production. But even here the tendency towards the polarisation of production relations was quite clear. On the one hand, there were big farms working with wage labourers, on the other, there were small family farms providing work for members of the family for only part of the time. The small farmers were not only no longer able to make a living from work on the farm, their work and means of subsistence had become

31 Kautsky 1899a, p. 64.
32 Kautsky 1899a, p. 68.
more and more dependent on industrial production and the capitalist market. It was therefore possible to speak of proletarianisation even in relation to agricultural production and the agrarian population.\footnote{Kautsky 1899a, p. 73.}

Once again, the latest development in the economy thus supported the Marxist thesis about the polarisation of society even in the agricultural sector, even though there was an important difference when compared with developments in industry. In agriculture, there were more countertendencies and, consequently, the direction of the development was not easy to predict.\footnote{Kautsky 1899a, p. 78.} 

There could not, however, be any doubts about the general direction of development in the whole capitalist production:

Yet if Marx's expectations about the concentration of land holdings have not been fulfilled, then his expectations about the whole of the modern process of capitalist production have been all the more splendidly confirmed. The ‘capital magnates’, who ‘usurp and monopolise’ all the advantages of the capitalist ‘revolutionary process’, have become a reality in the short space of time since Marx wrote this sentence, and are increasingly becoming a reality in the form of cartels and trusts achieving the concentration of capital.\footnote{Kautsky 1899a, pp. 78–9.}

Having discussed the problem of the tendency towards the concentration of capital in modern society, Kautsky took up Bernstein's second and seemingly more central argument. Bernstein did not, in fact, deny the concentration of capital or enterprises, but only the concentration of property. According to Kautsky, the greatest problem was what Bernstein meant when speaking about property owners [Besitzenden]. Marx never presented any theory about the decrease in the number of property owners. On the contrary, the number of capitalists was due to an increase at the same time as the number of wage labourers due to the accumulation of capital. Kautsky was obviously at his strongest in arguing against Bernstein about the meaning of the property owners. It is, indeed, unclear as to what Bernstein meant when speaking about property owners and their increase. More specifically, Bernstein was speaking about people with a 'higher income based on property', that is, people who have some property income without or besides the income from their wage labour. Kautsky's interpretation was that Bernstein could have meant one of three pos-
sible alternatives, namely, either the increase in the number of property owners referred to the capitalists, which was not in contradiction with Marx’s theory, or it referred to the increase in the middle classes with some independent sources of income of their own. The thesis about the increase in the share of the middle classes is more serious, and, according to Kautsky, it contradicted the ideas presented in the *Communist Manifesto*. If the share of the capitalists and the wage workers was increasing simultaneously, then there could not possibly be any simultaneous increase in the share of the middle classes.36 The third alternative was that Bernstein was simply referring to the increasing wellbeing of the wage workers in modern society. It would, however, be rather strange to speak about property in relation to wage workers and their income.

Once more, the statistical evidence is found to be problematic. To begin with, it was restricted to too short a period, and secondly, it is very difficult to interpret the income statistics in terms of sources of income. As a whole, Kautsky was not convinced of Bernstein’s critique of Marxism and the concentration thesis. He was, however, willing to accept that economic developments in capitalism would lead not to the straightforward destruction of the middle classes, but rather to the transformation of the traditional middle classes (merchants, artisans, and so on) into a new kind of middle class.37

The argument about joint stock companies was presented by Bernstein as further evidence of the important role of the middle classes in capitalism. According to Bernstein, joint stock companies function as a counterfactor against the centralisation of property despite the centralisation of production. The evidence presented by Bernstein of the effects of joint stock companies on the dispersion of property was found to be quite inadequate by Kautsky. But even his theoretical arguments were – in Kautsky’s opinion – misleading and wrong. It is quite true that joint stock companies make the dispersion of ownership of capital possible in principle, but this does not prove anything about the actual dispersion taking place:

The increase in the number of shareholders does not at all prove an increase in the number of property owners; it merely proves that in capitalist society the share form is increasingly becoming the most dominant form of ownership.38

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36 Kautsky 1899a, pp. 84–5.
37 Kautsky 1899a, p. 98.
38 Kautsky 1899a, p. 100.
Further:

Far from offsetting the effects of the concentration of capital, share ownership is rather a means of bringing them to the boil. Only with the joint stock company form is it possible to have enormous enterprises, with which individual capital cannot compete.\textsuperscript{39}

Bernstein’s whole argumentation aimed at proving that the polarisation of society into centralised capital (big capitalists) and propertyless wage labourers was not in fact taking place, or that it was taking place much more slowly than was usually expected. What Bernstein seemed to be trying to show was that there was still room for small enterprises and middle classes in society. The Marxist doctrine on the ever-increasing polarisation of society could thus be seriously doubted. Kautsky, on the other hand, stressed both the concentration of capital and the parallel increase in wage labourers. Even though small-scale enterprises still existed, and even though there were still middle classes side by side with the proletariat and concentrated capital, the general trend had not changed. There were fewer and fewer chances for a wage labourer to become anything but a wage labourer: the socialist perspective was the only realistic one for the proletariat.

Kautsky was quite clearly able to show many of Bernstein’s weak points and the imprecision of many of the questions he posed.\textsuperscript{40} But in a sense, the whole polemics might actually be considered rather irrelevant from the point of view of the socialist perspective and the strategy of the social-democratic movement – the real issue at stake.

The doctrine against which Bernstein was arguing in his \textit{Evolutionary Socialism} was the theory of collapse of capitalism. Kautsky, on the other hand, was rejecting the whole critique because he thought that it was totally misdirected – neither he nor the Social Democratic Programme had ever presented any conception of revolution based on the theory of collapse. In Kautsky’s opinion, the idea of a general and final collapse of capitalism in times of an economic crisis was totally alien to social democracy. Bernstein’s critique was based on false assumptions.\textsuperscript{41}

\textsuperscript{39} Kautsky 1899a, p. 103.
\textsuperscript{40} According to Colletti, the \textit{Anti-Bernstein} is one of the best treatises written by Kautsky, only to be compared with \textit{The Agrarian Question} [\textit{Die Agrarfrage}]; see Colletti 1968, p. 68.
\textsuperscript{41} Kautsky 1899a, pp. 42–3.
Kautsky claimed that Bernstein's mistake was that he understood the nature of the Marxist conception of the necessary laws of development or economic laws of society in fatalist terms.

In accordance with his interpretation of necessity as fatalism, he only acknowledges necessity where there is plight. For him, then, Marxist theory becomes a doctrine where economic development eventually creates a situation of plight, in which people have no other choice but to introduce socialism. This is how he understands the Marxist 'theory of collapse'. Refuting this is not exactly an art.\textsuperscript{42}

In Marxism, on the contrary, the socialist revolution is understood to be a result of class struggle, and not an automatic outcome of economic development. Socialism will not be established because of a final collapse of capitalism. It will result from the conscious activity of a mature and revolutionary working class:

This theory sees in the capitalist mode of production the factor that drives the proletariat into class struggle against the capitalists, that sees the proletariat increase ever more in number, unity, intelligence, self-confidence and political maturity, that sees its economic significance grow ever larger and makes both its organisation into a political party and that party's victory inevitable. Just as inevitable is the rise of socialist production as a consequence of this victory.\textsuperscript{43}

The above interpretation of Bernstein's critique by Kautsky is very illuminating. On the one hand, the whole critique seemed to be totally irrelevant because it is based on the presumed fatalistic idea of collapse. On the other hand, Kautsky admitted that if the concentration of capital did not take place as predicted by theory, then the whole Social Democratic Programme would be based on false premises.\textsuperscript{44}

\textsuperscript{42} Kautsky 1899a, p. 46.
\textsuperscript{43} Kautsky 1899a, p. 48.
\textsuperscript{44} According to Colletti, Bernstein's critique of the conception of collapse in Marxism is – at least partly – legitimated: 'However, granted this, it is also necessary to point out that the way in which Marx's own theory was expounded by Marxism of that period transformed what Marx himself had declared a historical tendency into an “inevitable law of nature”. A violent crisis would sooner or later produce conditions of acute poverty which would turn people's minds against the system, convincing them of the impossibility of continuing
The dilemma became once more clear in a critique of Bernstein’s *Evolutionary Socialism* published by Kautsky in *Vorwärts* in 1899, in which he explicitly stated that the factors making socialism necessary were as follows: ‘An increase in the size of the proletariat, of the concentration of capital, of overproduction – these are the factors that drive towards socialism’.\(^{45}\)

On the one hand, in this article Kautsky was ready to defend the deductions of Marxism as corresponding to the statistical evidence: ‘On the contrary, the statistics completely accord with the deductions of our theory up until now and most splendidly confirm it’.\(^{46}\) On the other hand, Kautsky doubted the relevance of such statistical comparison from the revolutionary perspective:

> I doubt that we are in a position to statistically calculate when society has become ripe for socialist production. This production will not merely be a product of economic development, but also of the class struggles arising from this development. It presupposes a certain level of capitalist production, as well as a certain strength and maturity on the part of the proletariat.\(^ {47}\)

Once again, Kautsky was denying Marxism as depending only on the presumed future polarisation or collapse of capitalism. The objective tendencies of capitalism are not as such sufficient, even if necessary, conditions for socialist revolution. In Kautsky’s opinion, neither Marx nor Engels nor the Social Democratic Programme relied on any such expectations:

> But no party, whether in Germany or anywhere else, can do anything with the kind of tactics that make the victory of our movement dependent on a world crisis or world war which are supposed to come about in the near future. The struggle against the theory of collapse in this manner is to tilt at windmills.\(^ {48}\)

\(^{45}\) Kautsky 1899b, p. 1.

\(^{46}\) Ibid.

\(^{47}\) Ibid.

\(^{48}\) Ibid.

under the existing order. This extreme and fateful economic crisis would then expand into a generalized crisis of society, only concluded by the advent to power of the proletariat’ (Colletti 1972, pp. 54–5).
In Kautsky’s opinion, Bernstein’s critique was obviously misdirected, but if it were justified, then the whole Social Democratic Programme would be miscredited:

If Bernstein’s critique of the theory of collapse was justified, then the fundamental clauses of our programme would turn out to be one single great error. But that is not all. If the number of proletarians is falling, if capital is not attaining domination over production, if the market is capable of unforeseen expansion – what is then to become of socialism itself?49

Bernstein had proposed that the Social Democratic Party reform its programme and dare to appear as what it in reality already was, namely, a democratic party of social reforms. If Bernstein’s proposal were accepted, then the party would cease to be what it really was:

Yet what he is actually proposing to the party is nothing short of saying that it should cease to be what it is. If we follow Bernstein, then we will throw overboard more than just a few bloodthirsty figures of speech. We will throw overboard not just our previous theory, but also our previous practice, our programme and our tactics, our ultimate aim and our movement, in order to trade this in for a socialism that lacks any justification, any specific differentiation from liberalism and one that is based on the prospects for the radical German bourgeoisie’s benevolence.50

As a matter of fact, it could be claimed that the result of the dispute between Bernstein and Kautsky was predetermined by the different interpretations of what was understood by them to be the methodology of Marxism, the materialist conception of history. According to Bernstein, the materialist conception of history had to be understood as being equivalent to the ‘belief in the inevit-

49 Ibid. Rosa Luxemburg had formulated the same idea in her critique of Bernstein’s Problem des Sozialismus: ‘But if one admits, in line with Bernstein, that capitalist development does not move in the direction of its own ruin, then socialism ceases to be an objective necessity. Only two other mainstays of the scientific explanation of socialism remain, which are results of the capitalist mode of production itself: the socialisation of the process of production and the growing consciousness of the proletariat’ (Luxemburg 1989, p. 27).

50 Kautsky 1899b, p. 3.
ability of all historical events and developments.\textsuperscript{51} The dominating factors in human society are the productive forces and relations of production. According to Bernstein, it would, however, be wrong to emphasise exclusively the role of economic factors in this development. Even ideological factors have a specific effect of their own. This and only this can be the standpoint of modern advanced materialism (and here Bernstein was referring to the authority of old Engels).\textsuperscript{52} Even though the economic development of society is still recognised as being the dominant factor, modern historical materialism should not deny the role of other relevant factors either:

But in any case the multiplicity of the factors remains, and it is by no means always easy to lay bare the relations which exist between them with such precision as to determine with certainty where, in a given case, the strongest/most important driving force is to be found.\textsuperscript{53}

Kautsky did not approve of what he understood to be Bernstein’s revision of the Marxist conception of history, or its division into an old and a new modern materialism: ‘The materialist conception of history has become the theory on which the proletariat bases its socialist aspirations’.\textsuperscript{54} Kautsky was, however, willing to admit that the theoretical system of Marxism was still in its initial stages.\textsuperscript{55} It would be a veritable service to Marxism to develop it further. In Kautsky’s opinion, this would be possible only through a historical study of the development of the economy, by comparing the theory with the relevant historical facts.\textsuperscript{56}

In Kautsky’s view, it was not only essential to the materialist conception of history for the factors behind the development of society to be found in the economy, in the relations of production. It was equally important for it to provide a method for analysing which groups and classes in society have an interest in the overthrowing of capitalism:

Invariably, there are only quite specific classes whose interests and propensities coincide with the needs of social development. These interests

\begin{itemize}
\item \textsuperscript{51} Bernstein 1909, p. 7 (translation modified BL).
\item \textsuperscript{52} Bernstein 1909, pp. 10–11; see Bernstein 1904, pp. 7–8.
\item \textsuperscript{53} Bernstein 1909, p. 13 (translation modified BL).
\item \textsuperscript{54} Kautsky 1889a, p. 10.
\item \textsuperscript{55} Kautsky 1899a, p. 9.
\item \textsuperscript{56} Kautsky 1899a, p. 11.
\end{itemize}
can only be identified through an investigation of the existing mode of production.\textsuperscript{57}

This is the scientific method of socialism, the method that is central to scientific socialism.

Kautsky was willing to acknowledge that the materialist conception of history is by no means the only possible scientific one; in principle, there are alternatives to it:

Those who think that the Marxist method is false only have two options. Either they recognise that social development is necessary and follows a certain pattern, but deny that this development can, in the last instance, be traced back to the development of the modes of production. They assume that other additional or exclusive factors need to be taken into account. We could only describe this method as scientific socialism if it investigated the other factors as thoroughly as the economic factor is investigated in \textit{Capital}, and if these factors were substantiated in a way that a socialist society had to result from their operation.\textsuperscript{58}

The second possibility is to totally deny the existence of lawful development in society. In that case, scientific knowledge does, however, become impossible. If there are no laws in history accessible to scientific knowledge, scientific socialism becomes impossible too; one cannot say anything about the direction of social development and the great social problems of our time:

This does not exclude a socialist movement, but its goals cease to be anything else than pious wishes arising from the needs of the present. Everything – the arguments, the type of struggle – would have to change.\textsuperscript{59}

Kautsky concluded his discussion of Bernstein's critique of the materialist conception of history by claiming that Bernstein seemed altogether to be denying the possibility of scientific socialism. As a consequence, Bernstein denied the scientific justification of socialism:

\begin{itemize}
\item \textsuperscript{57} Kautsky 1899a, p. 17.
\item \textsuperscript{58} Kautsky 1899a, p. 18.
\item \textsuperscript{59} Ibid.
\end{itemize}
His embittered struggle against historical necessity leads us to assume that he is paying homage to the view that it is altogether impossible for socialism to have a scientific basis.60

Bernstein’s critique was aimed at questioning the deterministic nature of social development, vis-à-vis the role and nature of the economic laws of society.61 The problem with Bernstein’s argumentation is that, on the one hand, he was operating on an abstract philosophical level, criticising the doctrine of economic determinism, while on the other, he was trying to empirically falsify the historical explanations and predictions of Kautsky’s theory of capitalism. Thus, he made it relatively easy for Kautsky to defend his Marxist position. Bernstein constructed his theoretical opponent in such a way that Kautsky could deny the relevance of his critique. Marxism was neither a deterministic doctrine, nor did the history of socialism depend on the ever-increasing concentration of capital and the collapse of capitalism.

Still, Bernstein’s critique was not totally irrelevant after all, as evidenced by Kautsky’s reaction to it. Kautsky had to admit – at least indirectly – that Bernstein pointed out an important problem in scientific socialism: In what sense is the socialist doctrine and the strategy of the working class based on the idea of the necessary economic development of capitalism?

According to Kautsky, it was not the economic development alone that would determine the future of socialism. It was neither the concentration of capital nor any final and general crisis of capitalism that would give birth to a socialist society, but rather the increasing strength of a revolutionary working class movement. The dissolution of capitalism and the establishment of a socialist society would, in the final instance, be the outcome of class struggle. Only a revolutionary working class, conscious of its historical mission, could overthrow capitalism and realise the final goal of socialism.

However, it can be claimed that Kautsky was unproblematically expecting that the subject of revolution would rather automatically emerge out of the development of capitalism. The political and moral strength of the proletariat was expected to increase in parallel to the objective conditions of socialism ripening in the form of concentration and socialisation of production inside

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60 Kautsky 1899a, p. 19. Rosa Luxemburg summarised the crucial question of the dispute as follows: ‘The dilemma leads to another. Either Bernstein is correct in his position on the course of capitalist development, and therefore the socialist transformation of society is only a utopia, or socialism is not a utopia, and the theory of “means of adoption” is false’ (1989, p. 29).

61 See also Arato 1973–4, p. 9.
capitalism. The wage workers would inevitably come to understand their genuine interests because they did not have any alternative open to them other than a socialist revolution – otherwise they would only remain wage workers in a society where their fate was characterised by social and economic misery.

It can be claimed that the conception of the immiseration of the working class was the indispensable link between Kautsky’s theory of capitalism and his theory of revolution. And in this respect, Bernstein’s critique of Kautsky’s determinism was partly justified, even though he was unable to formulate it quite explicitly. His discussion of determinism and free will in history tended more to confuse the issue than to clarify it.