

The First Crisis of Marxian Theory and the Bernstein-Kautsky Debate

by Terrance McLoughlin and R. T. Drake

As we write, the unemployment rate in the United States is poised to pass nine percent, the post-Depression record. Besides being a stunning refutation of supply-side economics, this figure eloquently signifies the crisis which American capitalism entered in the Seventies. This crisis has proven both serious and intractable. Despite this, the oft-prophesied radicalization of the American working class and the growth of the American left that was to follow has not materialized. In fact, from an organizational standpoint, the US left has not been in such bad shape for quite some time. The simultaneous disintegration of the Organizing Committee for an Ideological Center and the Communist Party, Marxists-Leninist (the US China franchise), has devastated the anti-revisionist Leninist left. The one remaining influential anti-revisionist organization, Line of March, has shown itself unable to resolve the theoretical crisis of US Marxism-Leninism and appears to be moving steadily closer to the Communist Party, USA (CPUSA). The Communist Party's own position has become increasingly isolated under the pressure of events in Poland. The non-Leninist Marxist and socialist-feminist left, organized nationally in the New American Movement (NAM), has split and the majority faction has just merged with the Democratic Socialist Organizing Committee (DSOC). Indeed, it is only the social-democratic left which is making gains in the current period. It has recently made inroads into the national leadership of the labor movement and the community organizing movement. It has shown itself capable of concerted action within the Democratic party. Top-heavy with leadership and intellectuals, the DSOC has so far been unable to do a great deal of grass-roots mobilization. This accounts for its interest in NAM and it has hopes that the merger will bring progress in this area. Upon the merger, the new organization will have 6,500 members, second only to the Communist Party. It confidently predicts that membership will quickly rise to 10,000.¹ If this optimism is at all justified, it indicates that many activists are only awaiting the success of the merger to join.

The organizational success of social democracy is impressive, especially in light of the hard times for much of the rest of the left. On the international front, social-democratic governments have recently been elected in

France and Greece. In addition, to the extent that the economic crisis encourages a break with traditional bourgeois politics on the part of the American working class, it seems unlikely that large numbers of people are going to be able to leap in one bound to a revolutionary position, bypassing the social-democratic politics which have been the predominant mode of working-class political expression in the historically more active European proletariat. If this is the case, social-democratic organizations like DSOC will be in a position to reap the largest part of any working class radicalization. Its nearest rival, the CPUSA, is likely to founder in traditional American anti-communism, and a subservience to the Communist Party of the Soviet Union which is unmatched by any party outside of Eastern Europe.

For these reasons it is important for US Marxists to seriously examine the social-democratic tradition in an attempt to formulate a coherent political response. In this article we will examine the theoretical and political circumstances of the birth of this tradition. We will argue that social democracy represents a fundamental revision of Marxism. This revisionism was an unfortunate attempt to come to terms with what might be characterized as the first crisis of Marxism, a crisis which swept through the working class movement with the birth of monopoly capitalism. We will examine this crisis and the birth of social democracy through a close look at the Bernstein-Kautsky debate which took place at the turn of the century in the German Social Democratic Party. We will attempt to set the birth of social democracy and the resultant debate on the nature of the state and socialist strategy in the context of the development of the capitalist accumulation process in crisis and recovery and the related crisis within Marxist thought. Due to the limitations of time and space, we will confine ourselves to a discussion of Bernstein and Kautsky and their views during the relatively short period from 1898 to 1902. A number of significant aspects of the controversy will be dealt with only in passing or not at all. These include a number of important responses to Bernstein's challenge, including those of Luxemburg and Plekhanov. We do not deal with the subsequent interesting development of Kautsky's thought to any great extent, nor with Lenin's very important reply.

Economic Crisis and Social Democracy

Essential to understanding the debate is an appreciation of what was subsequently known in Europe as the Great Depression and the recovery which followed. Understanding the early history of European Social Democracy and the Socialist International is also important.

The Great Depression was an international phenomena. In the following description, however, we will be relying heavily on Maurice Dobb's discussion in *Studies in the Development of Capitalism*, and will therefore concentrate on the English case. The Great Depression lasted roughly from 1873 to 1895, broken by brief recoveries in 1880 and in 1888. The stage was set for the depression by an extended period of rapidly-rising real wages. In the period from 1860 to 1874, real wages rose approximately 40 percent.² This was due, in no small measure, to the increasingly effective organization of skilled workers. But this organization itself was partially conditioned by another factor which gave a powerful impetus to the rise in real wages—the exhaustion of the industrial reserve army. The exuberant expansion of capitalism in the previous century under the impetus of relatively unfettered competition had created a great demand for the available labor. Dobb claims that in 1873 unemployment had dropped to just over one percent—an unbelievable figure by today's standards.³ In the two years immediately prior to the depression, wages rose by 15 percent. Throughout this same period, prices fell due to increases in the productivity of labor.⁴ This tendency was reinforced by the practice of competitive price-cutting. Workers were able to garnish all the advantages of the increased productivity for themselves by preventing a fall in wages. High wages and low prices squeezed the profit rate from both sides. Though statistics on the profit rate of the period are hard to come by, interest rates were generally quite low.⁵

While unemployment rose drastically during the Depression, productive capacity continued to expand.⁶ This merely increased the problem of overproduction and price cutting. The capitalist world, unable to recover, entered a twenty-year period of stagnation. Dobb sums up the period as “essentially a depression of cut-throat competition and cut prices of the classic textbook type.”⁷ Both intraclass conflict between competitive capitalists and interclass conflict between capitalists and workers had brought the capitalist system to an impasse. The capitalist social formation was forced to reorganize itself and decisively alter the balance of class forces or face the real possibility of extinction. Dobb quotes Walt Rostow to the effect that capitalists “began to search for an escape (from narrower profit-margins) in the insured foreign markets of positive imperialism, in tariffs, monopolies, employers' associations.”⁸

We have seen that the economic class struggle of the proletariat was one of the crucial factors which brought on the Great Depression. Nor was the working class politically quiescent during the Depression. Throughout this time, social-democratic parties were founded across Europe. The Socialist International was founded in 1889. It is important to keep in mind that the Bernstein-Kautsky debate took place in a European context rather than a solely German milieu. However, the next few paragraphs will focus on the

development of the German Social Democratic Party due to considerations of space, by way of example, because it was the largest and most well-organized of the European Social Democratic parties, and because it was the party of the main combatants.

The German Social Democratic party was founded in 1869 and merged with the Lassalleans in 1875. At this time, the Party adopted the Gotha Program which inspired Marx's famous critique. The Program incorporated little Marxian analysis and called for the achievement of the cooperative control of collective labor through legal means. The period of Bismark's anti-socialist laws, 1878 to 1890, created more sympathy for the Marxist viewpoint and moved the Party towards a more revolutionary stance. At the same time, the Party's electoral support grew from about 300,000 votes in 1881 to just short of one and one-half million votes in 1890.

This development culminated in the adoption of the Erfurt Program in 1891. With this Program, authored by Kautsky with the aid of Bernstein (among others), the Party officially adopted Marxism as its theoretical base. The Erfurt Program was divided into two parts. The first part, inspired by the Communist Manifesto, described the development of capitalism and the revolutionary proletariat, and called for the creation of socialism through the taking of power by the working class. The second part of the Program listed a series of immediate objectives. These included political demands such as universal suffrage, proportional representation, direct election, and referendum and recall, as well as an economic program calling for the eight-hour day, social insurance, the right to organize, and the prohibition of child labor. The Program embodied within itself the revolutionary ideal of the transition to socialism in its first section and the immediate objectives of reform in its second, recognizing that the proletarian seizure of power was only on the agenda for the more distant future. Thus both revolutionaries and reformers could unite behind the Program. The development of capitalism, by increasing the political consciousness and strength of the proletariat and thereby laying the groundwork for the realization of socialism, would unite (it was thought) the two sides of the Program and the two wings of the Party in practice.

Following the adoption of the Program, the Party continued to grow in strength. The Party received twenty percent of the votes cast in 1890 and thirty-two percent in 1903, a total of three million votes.

During this period, despite the Party's commitment on paper to a revolutionary strategy, the forces of reform in the Party were steadily gaining strength. These forces would eventually provide the base within the Party for Bernstein's views. There were two main centers for this sentiment. The first was in the Party branches in the southern part of the country. This segment of the Party had to rely on the peasant population for its base of electoral support to a much greater extent than the northern branches of the Party, and was concerned to moderate the Party's program in deference to the peasants interests. The second center of reformist thinking was in the growing trade union bureaucracies, which formed an important part of the Party.⁹ The trade unions had been founded in the 1860s by various socialist parties to serve as recruiting grounds for the political struggle. As they grew in size and

effectiveness, they became more narrowly concerned with bread-and-butter issues. This was defended on the grounds that the trade unions must not alienate potential members who were sympathetic to trade unionism but not necessarily to socialism. As the trade unions grew in size and began to offer a wider range of social services to their members, there was a tendency to develop a new kind of trade union leader. The "merchant adventurer in class struggle" was replaced by the "dry and unimaginative accountant."

By the 1870s, due to the class struggle of the proletariat and the unrestrained competition among individual capitalists, competitive capitalism had entered a crisis, qualitatively more serious than the regular boom-and-bust cycles of capitalism. There were only two solutions possible. One was revolution, and the transition to an entirely different way of organizing society's production; the other was a radical reorganization of the social formation, preserving the capitalist character of surplus extraction, but decisively altering the balance of class forces, thereby laying the basis for renewed capital accumulation. In Russia, on the edge of the capitalist world, the first solution eventually prevailed. The rest of the capitalist nations witnessed the second—the transition from competitive to monopoly capital. This transition happened across the entire social formation, and took a generation to consolidate. It was not completed until after the first World War in most countries and slightly later in others.

Richard Edwards argues that the transition to monopoly organization of the corporation was both motivated and made successful by three basic factors: the rationalization of production and product markets, the defeat of labor, and a new accord between the state and capital.¹⁰ These measures aided in resolving the impediments which had developed in the accumulation process. Monopoly decisively moderated the excess-capacity problem through the purchase and outright elimination of much of this capacity. The increased size of each corporation and the diminished number of competitors allowed the corporation to more effectively predict and plan for its market share, though perfection was by no means achieved in this regard. Co-respective behavior among oligopolists eliminated many of the problems associated with price cutting. The increased power of monopolies improved their position in the struggle with labor (although labor responded with industrial unionism). Changes were made as well in the organization of the work process.¹¹ The monopolies were also in an improved position to favorably influence the state. The reorganization was not limited to the political and economic spheres, but also included ideological changes.¹² No less important than the other changes was the incredible expansion of Western imperialism during this period, providing an increased number of workers, markets, and opportunities for investment.

At the time of the Bernstein-Kautsky debate, the reorganization was just beginning. But the wave of mergers was already underway and capitalism had shown definite signs of recovery, made all the more dramatic when contrasted with the previous long years of stagnation.

The "Breakdown Controversy"

The crisis of Marxism was, in the last analysis, a product of the recovery from the Great Depression, which had not lit the torches of revolution prior to rekindling of the fires of accumulation. The immediate evidence for the crisis is to be found in a debate over the significance of the recovery for the strategy of the socialist movement. Marxists, including Engels, had looked for a swift, world-wide proletarian revolution either produced by the worsening of capitalist crisis or at least requiring a major crisis as a precondition. When recovery instead of revolution materialized, a debate started concerning the role of economic crisis in revolutionary theory. This was the so-called 'breakdown controversy'.

The 'breakdown controversy' was an argument between the orthodox Marxists, who claimed that capitalist crisis would continue to worsen, thereby "creating" a revolutionary conjuncture, and Bernstein's followers, who participated in the controversy in order to reject revolutionary tactics. The latter argued that revolution is only justified if capitalism breaks down. For if the system will not fail of its own accord, then the class struggle can be ameliorated within the existing political framework,¹³ and men will be able to realize "the continuance of free development."¹⁴ Bernstein argued that the developing efficiency of information gathering, communication, and transportation, as well as the planning and rationalizing capacities of modern monopolies, would increasingly mitigate the severity of crisis.

As Kautsky noted at the time, "Marx and Engels never produced a special 'Theory of Breakdown'."¹⁵ However, though Marx held only the *tendency* for capitalist crisis to worsen, and even though Kautsky denied the Theory, we still find most of the orthodox Marxists defending the Theory as if it were part of the sacraments handed down by Marx himself. Marx desired to show that capitalism is not trans-historical, that only through class struggle will the transition from one mode of production to another take place, and that this can take place only under definite historical conditions. Marx never lost sight of the dialectic between objective economic conditions and conscious class struggle in producing revolutionary change. However, in the very concept of 'breakdown' we find social relations objectified in a mechanistic way.

The first response within the 'breakdown controversy' by orthodox Marxists came from Heinrich Cunow, chair of the German Social Democratic Party. We find Cunow defending capitalist 'breakdown' with a "shortage-of-markets" theory, trying to prove the economic deterioration of capitalism.¹⁶

Kautsky, the "pope of socialism," answered that there was no such thing as a 'breakdown theory'.¹⁷ He argued that while Marx and Engels believed economic conditions would worsen, the growing power and maturity of the proletariat would be the decisive factor in bringing about the transition to socialism. However, Kautsky had not always been so definitive. In his commentary on the Erfurt Program, he had written:

Capitalism has failed; its dissolution is only a question of time; irresistible *economic* development leads with

natural *necessity* to the bankruptcy of the capitalist mode of production. The erection of a new form of society in place of the existing one is no longer something merely desirable; it has become something *inevitable*.¹⁸

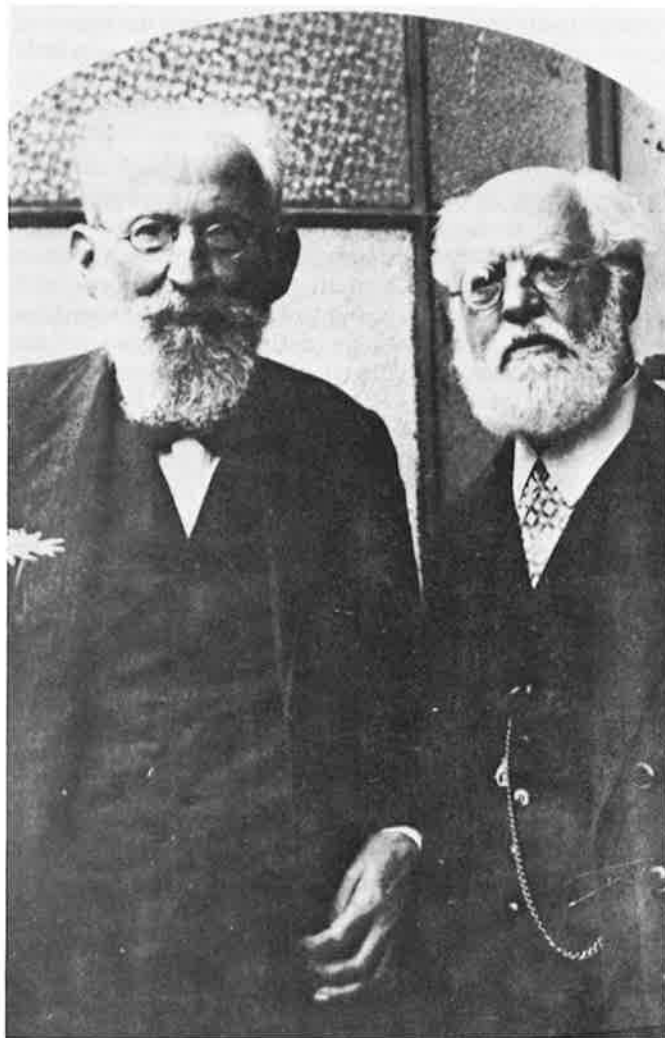
Though the 'breakdown theory' would continue for another decade, involving Tugan-Baranowsky, Conrad Schmidt, Henryk Grossman, Louis Boudin, Plekhanov, more Kautsky and Bernstein, and Rosa Luxemburg, we will leave this discussion after examining Kautsky's position in 1902.

Kautsky made the argument that in the first place, the revisionists were wrong on economic grounds, and secondly, that revolution does not require economic breakdown.

Kautsky used Tugan's figures to show that crises were indeed worsening. He posited that the productive forces must expand more quickly than the market in the long run, though short run ups and downs would continue. Thus Kautsky arrived at his vision of "chronic depression," where "the continued existence of capitalist production remains possible . . . but it becomes completely intolerable for the masses."¹⁹

However, Kautsky avoided the greatest determinist pitfall of the 'breakdown' argument by bringing in the class struggle. "I expect that the victory of the proletariat will intervene in time to turn the development in another direction before the forced situation in question arrives."²⁰ Therefore, Kautsky was able to maintain the historical nature of capitalism even without 'breakdown'. His weakness, however, was that his break with the 'breakdown theory' was incomplete. Ultimately, Kautsky merely substituted the notion of chronic stagnation for 'breakdown', and retained the concept as a backup in case his optimistic view of proletarian victory did not prevail in the meantime.

The crisis Marxism entered at the turn of the century was perhaps most clearly evidenced in the 'breakdown controversy' outlined above. The 'breakdown controversy' was merely one symptom in a much larger syndrome in Marxist thought at the time. The Marxists of the Second International had no concepts with which to handle the Phoenix flight of capitalism that they were experiencing. The Second International had developed a very mechanical view of Marxism and the world. This tendency is perhaps best exemplified in Engel's philosophical writing. Marx's historical materialism was superseded by an abstract dialectical materialism. The concept of the importance of the "material" in history was transformed from a concept concerning the social interaction of human beings in the process of securing the material conditions of life into a literal reference to matter. Thus all phenomena, including social relations, became an expression of certain laws inherent in the nature of matter. This notion was transferred to the analysis of the capitalist economy. Marx's tendencies became laws analogous to the laws of physics. There was a multitude of smug predictions of imminent collapse. Despite Kautsky's denials, the 'breakdown' thesis had great currency in the workers' movement. The Congress of the International passed a resolution in 1896, stating in part, "a crisis may occur within a comparatively short time. The Congress, therefore, impresses upon the proletariat of all countries



Eduard Bernstein (left) and Karl Kautsky

the imperative necessity of learning, as class-conscious citizens, how to administer the business of their respective countries for the common good."²¹

The conditions of the Great Depression could only lend encouragement to this line of thought. When the economy recovered from the Depression under the impetus provided by monopoly reorganization of the economy and the social formation, Marxists were dumbfounded. Had Marxist thinking not taken such a mechanical turn, a change in objective conditions would have merely called forth a new analysis. Under the circumstances, the recovery of capitalism precipitated a crisis in Marxism.

We believe that crises in Marxism have historically engendered one of three responses: dogmatism, revisionism, or the creative application of Marxism. We will argue that the Bernstein-Kautsky debate produced classic examples of the first two responses and precious little of the third.

Dogmatism in this context is the denial of the crisis. It is characterized by mere reassertion of the old formulas, though occasionally dressed in new terminology. Sometimes the forms are altered without changing the substance of an argument (Kautsky's transformation of 'breakdown' into chronic stagnation is an example of this).

Appeals to authority are frequent. Arguments are repeated in terms of general principles and broad outlines, with little reference to concrete practice or historically specific conditions. A premium is placed on simplicity, and reductionist thinking is encouraged.

Revisionism was coined as a polemical term of abuse to be applied to Bernstein's work (though ironically, but hardly accidentally, it has subsequently been most closely associated with Kautsky's name). In this context, it is often rightly pointed out that there is nothing wrong with "revising" Marx's work in light of subsequent experience and reflection. However, we define revisionism as the attempt to incorporate concepts outside of Marxism into the body of Marxism. (Bernstein's use of Kant is an example of this.) Thus the revisionism of a Bernstein is seen as a phenomena substantially different from the mere "revising" of Marx in view of changing circumstances.

Revisionism and dogmatism, while distinct theoretical errors, often exist in a particular historical period in an intimate dialectical relationship. A Marxism which has been reduced to a rigid set of quasi-theoretical precepts is unable to solve the concrete problems which are posed to the working-class movement by changing circumstances. In such a situation, the only creative response may appear to be the importation into Marxism of foreign concepts, usually from bourgeois or petit-bourgeois systems of thought. Unfortunately, the response to this kind of fundamental revision of Marxism is often only a redoubled defense of tradition.

It should be noted that revisionism is not always nor exclusively a product of dogmatism. A working class movement unfamiliar with Marxian theory could fall into many revisionist errors because it could not fully distinguish its own concepts from bourgeois concepts. This may be a factor in the current crisis in the US left. However, in the time period we are examining, revisionism is perhaps more correctly viewed primarily as a response to dogmatism.

With the foregoing political and theoretical background in mind, we are ready to look at Bernstein's and Kautsky's arguments in more detail. We will rely largely on Bernstein's book-length manifesto, *Die Voransetzungen des Sozialismus und die Aufgaben der Sozialdemokratie*, translated into English under the title *Evolutionary Socialism*, as well as Kautsky's extended reply, *The Social Revolution*.

Bernstein's Evolutionary Socialism

Eduard Bernstein's project in *Evolutionary Socialism* was an attempt to convince the workers' movement that the correct road to socialism was the reformist or evolutionary, rather than the revolutionary, path. His argument hinged on a reinterpretation of economic laws of motion, on a new use of liberal democracy within the theory of the state, on the introduction of a concept of moral and ethical development, and on the relationships among these elements. He wished to demonstrate that the economy was not conflict-ridden, and, specifically, that the class struggle would assume less and less importance within the capitalist mode of production. He wished to show that liberal

democracy and the capitalist economy were harmoniously linked in a tendency to end class antagonisms, if not the classes themselves. Bernstein had an instrumental theory of the state. That is, the state was merely an apparatus which could be used to the benefit of society as spiritual and ethical values came to the fore in human development.

Bernstein consistently argued that the economy was becoming less conflict-ridden, that class antagonisms were diminishing, and that society was *not* being increasingly divided into two great hostile camps. He attacked the Marxian theory of class conflict on several fronts.

Bernstein tackled Marx's concentration and centralization argument head-on. While making no theoretical assertions at all, he tried to show empirically not only that the scale of some industries was such that large firms were not as profitable as small ones, but also that large, medium, and small firms could get along in some industries. He stated: "it is a well-established fact that in a whole series of branches of industry small and medium-sized undertakings appear quite capable of existing beside the large industries."²² Though he was correct in that petty production has gone on alongside many large firms in certain industries (e.g., woodworking), what he missed was the long-run tendency toward centralization and concentration.

Increasing concentration of wealth, rapid elimination of small and medium-sized enterprises, progressive limitation of competition . . . an unsurpassed series of (Marx's) prognostications fulfilled, against which modern economic theory with all its refinements has little to show indeed.²³

Parenthetically, Bernstein believed that the continued existence of a multitude of small businesses made socialist administration of the economy impossible.

Bernstein can also be credited, perhaps, with inventing the people's capitalist argument, contending that with the advent of joint stock companies, capital ownership was being diffused to greater and greater segments of the population. He stated, "the increase of social wealth is not accompanied by a diminishing number of capitalist magnates but by an increasing number of capitalists of all degrees."²⁴ Bernstein correctly saw the growing importance of a middle class of managers and professionals whose numbers were being swollen under the regime of monopoly capital.

In passages reminiscent of some of Richard Edwards' work, Bernstein recognized the increasing differentiation of the working class: "it is just in the most advanced of the manufacturing industries that a whole hierarchy of differentiated workmen are to be found between whose groups only a moderate feeling of solidarity exists."²⁵ Though the argument is made in reference to large-scale production in general rather than to capitalist production specifically, the point should be well-taken. The proletariat considered broadly *is* highly differentiated, and considered narrowly (as only industrial workers) is a minority of society. Thus Bernstein argued that the capitalist class was not shrinking but growing in certain respects, that a new middle class was becoming increasingly numerous, and that the proletariat was becoming further divided.

Furthermore, Bernstein argued that the income share of the proletariat was rising. In one of his rare uses of

Marxian theory, we find him agreeing with Marx that there is a falling rate of profit. The difference is that what was a tendency for Marx was a fact for Bernstein. Armed with this 'fact', he believed it obvious that exploitation must be falling as the proletariat gets a bigger share of social product. Thus, "if the 'capitalist magnates' had ten times as large stomachs as popular satire attributes to them . . . their consumption would only be a feather in the scale against the mass of yearly national product."²⁶ Here Bernstein makes the error of reducing a relation of exploitation to a relationship among income shares.

As an integral part of his contention that society was becoming less conflict-ridden, Bernstein initiated the 'breakdown controversy' as an attempt to show that crises were becoming milder. This contention was based on three arguments.

First, Bernstein tried to show that the development of the credit system dampened rather than heightened crisis. Since "speculation is conditioned by the relation of the knowable to the unknown circumstances . . . (then) . . . the older a branch of production is under modern forms . . . the more does the speculative momentum cease to play a decisive part in it."²⁷ What Bernstein missed was the tendency for firms to become more wedded to credit as the system develops, and that the role of credit in heightening crises comes more from the layering of debt than from the speculative nature of credit.²⁸

The second argument was leveled at disproportionalities. Here Bernstein argued that as communication and transportation developed, firms would have increasingly accurate foreknowledge as to what to produce and how much to produce. This ignores the increasing amount of time that it takes to produce as the division of labor and fixed capital increase. However, this does appear to be a correct countertendency during crises.

The third of Bernstein's arguments was based on his characterization of trusts as rationalizers of the market. "Without embarking on prophecies as to its final power of life and work, I have recognized its capacity to influence the relation of productive activity to the condition of the market so far as to diminish the danger of crisis."²⁹ Here history proved Bernstein to be overly optimistic.

Up to this point, Bernstein retained Marxian economic categories. It must be noted, however, that his method of approaching the economy departed from Marx's by taking on an extremely empirical approach. It was this empiricism perhaps which allowed him to see many new developments (e.g., the growth of the middle class) before his contemporaries. It was also, however, the method which led him to spurious conclusions such as those concerning the lack of a growing centralization and concentration of capital. Closely allied with this empiricism was his tendency to reduce the importance of class struggle in economic analysis.

When Bernstein sought to draw political conclusions from his economic analysis, his revisionism became all the more obvious. He then introduced into his world view the importance of ethical development and his concept of the nature of the liberal democratic state.

Bernstein argued that the growing prosperity and decreasing conflict of a developed economy gave an increasingly important role to ethics:

Men pay ever greater attention to economic factors as though these played a greater part today than formerly . . . (but) . . . the point of economic development attained today leaves the ideological, and especially the ethical, factors greater space for independent activity than was formerly the case.³⁰

This point was made most graphically in his discussion of Kant at the end of *Evolutionary Socialism*. For Bernstein, it was the development of ethics, rather than that of the class struggle, which signified the movement toward socialism. This was supposed to take place through the vehicle of liberal democracy. Bernstein's moral approach can be seen in his definition of socialism:

The most exact characterisation of socialism will in any case be that which starts from the concept of association because by it an economical as well as—in the widest sense of the word—a juridical relation is expressed at the same time. . . . We characterize forms of communities not according to their technological or economic foundations, but according to the fundamental principle of their legal institutions.³¹

Note that despite Bernstein's language, his definition of socialism is ethical, rather than juridical; a juridical approach would have used a legal definition for socialism (e.g., lack of private property in the means of production). Rather Bernstein sought to measure societies according to a hazy ethical standard—association ("partnership").

A growing moral sensibility was to bring about socialism. It would accomplish this through the use of the institutions of the democratic state. The democratic state, while it was used as a tool of the bourgeoisie, was not an expression of bourgeois class rule. Nor was it an outcome of class struggle with the proletariat.

For Bernstein, the institutions of the liberal democratic state somehow occupied a terrain outside of the class struggle. Indeed, in Bernstein's lexicon, democracy was defined as "an absence of class government . . . though it is not yet the actual suppression of classes."³² The contradiction involving the absence of class government while classes still exist required strong ethics on the part of all involved in influencing the state. Where were these ethics to come from? Here Bernstein sought ultimate refuge in the tradition of liberalism:

With the growing number and knowledge of the workers it [suffrage] is changed, however, into the implement by which to transform the representatives of the people from master into real servants of the people.³³

This 'knowledge of the workers' is found in

. . . liberalism . . . socialism is its legitimate heir, not only in chronological sequence, but also in its spiritual qualities. [Thus] security of civil freedom has always seemed more important to it [socialism] than the fulfillment of some economic program.³⁴

The defense of 'civil freedom' was to be the security against class rule. Bernstein's sin was not in establishing a relationship of some kind between liberalism and socialism, but in viewing liberalism (and indeed socialism) as divorced from class conflict. The state was perceived as class-neutral. Only a change of face was needed to make it serve the larger interests of society. This would come about when the proletariat grew large enough so that united with

'men of good will' from all classes, it would wield a decisive electoral majority. Indeed, the institutions of the liberal state were not merely class-neutral, but had already embodied the institutions of socialism.

The liberal organizations of modern society are distinguished from those (feudal organisations) exactly because they are flexible, and capable of change and development. They do not need to be destroyed, but only to be further developed.³⁵

Thus Bernstein completed his argument concerning the coming of socialism by linking his view of the accumulation process with a highly idealistic notion of ethical development and a classless instrumental theory of the liberal democratic state. Both of these notions are completely foreign to Marxist thought, and Bernstein's attempt to introduce them into the theory guiding the class struggle of the proletariat constituted the class example of revisionism as we have defined it.

Karl Kautsky's Response

As expected, Kautsky agreed with very little of what Bernstein had to say. We will spend relatively less space on Kautsky's vices, as they are in many ways less interesting than those of Bernstein. The distinguishing characteristic of Kautsky's work during this period is his adherence to orthodoxy.

By way of refuting Bernstein, Kautsky demonstrated the smashing of the petit-bourgeoisie, the continuing centralization and concentration of capital, and the lack of political rapprochement of capital and labor. But in the process, he did little more than refer to Marx for the theoretical basis of his (Kautsky's) argument. As to Bernstein's contention that the distribution of the social product was becoming more equitable, Kautsky denied the very possibility.

That [exploitation] does increase Marx proved a generation ago and to my mind no one has yet confuted him. Whoever denies the increasing exploitation of the proletariat must first of all set about a refutation of Marx's *Capital*.³⁶

Kautsky admitted Bernstein's point about the growing importance of monopoly. He argued, however, that Bernstein's treatment was unbalanced.

We must not be so occupied with the growth of one class that we cannot see the growth of its opponent. Democracy does not hinder the development of capital, whose organization and political and economic powers increase at the same time as does the power of the proletariat . . . to be sure, the unions are growing, but simultaneously and yet faster grows the concentration of capital and its organization in gigantic monopolies.³⁷

This particular interpretation of monopoly, though it contains some truth, recognizes no change in the class struggle. Everything proceeds as before. Each combatant is merely somewhat larger. Unlike Bernstein's argument, Kautsky's has the advantage of acknowledging the continuation and centrality of class antagonism. Thus Kautsky rejects the gradualist road to socialism. Such a

peaceful transition divorced from class conflict is impossible because of the resistance of the bourgeoisie. Kautsky adds nothing to Marx's work on this question. He holds the upper hand on many issues in his contention against Bernstein, but, in many cases, one can only conclude that this was because Marx happened to be right.

Ironically, Kautsky is in complete agreement with Bernstein on one issue—the nature of the state. Like Bernstein, Kautsky holds a completely instrumentalist view of the state. At one point he compares the state to a railroad:

. . . it is the social organs which develop slowly. That which may be changed suddenly, at a leap, revolutionarily, is their function. The railroad has been slowly developed. On the other hand, the railroad can suddenly be transformed from its function as the instrument to the enrichment of a number of capitalists into a socialist enterprise having as its function the serving of the common good.³⁸

For Kautsky, too, the state is an "instrument" awaiting only a change in engineers so it can begin serving the "common good." Within the famous Bernstein-Kautsky debates, each participant espoused the same instrumentalist theory of the state. They differed mainly in their strategic conceptions of how the working class was to take hold of this instrument. Thus it was that as early as 1909 Kautsky was able to adopt much of Bernstein's outlook on German Social Democracy's strategy and tactics vis-a-vis the state *without* fundamentally altering his own views.

These so-called peaceful methods of conducting the class struggle, which are confined to non-military measures (parliamentarism, strikes, demonstrations, the press, and similar methods of bringing pressure to bear) stand a chance of being maintained in any country the more democratic the institutions, and the greater the political and economic insight and self-control of the people.³⁹

In other words, if a country is sufficiently democratic, it is only the ignorance and impetuosity of the proletariat which will bring violence down upon the land.

Returning to the debate itself, it would seem Kautsky had the upper hand within the German Social Democratic Party. In 1899, the Party passed a resolution upholding the avowed revolutionary Erfurt Program, and in 1901, Bernstein's views were explicitly condemned by the Party. Yet Bernstein and the faction he led were never expelled from the Party. In fact, they continued to grow in strength and influence. For while the two positions in the debate seemed completely antagonistic, they led a kind of symbiotic existence within the life of the Party. As long as the Marxism of the Party was captive to the dogmatist approach, revisionism was an attractive and perhaps the only apparent option available to a Party membership looking for theoretical guidance. On the other hand, as long as the Party's practice was of a pragmatic, reformist nature (a complex issue which space does not permit us to examine here) fully consistent with the revisionist program, a rigid adherence to Marxist orthodoxy almost completely divorced from practice provided a convenient ideological cover. Thus revisionism and dogmatism existed within a kind of creative, if highly unfortunate, tension inside the

Party. The Party's leader, August Bebel, was really the third figure in the debate in that he epitomized the revisionist-dogmatist tension, enthusiastically supporting the condemnation of Bernstein's theoretical positions while just as resolutely implementing Bernstein's program in the daily activity of the Party.

The symbiotic relationship between revisionism and dogmatism in the German Social Democratic Party was no historical accident. Rather, revisionism can be seen as a common response to dogmatist errors.⁴⁰ In this case, dogmatism's economic and political roots can be traced to the Great Depression and the growing strength of German Social Democracy. These economic and political conditions encouraged a theoretical self-satisfaction and a smug separation of theory from the test of concrete analysis. This resulted in the reduction of Marxism to a mechanical economic determinism. As noted earlier, this reduction included a changing of Marx's economic tendencies into laws, an instrumental view of the state, and the related reduction of revolutionary class struggle to an action mechanistically produced by the economy. Thus the terrain of Marxian theory was reduced to a point where revisionism (the introduction of non-Marxian concepts into the Marxist paradigm) seemed to many to offer the only hope of solving the economic and political questions posed by the end of the economic crisis of the late 1800s. As exemplified by Kautsky's response to Bernstein, the opponents of revisionism saw a defense of orthodoxy as revolutionary Marxism's most trusted weapon. Thus the conflict between revisionism and dogmatism tended to reproduce itself. This conflict defined a single theoretical terrain which might be described, using Althusserian terminology, as a dogmatist/revisionist problematic.⁴¹ Debating on this terrain excluded the creative application of revolutionary Marxism as a solution to theoretical and political problems.

Conclusions

By way of conclusion, let us briefly draw out some of the lessons of the Bernstein-Kautsky debate for the Marxist movement in the United States today. The US Marxist movement is currently in the midst of a crisis similar to that which faced Bernstein and Kautsky. This crisis is part of a general crisis in world Marxism, though its conditions and origins in the United States are somewhat unique. Althusser has discussed at some length the European crisis of Marxism that broke into the open following Khrushchev's denunciation of Stalin at the 20th Congress of the CPSU in 1956.⁴² The European crisis can seemingly be traced back to this blow to the Stalinian example as the accepted model of both socialism and theoretical practice. Khrushchev's speech did not have a similar impact in the United States. The influence of the CPUSA was never as great as that of the European communist parties. Among the US left, Khrushchev's denunciation reverberated within the context of an already ongoing crisis. This peculiarly American crisis had its origins in the failure of the US working-class movement to produce a politically active, class-conscious mass base for socialist politics. This crisis has continually

confronted the US movement in one form or another. The crisis was already acute in 1956, partially as a result of the McCarthy repression. It has recently been strongly manifested due to the failure of the civil rights and anti-war movements of the 1960s to produce a mass base for fundamental social change. We are still living within this crisis.

Sadly, the US left has responded to its theoretical crisis in much the same way as the European social democrats responded to theirs at the turn of the century. The terrain of debate is quite often found in the conflict between dogmatism and revisionism. Unlike the German left of 1900, these tendencies are not combined in a single organization. The US left has practiced a kind of division of labor in this regard. The Marxist-Leninist left has staked out the terrain of dogmatism, treating the works of Marx and Lenin (and sometimes Mao) as received wisdom and regarding any alteration whatsoever with suspicion. The social-democratic left has jealously guarded its revisionist heritage. The writings of Michael Harrington, National Chairman of the DSOC, represent perhaps the most thorough and sophisticated, as well as the most widely read, theoretical work on the US social-democratic left.⁴³ Many of Harrington's central concepts can be traced back directly to Bernstein. These include, among others, an instrumentalist theory of the state, an uncritical approach to bourgeois democracy, an emphasis on ethics, and constituency rather than class politics.

The non-Leninist-Marxist left and the socialist-feminists occupy a middle position between the two tendencies mentioned above. These groups often base their practice on an eclectic combination of ideas drawn from the other two traditions. Sometimes this has admirable results, as in a combination of revolutionary politics with a nonsectarian approach to mass organizations, which has resulted in some of the best mass work done on the left. Other combinations have been less fortunate, as in the combination of knee-jerk militancy with constituency politics, which has produced the rhetoric of "linked struggles" as a stand-in for a coherent strategy and national organization. As this latter combination makes clear, an eclectic combination of revisionism and dogmatism is no substitute for the creative application of Marxism in solving the theoretical crisis of the US left.

Solving the current theoretical crisis in the United States will require a Marxist analysis of the crisis itself. Such an analysis depends in part on an historical understanding of theoretical crises and their political outcomes within concrete historical situations. We have attempted to provide part of that understanding through our analysis of the historical roots of what was perhaps the first crisis of Marxism and the dogmatist/revisionist problematic that arose in response to it.

¹ Richard Healy, "Towards Merger," *Moving On*, Sept.-Oct. 1981.

² Maurice Dobb, *Studies in the Development of Capitalism*. New York and London: Monthly Review Press, 1947, pp. 301-2.

³ *Ibid.*, p. 302.

⁴ *Ibid.*

all with 'geological science'. The 'mountain as such', with its *horizontal strata*, 'naturally' established from 'time immemorial', is revealed in its true essence as the reflection in the superstructure of the class interests of the Swiss bourgeoisie. And not only this: it is the militant workers alone who cannot 'see' the permanently clouded summit, which constitutes at once the illusion and sole object of bourgeois aesthetics and technology. It is the workers who live the base, as Lenin thinks the base, and, in thinking it, appropriates it for Marxist science.

It remains, then, for Marxist geology to write the unwritten volumes of Leninist silence, which authentically extends the silence of Marx and Engels. Lenin's silence is to be understood symptomatically as the pure negation of bourgeois 'geology' (i.e., 'theology'), and as the absolute precondition to the discourse in which Lenin confronts the militant Swiss with their historic interests. It is not in the imaginary science of 'natural formations', but in the real science of social formations that a Marxist geology must conduct its theoretical practice.

Reprinted from *Praxis*, No. 3, 1976.

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⁵ Ibid.

⁶ E. H. Phelps-Brown and S. J. Handfield-Jones, "The Climacteric of the 1890s," in *The Experience of Economic Growth*, ed. Barry E. Supple, New York: Random House, 1963, p. 208.

⁷ Dobb, p. 310.

⁸ Ibid., p. 312.

⁹ See Carl Schorske, *German Social Democracy*. Cambridge, Mass: Harvard University, 1955.

¹⁰ Richard Edwards, "Capital Accumulation and Corporate Power in the Transition to Monopoly Capital," mimeo, Department of Economics, University of Massachusetts, Amherst.

¹¹ Richard Edwards, *Contested Terrain*. New York: Basic Books, 1979.

¹² James Weinstein, *The Corporate Ideal in the Liberal State 1900-1918*. Boston: Beacon Press, 1968.

¹³ Paul Sweezy, *Theory of Capitalist Development*. New York and London: Modern Reader, 1942, pp. 193-4.

¹⁴ Eduard Bernstein, *Evolutionary Socialism*. New York: Schocken, 1961, p. 203.

¹⁵ Karl Kautsky, "Bernstein und das sozialdemokratische Programm." P. 42, cited in Fernando Claudin, "Kautsky versus Lenin," in *New Left Review*, No. 106, Nov.-Dec. 1977.

¹⁶ Sweezy, p. 54.

¹⁷ James Joll, *The Second International 1889-1914*. New York: Praeger, 1956, p. 4.

¹⁸ Lucio Colletti, *From Rousseau to Lenin*. New York and London: Monthly Review Press, 1972, pp. 55-6, our emphasis.

¹⁹ Sweezy, p. 198.

²⁰ Ibid.

²¹ Quoted in Bernstein, p. 80.

²² Ibid., p. 59.

²³ Wasily Leontiev, quoted in Colletti, p. 53.

²⁴ Bernstein, p. 50.

²⁵ Ibid., p. 103.

²⁶ Ibid., p. 50.

²⁷ Ibid., pp. 82-3.

²⁸ See Hyman Minsky, *John Maynard Keynes*. New York: Columbia University Press, 1975.

²⁹ Bernstein, p. 87.

³⁰ Ibid., p. 15.

³¹ Ibid., p. 96.

³² Ibid., pp. 142-4.

³³ Ibid., p. 144.

³⁴ Ibid., p. 149.

³⁵ Ibid., p. 163.

³⁶ Karl Kautsky, *The Social Revolution*. Chicago: Charles H. Kerr, 1902, p. 38.

³⁷ Ibid., p. 82.

³⁸ Ibid., p. 18.

³⁹ Ibid., p. 53.

⁴⁰ As noted earlier, this is not the only possible origin of revisionist thought and practice.

⁴¹ The Ann Arbor Collective. "Against Dogmatism and Revisionism; Toward a Genuine Communist Party (1976)," *Theoretical Review*, No. 20, Jan.-Feb. 1981.

⁴² Louis Althusser, "The Crisis of Marxism," *The Theoretical Review*, No. 7, Sept.-Oct. 1978.

⁴³ See especially Michael Harrington, *Twilight of Capitalism*. New York: Simon and Schuster, 1976; and *Socialism*, New York: Saturday Review Press, 1970.

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Grasping the specificity of class struggle, political practice and the rising tide of militarism under socialism is a task which will require an enormous amount of theoretical study and political struggle. Just as important, and just as difficult, will be the effort to begin to explain our emerging understanding of the socialist countries in a new and popular way. If the "military road to socialism" has done anything it has made more urgent these tasks. By forcing us to confront this problem squarely, we will be that much more urgently compelled to take up the struggle to revitalize Marxist theory and redefine socialist politics and goals. If the crisis of the East provides the impetus, certainly the crisis in the West is daily providing us with the opportunities to create and practice a new vision of socialism.

¹ Robin Blackburn in Eric Hobsbawm, ed., *The Forward March of Labour Halted?* (Verso, 1981), pp. 160-61. The phrase "stalinism" has been changed to "Stalinian Marxism" for publication in the *TR*.

² Reprinted in *The Nation*, February 27, 1982.

³ "The Historic Significance of the 22nd Congress," in Balibar, *The Dictatorship of the Proletariat* (NLB, 1977), p. 204; emphasis in the original.

⁴ *Theoretical Review*, No. 19.