Otto Bauer’s review of *Finance Capital* outlines some of the principal concepts that made Rudolf Hilferding’s work so celebrated. Bauer was one of many who thought *Finance Capital* read ‘almost like an additional volume of Capital’. In particular, his review examines Hilferding’s account of ‘fictitious capital’ and its connection with the process of concentration and centralisation predicted by Marx. This was a vital point, for many revisionists believed that joint-stock organisation had achieved a ‘democratisation’ of capital through widespread shareholding. Eduard Bernstein declared that ‘by virtue of its form the joint-stock company tends to be a very significant counterweight to the centralisation of wealth through the centralisation of business enterprises. It permits an extensive division of already concentrated capital.’ The implication appeared to be that it was ‘quite wrong to suppose that the present development shows a relative or indeed absolute decrease in the number of property-owners…. The number of property-owners increases…. If the activity and the prospects of Social Democracy depended on a decrease in the number or property-owners, then it

might indeed “go to sleep”.'2 Hilferding, to the contrary, explained that share capital was typically ‘fictitious’ capital, i.e., nothing but the sum of ‘titles to income that are traded by the capitalists’. Meanwhile, the banks enriched themselves through ‘founder’s profit’, transforming joint-stock ownership into ‘an ingenious financial technique whose goal is to control alien capital with as little as possible capital of their own’. Bauer concluded that

Hilferding’s book…shows us the most important facts of the most recent development of capitalism. What Marx was able to sketch only in broad outlines in his doctrine of the concentration of capital, of the developmental tendencies of capitalism, becomes here a vivid picture of our times. What once was bold prophesying has now turned into a reality.

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‘Finance Capital’3

Marxist economics made little progress after Karl Marx’s death. Marxists rightly considered the popularisation of Marx’s doctrines and their defence against the attacks of opponents as their most important task. Little time remained to us for the upgrading and continuation of Karl Marx’s economic teachings. Ultimately, the work of popularisation also began to suffer from this situation. The capitalism described in most of our propaganda-literature is that of the 1860s and 1870s, not the capitalism of our own day. The newest phenomena in economic life were certainly dealt with in many valuable articles and brochures, but we lacked a systematic theoretical presentation. Even in the most significant and independent economic work hitherto produced by the Marxist school, apart from those of Marx and Engels themselves, even in Kautsky’s Agrarian Question, the immediate political purpose and the needs of popularisation thrust the historic-descriptive exposition into the foreground and the theoretical part into the background.4 Meanwhile, a new world has arisen in the economic life of all developed nations: the old presentations of the developmental tendencies of capitalism no longer suffice. The gaps result-

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4. [Kautsky 1988.]