Hilferding's *Finance Capital* in the Development of Marxist Thought

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Rudolf Hilferding, *Das Finanzkapital: Eine Studie über die jüngste Entwicklung des Kapitalismus.* Vienna: Verlag der Wiener Volksbuchhandlung. 1910. English translation: *Finance Capital: A Study of the Latest Phase of Capitalist Development*, edited by Tom Bottomore, London: Routledge & Kegan Paul. 1981. Pp. ix + 466.

When Rudolf Hilferding's *Finance Capital* was first published, it was regarded as a major event in the development of Marxian political economy. Two of the most important contemporary social democratic theorists greeted its publication with great enthusiasm. For Otto Bauer the book read like a fourth volume of Marx's *Capital*, while Karl Kautsky concluded that Hilferding had vindicated Marx's approach to economics. Kautsky described *Finance Capital* as 'a completion of *Capital*', which both supplemented and revised volumes II and III (Bauer 1909–1910; Kautsky 1910–1911). Otto Bauer (1881–1938) was one of the leading theoreticians of the Austrian socialist party, and himself the author of an acclaimed text on the Marxian interpretation of nationalism (Bottomore and Goode 1978). Karl Kautsky (1854–1938), sometimes described as 'the Pope of Marxism', had been the most influential theorist in the German socialist movement since the death of Friedrich Engels in 1883 (Geary 1987). Their praise was not given lightly.

The original German text of *Finance Capital* was reissued in 1920 by the *Wiener Volksbuchhandlung*, in 1955 by Dietz in East Berlin, and in 1968 by *Europäische Verlagsanstalt* of Frankfurt. Italian, Spanish and French translations appeared between 1961 and 1970.[1] The English version was delayed until 1981, when the eminent British sociologist Tom Bottomore drew upon unpublished translations by Sam Gordon and Morris Watnick in preparing the English version. Bottomore does not explain why neither Gordon nor Watnick had themselves been able to publish an English translation. It is a sad reflection on the current level of interest in Marxian political economy that the English translation is now out of print.

Its author was a major intellectual figure in the Second International. Born in Vienna on 10 August 1877, Rudolf Hilferding[2] grew up in a prosperous middle-class Jewish family. He studied medicine at the University of Vienna, qualifying as a doctor in 1901 and practising for some years afterwards. At the same time he studied economics, in 1905 taking part in Eugen von Böhm-Bawerk's seminar in economic theory at the University of Vienna, along with Bauer and the young Joseph Schumpeter (Michaelides and Milios 2005). He was already writing on economic and political issues for the socialist press, and by 1906 he had completed a first draft of *Finance Capital*. A brief spell in Germany was ended when the police expelled him, but Hilferding returned permanently to Germany at the end of the First World War to edit the journal of the independent socialist party (USPD), which took a 'centrist' position between Communism and mainstream social democracy; he rejoined the latter when the USPD and SPD merged in 1922. By now a German citizen, he sat as a socialist member of the Reichstag from 1924 to 1933, and served as Finance Minister in both the Stresemann government in 1923 and that of Muller in 1928-29. Despising inflation as a capitalist device to cut real wages,[3] Hilferding was a consistent supporter of 'sound finance' while in office (James 1981). In 1933 he went into exile, spending his final years in Denmark, Switzerland and finally in France, where he was handed over to the Gestapo by the Vichy authorities in February 1941 and murdered soon afterwards.

Finance Capital was, first and foremost, an intervention in the revisionist controversy within German Marxism that had begun with Eduard Bernstein's attack on orthodoxy in the mid-1890s and was still simmering ten years later (Howard and King 1989, chapter 4).[4] Throughout the book Hilferding defends Marx's vision of capitalism, and the inevitability of socialism, against his critics inside the party. This, and not its detailed analysis of money and finance, is the core message of his text. Bernstein had argued that capitalism had changed, its internal contradictions having become much less sharp. German society was becoming less polarised, he claimed, not more so as the orthodox Marxists maintained, and there was real scope for an alliance between the working class and the liberal bourgeoisie to implement economic and social reforms in the interests of the workers. Hilferding opposed the revisionist position on all counts. He argued that the contradictions of capitalism were becoming more acute, not less. As a result of the growing centralisation and concentration of capital[5] and the increased power of finance, social polarisation was increasing. Middle-class liberalism in Germany was both weak and in rapid decline, as the growth of finance capital and its imperialist policies strengthened authoritarian, militarist and racist views among the middle class. The revisionists were deluding themselves that piecemeal reform of the system through a class alliance was feasible.

For Hilferding the term 'finance capital' has several layers of meaning. It denotes not only one form taken by capital,[6] but also a phase in the circulation of capital and an increasingly powerful sectional interest within the capitalist class. Finally, and for Hilferding most importantly, 'finance capital' represents a stage in the development of the capitalist mode of production, as indicated by the subtitle of his book, and hence a stage on the road to socialism. Finance becomes more important, and those who control it become more powerful, due to increased economies of scale in industry and the growing need for bank finance to carry out the centralisation of productive capital. Financial capitalists therefore become more influential, relative to industrial and commercial capitalists. As a stage of capitalism, finance capital has its own distinctive properties and its own laws of development, above all the rise of monopoly, growing state involvement in economic life, and imperialist expansion and inter-imperialist wars.

Thus *Finance Capital* is not primarily a book on financial economics, or early twentieth-century financialisation, but rather a contribution to the political economy of capitalism, very broadly conceived. In terms of academic disciplines it straddles economics, sociology, politics and international relations, in addition to finance. This is apparent from the structure of the book. The six chapters that make up part I (78 pages) deal with the theory of money and credit. Part II contains four chapters (74 pages) devoted to the mobilisation of capital, the analysis of 'fictitious capital' and the operation of the stock exchange; this is where Hilferding deals with 'finance' as it would be understood today. The five chapters of part III (53 pages) explain how the emergence of finance capital is connected to the restriction of free competition, while part IV (five chapters, 60 pages) is devoted to the analysis of economic crises. In part V (five chapters, 70 pages), Hilferding dissects what he terms 'the economic policy of finance capital', by which he means imperialism.

Hilferding's theory of money displays all the strengths and all the weaknesses of Marx's analysis, on which it is very clearly based,[7] although the influences of Adam Smith and Sir James Steuart can also be detected in his discussion of banking activity (Lapavitsas 2004). Among the strengths, the money supply is endogenous, and is determined by the capitalists' demand for it; there is no question of money being dropped by helicopter, *à la* Milton Friedman, even if this had been technically possible in 1910. A clear distinction is drawn between profit and interest, and therefore also between the rate of profit and the rate of interest; one relates to the sphere of production, the other to the sphere of circulation. Hilferding sets out a supply and demand theory of interest, which he sees, rather like Keynes, as a money market phenomenon. There is nothing 'natural' about the interest rate, and the savings decisions of individuals are completely irrelevant to it.

There are also severe weaknesses. In *History of Economic Analysis* Schumpeter (1954, p. 881) describes Hilferding's theory of money as 'rather old-fashioned', while Geoffrey Ingham dismisses it as 'anachronistic and misleading' (Ingham 2004, p. 63). Hilferding is required by his commitment to the Marxian labour theory of value to view commodity money – the precious metals, above all, gold – as the only 'real money' (a paradoxical term that he employs on p. 65). In turn this commits him to a 'token theory' of paper money. Although he regards the Quantity Theory as having been 'refuted' by Marx (p. 50), he is thereby also committed to reintroducing it through the back door: an increase in the number of paper tokens, with no change in the value of a unit of gold, simply reduces their ability to purchase commodities in the same proportion (pp. 56-7). The monetary authorities play no part in the analysis, and indeed Hilferding is a strong critic of Georg Knapp's 'state theory of money' – 'Knapp's illusion', as he terms it (p. 378 n.9; see also Horwitz 1994). Hence he has nothing to say about monetary policy, the role of the central bank as the lender of last resort, or the possibility of reforming or regulating the money markets.[8]

Hilferding ends part I by considering the broader implications of his monetary theory. 'In a developed capitalist system', he writes, 'the rate of interest is fairly stable, while the rate of profit declines, and in consequence the share of interest in the total profit increases to some extent at the expense of entrepreneurial profit'. This leads to 'the growing influence and importance of interest-bearing capital, that is to say, of the banks', and is 'one of the main levers for effecting the transformation of capital into finance capital' (pp. 103-4). This transformation is the principal focus of part II, in which Hilferding develops his analysis of the economics of the corporation. As he proudly claims, this 'goes considerably beyond that provided by Marx' (p. 114). The argument centres on the crucial concept of the 'promoter's profit' that accrues to the financier who floats a company on the stock exchange. Consider an industrial enterprise with a capital of $1,000,000; the rate of profit is 15%, and the rate of interest is 5%. Annual profit is $150,000, which, capitalised at 5%, would amount to $3,000,000. Even allowing for a risk premium of 2%, capitalising the firm's profits at 7% would enable shares to be sold for $1,857,143, giving the promoter a profit of almost $900,000 (pp. 111-12). A fully developed stock exchange tends to eliminate the risk premium, reducing the dividend yield on shares to the prevailing rate of interest and further increasing the promoter's profit. Increasingly, share promotions are undertaken by banks, which take their profits in the form of shares and thus become major shareholders in industrial companies.

As Hilferding notes towards the end of part I (p. 95), this gives the banks an interest in the long-term profitability of the enterprise, and hence an interest in the restriction of competition to increase profits. He concludes part II with a flourish:

> With the development of banking, and the increasingly dense network of relations between the banks and industry, there is a growing tendency to eliminate competition among the banks themselves, and on the other side to concentrate all capital in the form of money capital, and to make it available to producers only through the banks. If this trend were to continue, it would finally result in a single bank or group of banks establishing control over the entire money capital. Such a 'central bank' would then exercise control over social production as a whole. (p. 180)

This looks rather like socialism, Hilferding continues, since it 'represents organization and control as opposed to anarchy'. But it is an illusion. 'It has its source in socialism, but has been adapted to capitalist society; it is a fraudulent kind of socialism, modified to suit the needs of capitalism' (p. 180).

In part III Hilferding shows in much more detail how the growth of financial capital is related to the centralisation and concentration of industrial capital. Each bank 'has an overriding interest in eliminating competition among the firms in which it participates' (p. 191). This explains the development of cartels and trusts, which reduce the risks associated with competition and (as already noted) increase the opportunities for the banks to benefit from promoter's profit. 'As a result of cartelization, therefore, the relations between the banks and industry become still closer, and at the same time the banks acquire an increasing control over the capital invested in industry' (p. 224). At this point, considerably more than halfway through the book, Hilferding at last defines finance capital: it is 'capital at the disposition of the banks which is used by the industrialists' (p. 225).

Part III ends (once again) in dramatic terms. There are no real limits to cartelization, Hilferding argues:

> On the contrary, there is a constant tendency for cartelization to be extended. As we have seen, the independent industries become increasingly dependent on the cartelized industries until they are finally annexed by them. The ultimate outcome of this process would be the formation of a general cartel. The whole of capitalist production would then be consciously regulated by a single body which would determine the volume of production in all branches of industry. Price determination would then become a purely nominal matter … a mere accounting device … This would be a consciously regulated society, but in an antagonistic form. (p. 234)

It would also pose the problem of property relations in its 'clearest, most unequivocal and sharpest' form (p. 235). From the convergence of the 'general cartel' and the 'central bank' would emerge 'the enormous concentrated power of finance capital, in which all the partial forms of capital are brought together into a totality' (pp. 234-5).

There are two problems with this graphic prediction. First, as many critics have suggested, Hilferding is generalising from the historical experience of early twentieth-century Germany (and Austria), mistakenly inferring that the specific conditions of these 'late starters' in the process of industrialisation were general characteristics of all capitalist countries in this 'latest phase of capitalist development' (the subtitle of his book). In fact the 'bank-centred' financial system that he analysed was fundamentally different from the 'market-centred' system found in the Anglo-Saxon countries, above all in the United States, and it was the latter that was clearly dominant by the end of the millennium, even in Germany (Henwood 1997, pp. 230-1; Lapavitsas 2004).[9] Second, Hilferding's emphasis on the increased regulation of the capitalist economy by finance capital, which seemed to be overcoming the 'anarchy of the market', could easily be interpreted as revisionist in its political implications. If 'the development of finance capital itself is resolving more successfully the problem of the organization of the social economy' (p. 235 – the last words of Part II), is there any longer a need for socialism, let alone socialist revolution?

For Hilferding, this is to ask the wrong question. The development of finance capital itself demonstrates the inevitability of a socialist future. As he puts it a few pages from the end of the book:

> The socialising function of finance capital facilitates enormously the task of overcoming capitalism. Once finance capital has brought the most important branches of production under its control, it is enough for society, through its conscious executive organ – the state conquered by the working class – to seize finance capital in order to gain immediate control of these branches of production … Taking possession of six large Berlin banks would mean taking possession of the most important spheres of large-scale industry, and would greatly facilitate the initial phases of socialist policy during the transition period, when capitalist accounting might still prove useful. (pp. 367-8)

Bernstein and the revisionists are wrong on all counts, Hilferding claims: peaceful, piecemeal social reform is impossible, since finance capital is no less prone to crises than competitive capitalism, and its expansionary, imperialist impulse raises the spectre of global war. The final two sections of his book are devoted to establishing these two propositions.

The theory of capitalist crisis that Hilferding sets out in part IV of *Finance Capital* emphasises the contradictions of the 'real', as opposed to the financial sector, of the capitalist economy.[10] A crisis begins when the rate of profit starts to fall, due either to an increasing organic composition of capital or to growth in wages and interest charges at the peak of the boom (pp. 260-1). Hilferding draws much more heavily on Volume II of *Capital* than on Volume III in constructing his theory of periodic crises. In his own models of simple and expanded reproduction Marx had demonstrated that balance between the investment-goods and consumer-goods departments was a prerequisite for sustained economic growth. Like Mikhail Tugan-Baranovsky, Hilferding used the reproduction models to argue against underconsumptionist predictions of economic stagnation, concluding that 'any expansion of production allowed by the available productive forces appears possible' (p. 256), so long as the appropriate proportions are maintained between the various branches of the economy. Disproportionality, then, is a necessary condition for crises to occur. But – and here Hilferding betrays the influence of contemporary bourgeois Austrian economics – in a capitalist society proportionality is secured by the price mechanism, through the operation of the law of value. Crises, he argues, are the result of periodic distortions in the price structure (p. 257; see also Rosner 1988 and Streissler 2000).

This permits Hilferding to range very widely in his discussion of the actual causes of cyclical fluctuations, revealing a considerable degree of eclecticism. An increase in relative prices in industries with a high organic composition of capital, or in raw material production, will induce over-accumulation in the sectors concerned (pp. 262-4). Disproportionalities may arise also in the replacement of depreciated fixed capital; in the financial system, owing to the inelasticity of the money supply; and in the relationship between total production and total consumption, due to variations in the share of wages in net output (pp. 265-6). For Hilferding almost anything, up to and including underconsumption, can be accepted as a legitimate explanation of crises, so long as it is interpreted as a form of disproportionality. He does, however, insist that financial crises are only a symptom or 'omen' of difficulties arising in production, and argues that money market conditions must be explained in terms of the conditions of production, not vice versa (pp. 271-85). To this extent Hilferding has an explicitly non-monetary theory of the cycle.[11] The increasing concentration of capital alters the character of economic crises. Big business can survive a downturn more easily than small firms, and maintain a relatively high level of production. For this reason crises spread less rapidly than before to the money markets, a process aided by the concentration of bank capital and the resulting increased ability of the banks to spread their risks. The growth of the joint-stock company, and the declining importance of commodity speculation, also tend to reduce the likelihood that a crisis will occur (pp. 290-4).

Up to this point Hilferding seems to be following Bernstein. But then he breaks decisively with the revisionists in arguing that crises are if anything *more* severe, not less, under conditions of monopoly. While cartels introduce planning and conscious regulation of production into individual sectors, they also worsen distortions in the price structure as a whole and increase the overall degree of disproportionality. The burden of crises can thus be shifted to competitive industries, where prices remain flexible, but it is not reduced: 'to expect the abolition of crises from individual cartels simply shows a lack of insight into the causes of crises and the structure of the capitalist system' (p. 297). The 'general cartel' of all capitalists that was foreshadowed in part III of *Finance Capital* is in principle conceivable, he suggests, but it would inevitably founder on the conflicts of interest that would soon arise among its members.

Hilferding can fairly be criticised for treating finance as epiphenomenal in his analysis of economic crises: for the most part financial instability is seen as a symptom, not as an underlying cause. In this, too, he remains very much the orthodox Marxist. Profit originates in the production process, where surplus value is produced by the surplus labour performed by the workers. In the Marxian analysis of the circuit of capital, M – C – C' – M', it is the difference between C and C' that is crucial; the realisation of surplus value, reflected in the difference between M and M', is a secondary issue. Not until Marx was combined with Keynes, for example by Michał Kalecki and Joan Robinson, could realisation difficulties – and with them, at least potentially, questions of finance – become central to Marxian crisis theory (Robinson 1942).

The theory of imperialism set out in part V is easily the most original aspect of Hilferding's book.[12] Tariffs, once used only to protect infant industries, are now employed to bolster cartels, giving them permanent security against import competition and permitting them to dump their excess production overseas (pp. 307-9). High prices and correspondingly restricted markets at home intensify the search for export opportunities for surplus commodities. At the same time the banks are increasingly involved in the export of surplus capital to underdeveloped countries, where the organic composition of capital is low and both the rate of profit and rate of interest are high (pp. 314-15). Hence:

> The policy of finance capital has three objectives: (1) to establish the largest possible economic territory (2) to close the territory to foreign competition by a wall of protective tariffs, and consequently (3) to reserve it as an area of exploitation for the national monopolistic combinations. (p. 326)

Hilferding's description of imperialism as 'the policy of finance capital' has given rise to some misunderstanding. He is not suggesting that imperialism is a policy *option*. On the contrary, in the epoch of finance capital it is a necessity: 'Capital can pursue no other policy than that of imperialism' (p. 366).

There are, he argues, enormous political consequences. First, since global cartels are more difficult to form and, once in existence, even less stable than purely domestic price agreements (pp. 314, 332), the struggle for economic territory leads inevitably to a sharpening of international tensions. Second, because each national finance capital needs a strong government to defend its interests against foreign interlopers, the traditional bourgeois hostility to the state (never unqualified in continental Europe) has become a thing of the past. Third, the cosmopolitan capitalism of the nineteenth century has given way to an aggressive nationalism:

> The demand for an expansionist policy revolutionizes the whole world view of the bourgeoisie, which ceases to be peace-loving and humanitarian ... The ideal of peace has lost its lustre, and in place of the idea of humanity there emerges a glorification of the greatness and power of the state. (p. 335)

Racist ideology provides a justification for imperialist expansion, replacing 'the democratic ideal of equality' by the 'oligarchic ideal of domination'. Such ideas have won the allegiance of all the possessing classes, including the so-called 'new middle class' (p. 369). They have even infiltrated the labour movement, since many unionised workers have been able to gain a share in the super-profits of the cartels (p. 360). Hilferding concludes that the increasing danger of war, and the growing tax burden of armaments expenditures, will convert both the proletariat and eventually the middle classes into enemies of imperialism (p. 369). In this he was of course tragically wrong, but it was not only Marxists who came to regard *Finance Capital* as providing the most powerful structural explanation of the events of 1914–1918 (and, *a fortiori*, of 1939–1945).

The impact of *Finance Capital* was substantial, and sustained. Many of its principal themes were soon taken up by Nikolai Bukharin, whose *Imperialism and World Economy* (Bukharin 1915) was the major direct influence on V. I. Lenin's much better-known *Imperialism: the Highest Stage of Capitalism* (Lenin 1916); this soon became the principal authority on these matters in the Marxism of the Third International (Howard and King 1989, chapter 13). Hilferding's book was treated with great respect by Paul Sweezy in his *Theory of Capitalist Development*, which provided a comprehensive survey of the German-language literature on Marxian political economy in the first four decades of the twentieth century (Sweezy 1942, chapters XIV, XVII). The deglobalisation and intense financial repression of the 1930s and 1940s created an economic and political environment after 1945 which made *Finance Capital* much less obviously relevant to pressing contemporary problems, though the book was invariably cited in the secondary literature as a major work in the history of Marxian thought on money, finance, crisis and imperialism (for example by Brewer 1980, chapter 4). In Poland, Michał Kalecki and Tadeusz Kowalik (1971) acknowledged Hilferding as having anticipated some of the post-1945 changes in the capitalist economies that they themselves described as 'the crucial reform'. Perhaps significantly, however, Hilferding's ideas seem to have contributed very little to the theory of 'monopoly capital', which was hugely influential in many parts of the world in the 1960s and 1970s (Baran and Sweezy 1966), despite Sweezy's earlier praise for *Finance Capital*. When he turned, in the 1990s, to consider the causes and consequences of the neoliberal re-financialisation of the US economy, Sweezy cited Thorstein Veblen rather than Hilferding as an authority (Sweezy 1994, pp. 100-3). The more recent, very highly critical, appraisals of Henwood, Ingham and Lapavitsas have already been noted.[13]

In the wake of the latest global financial crisis the Post Keynesian monetary theorist Randall Wray made a much more favourable assessment of *Finance Capital* and acknowledged Hilferding, along with Veblen, Schumpeter and Keynes, as having anticipated the emergence of what Hyman Minsky termed 'money manager capitalism' in the post-1973 era of deregulated neoliberal global finance. Money manager capitalism was, in effect, 'a new form of finance capitalism' (Wray 2009, p. 812). What, then, would Hilferding have made of early twenty-first century global capitalism? He would have had little difficulty in accommodating his analysis to the rise of the United States as the most important capitalist power, with the relative decline of Germany, or to the emergence of transnational corporations (principally American ones) as the most powerful units of financial capital. Neither would Hilferding have been disturbed by the relative decline of banks, and the rise of non-bank financial institutions like hedge funds; he would probably have interpreted this as merely a change in the form taken by 'fictitious capital'. The absence of imperialist wars between the principal capitalist nations since 1945 would have given him pause for thought; perhaps the international cartel that he had dismissed in 1910 as hopelessly unstable had proved sustainable after all.[14] More than anything, Hilferding would have been taken aback by the rise of neo-liberalism, since he, in common with so many of his contemporaries, predicted the inexorable decline of market relationships and their replacement by what he termed the 'conscious regulation' of economic activity (Howard and King 2008, chapters 3-4).

In all probability Hilferding would not have been surprised by the recent global financial crisis, but he might have found some difficulty in explaining it in terms of the theoretical framework provided by *Finance Capital*. There are, of course, significant differences between the financial capitalism of 1910 and the 'money manager capitalism' of a century later. Not surprisingly, there is nothing in Hilferding's book about consumer debt or the housing market (it was written at a time when almost all workers rented their miserable hovels, and the only debts that they could incur were 'on the slate' at the corner shop). He might have pointed to the disproportionate development of US residential construction, but to make 'over-production of houses' the principal cause of the global financial crisis of 2008–9 would be to draw a very long bow. Above all, the Hilferding of 1910[15] would have been astonished that capitalism had survived for so long, and puzzled by the apparent ability of the capitalist state repeatedly to rescue it from its own deep-rooted contradictions.

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Notes

1 The Italian translation (by Giulio Pietranera) was published by Feltrinelli in 1961 (reprinted in 1976), and a French edition appeared in 1970 (translated by Marcel Olivier, with an introduction by Yvon Bourdet, published by Editions de Minuit). Interestingly, the Spanish translation, by Vicente Romano, was published in Madrid by Editorial Tecnos in 1963, under the Franco regime. The latest (1995) edition has an introduction by the prominent Spanish economist Julio Segura, a former Communist and now a high government official (I owe this information to Julio López).

2 This paragraph draws on Howard and King (2003), which includes references to German-language biographical sources; see also Howard and King (1989, chapter 5).

3 Correctly so, according to Nitzan and Bichler (2009, pp. 370-1).

4 It is disappointing that the most recent biography of Bernstein, by Manfred Steger, ignores *Finance Capital* altogether; the two references to Hilferding relate to the 1920s, and are unenlightening (Steger 1997, pp. 234, 246). For Hilferding's post-1918 conception of 'organised capitalism', which brought him very close to Bernstein's position, see Howard and King (1989, chapter 14).

5 Rather confusingly, Marx used the term 'concentration' to denote an increase in enterprise size, and 'centralisation' to describe an increase in the degree of industrial concentration.

6 In Marxian political economy 'capital' is a very complex concept. It denotes the *social relation* between capitalists and wage-labourers; the stock of *physical objects* required in production; and the *sum of money* that represents the value of these objects. Hilferding concentrates on this third aspect, but never loses sight of the other two.

7 See Nelson (1999) for a very clear statement, and critique, of Marx's theory of money.

8 It is perhaps significant that Hilferding nowhere refers to the work of Walter Bagehot.

9 Henwood's criticism is exceptionally harsh. *Finance Capital*, he writes, 'contains something obsolete, misleading, or wrong on almost every page, from minor offenses to major' (Henwood 1997, p. 230).

10 The next three paragraphs draw heavily on Howard and King (2003).

11 Though the references to increased interest costs, and to inelasticity in the money supply, do represent significant qualifications to this conclusion.

12 Again, the next two paragraphs draw heavily on Howard and King (2003).

13 But see Zoninsein (2000) for a more nuanced approach.

14 As Karl Kautsky had forecast that it would, paradoxically in the early months of the First World War, when he foreshadowed the emergence of a new phase of 'ultra-imperialism' (Kautsky 1914).

15 Though not, perhaps, the Hilferding of 1925 (see note 4 above).

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