After Radek, Pannekoek, and Lensch criticised Kautsky from the left, the Austro-Marxist Gustav Eckstein (1874–1916) came to Kautsky’s defence in this article published in Die Neue Zeit in September 1912. Like Kautsky, Eckstein disputed the left-wing thesis that imperialism and the arms-race were indispensable for the economic development of what he called ‘high capitalism’. Following Hilferding’s lead, he attributed imperialism to disproportions between different branches of production.¹ Whereas Hilferding also associated disproportions with cyclical crises, however, Eckstein thought in terms of a chronic tendency towards heavy-industrial overproduction. Imperialism addressed this problem in two ways: part of the output of heavy industry was consumed by the state through militarism and the arms-race; another part was shipped abroad through foreign investment. Chronic overproduction in heavy industry, relative to more labour-intensive branches of the

¹. Unlike Kautsky, Hilferding considered the conflict of interest among the imperialist powers economically necessary; he agreed, however, that Social Democracy should work for Anglo-German understanding and not content itself with protesting against imperialism as a whole. Hilferding 1913.
economy, was the driving force behind imperialist rivalry over colonies and territories for capital-exports.

In the article translated here, Eckstein concluded, as Kautsky had done, that the only strata of the bourgeoisie with a direct interest in imperialism were those engaged in the most capital-intensive branches. It followed that any constraints imposed upon militarist expansionism would have the effect not of paralysing capitalism as such, only of altering its course by slowing accumulation in heavy industry and accelerating the development of other branches, including agriculture. In opposing state-expenditures on militarism, the proletariat could therefore win support from other strata of the bourgeoisie, whose interests objectively favoured arms-limitations through inter-governmental agreements. Eckstein believed that this was an eminently more responsible policy than that proposed by Pannekoek and his comrades on the Left, who appeared increasingly to be moving towards anarcho-syndicalism through espousing extra-parliamentary mass-actions and the general strike.

In another article on ‘Militarism and the Economy’, published the following year, Eckstein distinguished his own view from Rosa Luxemburg’s thesis of a chronic problem of markets. Following the lead given by Otto Bauer’s criticism of Luxemburg, he concluded: ‘the allegation that militarism is unconditionally necessary to sell the products of industry is unsustainable’. Bauer’s commentary on Luxemburg affirmed the possibility, already demonstrated by Marx’s reproduction-schemes in Volume II of *Capital*, of capitalism creating its own market – provided, Marx added, that the conditions of proportional reproduction were assumed in advance. Marx regarded this assumption as a methodological abstraction, and Eckstein gave his own understanding of how real disproportionalities emerge and might be overcome. Capital, he wrote, tended

> to flow always into industrial branches with a higher organic composition, particularly into mass-production industries. There is, therefore, always a tendency for industrial mass-articles, especially those of heavy industry, to be produced on too large a scale, while those that are predominantly hand-made, above all agricultural and mining products, are produced on too small a scale. If the economy of a capitalist state were actually, as the

---

3. Eckstein 1913a, p. 168.