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Finanzkapital und Finanzsysteme "Das Finanzkapital" von Rudolf Hilferding

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sufficient fortune. This is a rare document from the farthest outskirts of the ancient world in which wealth-getting by trade is proudly praised.

This brings us to the central question: How should ancient economic history be written? This volume provides an amazing mass of new materials, carefully assembled, and a review cannot do justice to the diligence and self-effacing patience by which this information has been gathered. There are ample bibliographies for most papers and there is, interesting for the historian of economic thought, a comprehensive list of the original sources quoted, in which Aristotle and Plato play a subordinate role, but the pseudo-Aristotelian *Oikonomika*, Pliny, Polybios are frequently used and, of course, a wealth of inscriptions. Despite this impressive achievement and the high standing of virtually all contributions, the historian of economic thought is left with a feeling of dissatisfaction. What have we learnt, if we compare with the grand texts of 100 years ago by historians of world economic development such as Max Weber or with the accounts of Ptolemaic Egypt by Rostovtzeff? Descat, in this volume, characterises the work of the latter as a ‘metanarrative’ or as a ‘broad discursive sketch of a subject’, of which he says that it ‘lies beyond the range of scholarly identification’ (p. 208). The ‘metanarratives’ tried to integrate the cultural factors to represent the world view and the economic perspectives of the actors in the play, and the use of historical analogies (ideal types in the case of Weber) rendered the analysis visual. While we admire the details of this book, we hope that a new synthesis will follow.

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Jan Greitens, *Finanzkapital und Finanzsysteme “Das Finanzkapital” von Rudolf Hilferding* (Vol. 40 of Beiträge zur Geschichte der deutschsprachigen Ökonomie), Metropolis-Verlag: Marburg, 2012, 513 pp., €38, ISBN 978-3-89518-908-1

Rudolf Hilferding represents the type of “theorising politician” who has more or less disappeared after World War II. He had already acquired considerable reputation as a Marxist economist from his reply to Eugen von Böhm-Bawerk’s “Close of the Marxian System”³ when he published his

³ Böhm-Bawerk 1896, the reply by Hilferding 1904.

magnum opus *Das Finanzkapital* in 1910, which soon came to be considered nothing less than the fourth volume of *Das Kapital*. Almost at the 100th anniversary of the first publication of *Das Finanzkapital*, Jan Greitens has presented a voluminous monograph with a comprehensive and thorough discussion of the book, while he also puts it into the context of Hilferding's other writings. In addition, Greitens deals with Hilferding's role as an editor of the *Neue Zeit*, which was the theoretical monthly journal of the German Social-democratic Party (SPD) before World War I, and as one of the leading functionaries of the party after the war, when he served twice as the minister of finance of the Weimar Republic.

Ten reprints and new editions, as well as several translations into other languages, are clear indications of a continued interest in Hilferding's book. This interest mainly rests on its reputation as most important work of Marxist literature after Karl Marx's *Kapital*. In this respect, it is mainly viewed in the context of development of Marxist economic literature in the twentieth century on the long-term evolution of the capitalist system. More recently, several authors⁴ have discussed Hilferding's book in the more general context of twentieth century economic theory, and thereby showed that it provides important contributions to the theory of money, on business cycle theory and the theory of competition, which are remarkable achievements or even anticipations in comparison with contemporary "bourgeois" economic wisdom.

Greitens' book has three major parts. In the first, titled "rational reconstruction", the author gives a summary of the contents of *Das Finanzkapital*, combined with a critical discussion on its findings. Thereafter, an "historical reconstruction" discusses them in the historical context (including a short biography of Hilferding) as well as in the context of – primarily Marxist – contemporary economic theory. The final overview of the reception mainly deals with the political impact of Hilferding's book.

"Rational reconstruction" means critical presentation and discussion of the contents primarily based on the "internal logic" of the object, which, however, does not preclude that more modern economic theory is brought into play in limited measure. Greitens elaborates the internal coherence of the three principal elements of Hilferding's theory: theory of money, theory of economic concentration (cartelisation) and crisis theory. If Hilferding's analysis of capitalist development finally results in revolution and transformation into socialism, in retrospect the analysis of the dynamics of the capitalist system appears as his greatest achievement. In particular, Hilferding's treatment of money and capital appears highly original. More clearly than

⁴ To mention a few of them: the contributions by Schefold, Streissler and Nell in Schefold 2000; Rosner 1988; Kurz 2011.

most contemporary economists, Hilferding takes into account the fundamental changes of the monetary systems of advanced capitalist economies in the late nineteenth century, i.e. the progressive replacement of metal through paper money and bank credit. In his concept of “capital”, Hilferding makes a sharp distinction between real capital and money capital, which helps to avoid confusions resulting from a concept that treats the two forms as equal (as, e.g. Böhm-Bawerk). It seems plausible that Joseph Schumpeter and Ludwig Mises, who both participated in Böhm-Bawerk’s seminar at the University of Vienna together with Hilferding, got some of their ideas from the *Finanzkapital*, yet without referring to it explicitly. In this respect, it is very regrettable that Marxist economics and bourgeois economics constituted two separate worlds with hardly any open communication. With direct references to non-Marxist authors, Hilferding could have exerted considerable influence on the general economic discourse.

Hilferding’s analysis places great emphasis on the relative importance of the sphere of circulation as opposed to the Marxists’ traditional focus on the sphere of production. Hilferding demonstrates that the increased elasticity of the financial system brings with it substantial changes in growth dynamics and in the structure of production and accumulation, which put him – as an avowed Marxist – in an uneasy position, especially with respect to the labour theory of value as the core element of Marxist economics, according to which the financial sector is “unproductive”. To escape being criticised as “revisionist”, and also to preserve his friendly relationship with his mentor and promoter Karl Kautsky, Hilferding strictly denied any revisionist or reformist conclusions, which, however, leads to some inconsistency in his argumentation.

It was only after World War I, after the Social Democrats had become a major political force in the Weimar Republic, and after the separation of democratic socialism from Leninist communism, that Hilferding dropped his previous revolutionary political orientation by transforming the political conclusions of *Das Finanzkapital* into his theory of “*Organisierter Kapitalismus*”. Yet, as Greitens’ discussion of Hilferding’s two short performances as finance minister of Germany (1923 and 1928) suggests, a residual Marxist-orthodox attitude (in combination with scruples typical for a theoretical mind in the role of political decision maker) appears to have weakened his capabilities for making political decisions in critical situations.

In the section titled “historical reconstruction” Greitens deals with the most discussed aspect of Hilferding’s book, whether it overestimates the controlling influence of banks on industrial enterprises. If this influence ever was as dominant as Hilferding thought, for quite some time it has been rather uncontroversial that it was characteristic only for a comparatively short period of capitalist development. From a survey of the empirical

literature for the German Empire before World War I Greitens' draws the conclusion that the evidence is insufficient in either direction. At the same time, in his view Hilferding's central thesis does not necessarily require a bank-based financial system, but can be extended to power structures of different types. In a more broad sense, Baran/Sweezy's *Monopoly Capital* (1966) can be considered as an advancement of Marxist theory of capitalism in the spirit of Hilferding's work, since it takes due account of changes in the relationship between big corporate industry on the one side and banks and stock exchange on the other, and also in international economic relations.

Greitens takes a sceptical view of Hilferding's theory of imperialism. It appears highly doubtful that a protectionist trade regime could have been in the true interest of German manufacturing industry, which had become export oriented well before World War I. This is supported by the fact that it was Germany that took the initiative for negotiating (in the so-called *Caprivi-Verträge*) a gradual, modest reduction of tariffs between continental states in the early 1890s.

In comparison to the other major parts, the section on the history of reception of *Das Finanzkapital* is rather brief. It remains primarily confined to the political aspect. Lenin borrowed Hilferding's theory of imperialism, while at the same time he attacked him violently and viciously for his reformist perspective from which Hilferding rejected Lenin's theory of "state-monopolistic capitalism". The Nazis used the *Finanzkapital* for illustrating their anti-semitic propaganda.

On the whole, Greitens' book on the magnum opus of a great theoretical thinker is a remarkable achievement, rich in content and in coverage of related aspects, of which only a selected few such a short review can mention. According to the author, Hilferding's *Finanzkapital* is not directly applicable to the present reality – as the title of the book might misleadingly suggest in a time of financial crisis. Yet detached from its historical circumstances Hilferding's book still offers productive approaches for analysing the long-term development of capitalism for the whole period since the book's first publication more than 100 years ago.

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Roman Köster, *Die Wissenschaft der Außenseiter. Die Krise der Nationalökonomie in der Weimarer Republik*, Göttingen: Vandenhoeck & Ruprecht, 2011, 364 pp., €56.95, ISBN 978-3-525-36025-5

A modern reviewer of the writings of German economists between 1918 and 1933 is inevitably left with an impression of strife, heterogeneity and occasionally bizarreness. Scholars' perceptions of themselves, their perspectives on problems and their scientific objectives and methods were often diametric opposites (see e.g. Janssen 2009, pp. 31–86 and, in particular for public finance, Scheer 1994). At the same time, business administration was gaining growing recognition (Schneider 2001, pp. 201–16; Mantel 2009, pp. 15–33). However, not only modern professional economists noted the absence of a shared body of methodology and theory that could have served as a common basis for economic debate with the object of promoting knowledge and understanding and, beyond this, purposeful discussions of economic measures to tackle contemporary economic problems such as inflation, reparations and unemployment. Contemporary economists were aware of the divisions in their discipline, of their inability to find a common paradigm to promote awareness of constructive answers to the pressing questions of the age. This multifaceted crisis in economics in the German-speaking world in the interwar period is the subject of Köster's book. Besides *Introduction* and *Conclusion*, the study consists of seven chapters, lists of abbreviations and references, a bibliography and indices of people and subjects.

Working with Luhmann's theory of social systems, Köster seeks to historically reconstruct the crisis in economics in the interwar Germany as reflected particularly in contemporary literature on the history of economic thought, and thereby to highlight the inability of professional economists to intellectually process contemporary problems within the confines of their discipline (pp. 23–7). Any attempt at a rational reconstruction is inadequate in particular because it cannot do justice to economists' perception of their discipline in the interwar period. Consequently, in this approach the perception and treatment of contemporary descriptions,