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Rosa Luxemburg – Her analysis of imperialism,
her contribution to the critique of political economy

1. Rosa Luxemburg as a political economist

Like Antonio Gramsci, Rosa Luxemburg has mainly been perceived and praised as a political theorist. That perception, dominant as it still is among her admirers on the Left in Europe and all over the world, is thoroughly misguided, as it is in the case of Gramsci (for the latter, see Krätke 2011a). Rosa Luxemburg was a trained economist, very well acquainted with political economy. What is more, she belonged to the relatively small group of people who actually had studied Marx' *Capital*, all three volumes of it, and a lot more. Like Gramsci, Rosa Luxemburg did make several contributions to a critical and radical political economy in the Marxist tradition. In fact, her main contributions to Marxist theory are in this area. Even her polemical work, her contributions to the debate on "revisionism", her contributions to the debate on the "mass strike" and the tactical options of a large working class movement in Europe, are interspersed with and supported by political economic arguments and reflections proper. In the older biographies of Luxemburg, for instance in the biography by Peter Nettl, widely read and still the most influential in the English speaking world, her work as an economist is not ignored, but set apart in a special and relatively small appendix, not even a chapter of the main text, at the end of the voluminous book (cf. Nettl 1965).¹ In Annelies Laschitza's comprehensive biography, however, Luxemburg's work as an economist is described in more detail for the first time, following the course of her struggles with herself and with the material at hand (cf. Laschitza 2000). However, Laschitza's picture is far from complete as in particular Rosa Luxemburg's work as a teacher of political economy at the Berlin party school of the SPD remains underexposed and out of focus. The time has come to correct the conventional picture in which Luxemburg in her role as a political orator, journalist and writer of radical tracts on the political tactics of the labour movement remains

¹ I have taken issue with this misrepresentation of Rosa Luxemburg's economic and political thought as strictly separated in my earlier contribution to a volume dealing with Rosa Luxemburg's understanding of the modern state (see Krätke 2011b).

completely separated from Luxemburg in her role as one of the first (and very few) female radical political economists in the Marxist tradition.²

Rosa Luxemburg actually was one of the first women and certainly one of the very few socialists, who were ever admitted to a study of economics and graduated with honors, eventually even receiving a doctorate in economics. Early on in the year of 1897, she submitted her doctoral thesis at the Faculty of Law of the Technical university of Zürich. Her supervisor and examiner was Julius Wolf, who had himself engaged in the debate triggered off by Engels' price question put forward in his introduction to *Capital*, volume II, namely how a solution of the riddle of the general rate of profit on the basis of and consistent with the tenets of Marx' theory of value would look like – a solution that would only be provided by volume III of *Capital*.³ However, Luxemburg did not deal with Marxian economics and its unsolved riddles in her doctoral dissertation. Instead, she had studied the industrial development of Poland under the impact of the Russian – Tsarist – Empire. It was an empirical and historical study, based upon extensive research in the libraries and archives in Paris, undertaken in 1894/95. Nonetheless, she herself deemed it as “socialist dissertation” – in a private letter – and was delighted that it was received with much praise by Julius Wolf (cf. Laschitzka 2000, p. 66). She also had the pleasure to see her doctoral dissertation published as a book (already in the next year, 1898, by Duncker and Humblot in Leipzig). The socialist character of her study was not evident at first glance – but her book provided a strong argument against Polish nationalism, including Polish nationalism in the socialist camp which was supported by strong economic evidence. Poland as an economic region, in particular its industrial districts under Russian rule, had been thoroughly integrated into the larger economic region of (Western) Russia. Regarding the level of economic integration that had been achieved, national independence for the Polish industrial regions was no longer an option. The Polish industrial working class had become part of the Russian working class and there were no deep divides between the Russian and the Polish industrial and commercial classes that remained. Hence, Luxemburg's dissertation provided a strong and well founded argument

² There are, of course, some others, as forgotten or ignored as Rosa Luxemburg, the economist, although lacking her nearly iconic status. The most important among them are Natalie Moszkowska and Helene Bauer (both of Polish – Jewish origin as Rosa Luxemburg was).

³ Julius Wolf had launched a major attack on Marx' theory of capitalist development already in 1892 (cf. Wolf 1892), his attack was met by Eduard Bernstein in the “*Neue Zeit*” (cf. Bernstein 1893). In his short autobiography, he praised Rosa Luxemburg as the most talented of his students (cf. Julius Wolf 1924, 220).

against Polish nationalism, including the nationalism on the Left (cf. Luxemburg, GW 1.1, pp. 185 e.s.).

2. Rosa Luxemburg's view of the Marxist legacy and the problem of progress in Marxist theory

Already in the 1890s, Rosa Luxemburg complained about the stagnation and lack of intellectual effort and theoretical progress in the Marxist camp. Marxism had by then been firmly established within the German labour movement – by the joint efforts of many disciples of Marx and Engels, who gathered around the project of a new journal, the *Neue Zeit*. Until Engels' death in 1895, there was not much progress in terms of theoretical and / or empirical work in the Marxist tradition, while the larger parts of the work of Marx and Engels remained either unpublished or were simply unavailable. The most substantial contributions actually came from Engels himself, including the invaluable contributions he made by editing the late Marx's manuscripts (and re-editing older publications). After Engels' death and thanks to the publication of *Capital* volume III in 1894, the academic Marx-critique thrived for a while. For a period of time, refuting Marx alleged theories became an academic fad, although the Marxist adversary stayed thoroughly excluded from whatever field or discipline in the academia. The young socialist intellectuals, even the most brilliant, had no chance whatsoever of an academic career – like Marx in his days -, nor were they very much interested in such careers.

Rosa Luxemburg showed her peculiar reading of Marx for the first time in a review article, published in the *Neue Zeit* in 1899. Against the popular cry “Back to the classical economists” which recurred among economists in the German speaking world where the “historical school” still prevailed, she insisted that the classical school had exhausted its potential and reached its historical limits in the work of David Ricardo. The only possible progress was to be found beyond the reach of classical political economy and was only to be attained by a radical break with their method of metaphysical, a-historical abstraction and their no less metaphysical conception of markets and exchange as natural and eternal forms of any economic system. In order to get there, Marx had to adopt a dynamic and historical view of the economy and to turn the method of deduction of the classics around – into a method of dialectical abstraction and dialectical development – deduction – of the

categories (cf. Luxemburg GW 1.1, p. 735). Contemporary readers might be surprised that Rosa Luxemburg already in 1899 anticipated one of the basic tenets of the so called “new lecture (reading) of Marx of the 1970s and somewhat later: Briefly but clearly, she stated that the Marxian theory of value was fundamentally different from Ricardo’s labour theory of value. Marx dealt with value and the specific sort of social labour producing value as particular historical categories. The first and crucial achievement of this dialectically organized theory of value was the solution of the riddle of money, creating an indissoluble link between the theory of value and the theory of money from the very beginning. Regarding this crucial theoretical achievement in theoretical economics, any step back to the classics had become impossible. Further theoretical progress in political economy was only possible by following the road of systematic dialectical reasoning, the dialectical method, pioneered by Marx. Political economy could either declare its bankruptcy as a social science or follow the road opened up by Marx’ critical effort (cf. Luxemburg, GW 1.1, pp. 736, 737).

In the same year, in her polemic against Bernstein, she argued straightforwardly: Bernstein was wrong with respect to the facts at issue in the debate, he misread the development of capitalism in the past and the present and he misunderstood its potential future development, thereby misinterpreting Marx. He missed the essentials of Marx’ theory of crises, and he had lost any understanding both of the crucial role of the labour theory of value for the cohesion of Marx’ systematic theory of capitalism as well as its specific content – the analytical link between abstract labour and money.⁴ The very secret of Marx’ critical concept of the capitalist mode of production, its historically specific and its temporary nature, its particular role as one crucial, progressive, although transitory period in the history of mankind, had escaped his notice. That is why he fell prey to the false evidence of actual, short term events as well as to the academic fads of the day (cf. Luxemburg, GW 1.1, p. 415). The time for resignation for the labour movement had not come as capitalism had not yet exhausted its self-destructive tendencies which continued to play a role and would become even more prominent in the future. But she admitted that the final stage of capitalism had not yet arrived. Capitalism on a world scale was still on the rise, its development as a world system was not yet fulfilled. Actually, world

⁴ This is just a nota bene for the votaries of the so-called “New Lecture of Marx” who are boasting priority for a lot of insights that in their very misguided and uninformed view were unattainable for all and everyone belonging to the crowd of “traditional Marxism”, among them Rosa Luxemburg.

capitalism was passing through a period of transition (Luxemburg, GW 1.1, p. 385). This was a time of transition – the major capitalist powers of the world were living through a transition period between the long lasting rise and the coming inevitable decline of world capitalism, rapidly approaching the culmination beyond which the decline would inevitably begin. Major crises still occurred, but stagnation – short periods of prosperity followed by much longer periods of depression – prevailed (cf. Luxemburg, GW 1.1, p. 385, 386). But as the capitalist world market could no longer be expanded by sudden moves forward once it was fully developed, world capitalism would approach its final period of slump and decay (ibidem). As long as the world market was still in the making, it was still far away from that full maturity that Marx had presupposed in his theory of cyclical, periodical crises. Such regular crisis cycles, however, would come in the future.

In 1903/04 Rosa Luxemburg spent nearly a year with the intensive rereading of Marx' work. For the 30th anniversary of Marx' death, she prepared two longer articles in order to take stock of the Marxian legacy and the state of the art of Marxian political economy. In her first article, she started with a rather disturbing diagnosis: There has been no progress whatsoever but only stagnation, Marxist research and theoretical development has virtually come to a standstill – although the late Marx' work, because of its incomplete and rather sketchy character should challenge his pupils to develop it further in all directions and to deal with the questions he had left unsettled. There had been popularizations of Capital, volume I, but the publication of Capital, volume II had not yet been honoured with any response whatsoever even from the most dedicated Marxists. Only volume III, however, had provided the solutions to the most salient problems of Marx' theory - and to the “basic problem” of the rate of profit in particular. Marx' Capital, Rosa Luxemburg insisted, was only to be understood as a systematic whole, all three volumes together - and the rather “incomplete”, preliminary presentation of the theory of value (as a theory of “labour embodied”) in Volume I, as she put it, was but a starting point, not to be confounded with the whole of it which was not fully developed until the analytical progress made in volume III (cf. Luxemburg, GW 1.2, p. 363, 365). That was a rather bold statement at the time, and it still is today when many Marxists and Anti-Marxists alike truly believe that Marx' theory of value (or his theory of money) is to be found in the first chapters of Capital, volume I, and in those very first chapters only.⁵

⁵ Only very recently, and thanks to the progress made with the work on the second MEGA (Marx-Engels Gesamtausgabe) which will require another 25 years until completion, it has become crystal clear that Marx'

Why was there no progress in Marxist political economy, no lively debates, no research leading towards new insights? Not because Marx' theory was outdated and had been rendered obsolete by the recent developments of capitalism. But because it was far too advanced for the immediate theoretical needs of the labour movement (cf. Luxemburg, GW 1.2, p. 368). Accordingly, one can draw the conclusion from Rosa Luxemburg's argument that the time of Capital, volume III was still to come. Rosa Luxemburg had made an important point here. Her concern about the stagnation of theoretical research in Marxist political economy becomes even more urgent when we take into account her views on the state of the art of the official, academic economics. According to her, academic economics had lost all theoretical orientation, grown completely infertile and had nothing to say about the real economic problems of the day. Neither historicism nor marginalism were able to explain what was going in the real world of capitalism during the long prosperity that began in 1895 and lasted, more or less, until 1914. The belle époque of industrial capitalism, the high times of imperialism saw the bourgeois ruling class without any economic theory worth its while (cf. Luxemburg, GW 1.2, p. 376, 473f).

On the other hand, in the Marxist camp quiet ruled. The *Neue Zeit* starting in 1883, had fundamentally contributed to the establishment of a Marxist hegemony within the German labour movement – after many years of struggle. Kautsky had done a lot to propagate the basic tenets of Marxism, including the critique of political economy. In the longest book review ever published in the *Neue Zeit* he had tried to explain why every socialist, every Marxist should study Marx' Capital, volume II – but to no avail (cf. Kautsky 1886).⁶ In later years he had organized several replies to Tugan-Baranowsky's book on the history and theory of crisis which for the first time made use of Marx' reproduction schemes in order to construct a theory of (unlimited) capitalist growth (cf. Tugan – Baranowsky 1901). Louis Boudin, Otto Bauer and others responded and Kautsky himself added a long essay on Marx' theory of crisis, followed by an article on the same topic by the young Otto Bauer (cf. Kautsky 1902, Otto Bauer 1904). This exchange,

great project has remained unfinished in crucial parts, from the theory of value to the theory of the ground rent. This insight was already shared by many followers of Marx in the 1890s and later. Kautsky, Bernstein, the Austromarxists (Bauer, Hilferding, Renner) knew it – and organised their work accordingly. The short bloom of classical Marxism - to which Rosa Luxemburg also belongs – was due to the simple fact that quite a lot of talented people refused to come to terms with the myths of a “Marxist” party doctrine and world view. Instead, they kept working on the unsettled questions of Marx' political economy.

⁶ The review was published in *Die Neue Zeit* in 1886. Actually, it was surpassed by Bernstein's even longer review of Marx' Capital, volume III, which comprised seven different parts (cf. Bernstein 1895).

which provoked a response by Tugan-Baranowsky and further interventions by some others like Louis Boudin, Anton Pannekoek, Gustav Eckstein, did not settle the question. When it was resumed, a few years later, by Georg von Charasoff, Kautsky did not grasp its importance for economic theory; only Otto Bauer who had already pioneered the mathematical treatment of Marx' theory in his previous contributions seemed to understand what it was about.⁷

But, as a matter of fact, the most remarkable contribution to the development of Marx' theory in these years was a defense. A defense, written by the young Rudolf Hilferding in response to the devastating critique that the leading Austrian economist of the day, Eugen von Böhm-Bawerk, had launched against Marx' theory after the publication of volume III in 1894.⁸ In his defense, Hilferding addressed some elements of Marx' theory of value which clearly lacked elaboration – like the famous problem of the “reduction” (of skilled, complicated labour to unskilled, simple labour) -, contributions that are still valuable today as they open the way towards a sophisticated treatment of the “reduction problem” (cf. Hilferding 1904. See for a history of the efforts to tackle this problem Krätke 1998).⁹ One year later, Kautsky started publishing bits and pieces from Marx' hitherto unpublished papers in three volumes, under the title of *Theories of Surplus Value*, actually a part of the much larger research manuscript which Marx wrote in 1861-63 (Kautsky 1905 – 10).¹⁰ At that moment, Rosa Luxemburg re-entered the debate on Marxist political economy. In her review of the first volume of *Theories of Surplus Value* published in 1905 she expounded her views on the peculiarities of Marx' economic theory and method in particular. The manuscript edited by Kautsky was just a first sketch, unfinished, fragmentary – in fact a research manuscript which had been written not for publication but in order to sort out the problems, the answers and the best ways to present

⁷ Cf. Krätke 2013. In the introductions to two editions of Otto Bauer's work in English, the first English translation of Bauer's seminal book “Zwischen zwei Weltkriegen” of 1936 (together with my co-author John E. King), and the first publication of Bauer's hitherto unpublished book on the world economic crisis (a manuscript dating from 1934/35) one can find the details with respect to the Austro-Marxist contributions to Marxist political economy.

⁸ Both Böhm-Bawerk's critique and Hilferding's defense have been published in English in 1949 for the first time (see Sweezy 1984).

⁹ Several of the Austromarxist political economists contributed to the discussion of viable solutions to this problem (cf., for instance, Hans Deutsch, Otto Bauer, Otto Leichter, Albert Lauterbach). The very rich and variegated tradition of Austro-Marxist thought in political economy, actually the only one which made some analytical progress with respect to the major unsettled questions of Marx' critique of political economy, remains largely unknown in the English speaking world, due to the lack of translations, and is ignored in the German speaking world, due to the still dominating legacy of Leninist dogmatism.

¹⁰ These parts were usually misread as providing the substitute for the promised fourth volume of Marx' Capital.

them within the framework of a systematic theory of modern capitalism (cf. Luxemburg, GW 1.2, p. 463) - and that was, of course, also true for larger parts of the manuscripts that Engels had edited. In such a text, one could see Marx' "dialectical method" at work: In Luxemburg's perception that meant nothing but to deal with every economic category as an historical category, to put all economic relations in their appropriate historical context and to follow the course of their historical development (cf. Luxemburg, GW 1.2, p. 466, 468, 472).

In 1910, with the first publication of Rudolf Hilferdings *Finance Capital*, hailed and praised by nearly all the leading intellectuals of the Left, the debate on Marx' economic theory and its use value as a device to explain recent developments in world capitalism, gained momentum again. At an earlier stage, only the Russian debate on the development of capitalism in Russia and its course had provided some heated and sustained debates among socialist intellectuals of different breeds on the tendencies of world capitalism and the development of capitalism in particular countries. Now, all the leading Marxist theorists of the time reacted to Hilferding's pioneering work. Curiously enough, Rosa Luxemburg did not, although she was very well aware of the challenge put forward by Hilferding's effort – in particular with respect to some of the provinces of Marx' economic theory which had been left in a rather rudimentary state of elaboration, like the theory of money and credit or the theory of crisis.¹¹

3. Teaching Political Economy

For several years, from October 1907 to the spring of the year 1914, Rosa Luxemburg, taking over from Rudolf Hilferding, taught political economy at the party school that the German Social Democratic Party had established in Berlin in order to give the future functionaries of the party and of the trade unions some sort of higher education. An education that was generally denied to working class people in the German Empire. Political economy occupied an important, even a central place in the curriculum of the

¹¹ There are, however, some manuscripts in the Rosa Luxemburg papers in the Bundesarchiv, SAPMO in Berlin, which show that she was aware of and interested in those matters. Unfortunately, her studies of the changes in high finance from 1895 onwards, did not go far enough to take any kind of issue with Hilferding's pioneering work. Eventually, Rosa Luxemburg did not write the critique of Hilferding's *Finance Capital* she had announced in her correspondence.

party school. The introduction to political economy, which was largely an introduction to Marx' "Capital" and to a Marxist interpretation of economic history from the times of the early stone age civilizations, via European antiquity, the political economy of towns and country-side during medieval times in Europe until the most recent changes and development of the capitalist world system.¹² Luxemburg was delighted to teach and she was an outstanding teacher who soon occupied a central position in the party school, highly appreciated by her students. She pressed for the enlargement of the courses in political economy, history and sociology, and drew up new courses for the school – for instance a course on the history of socialism.¹³ Her work as a teacher of political economy for the future cadres of the German labour movement encouraged her to write her major works on political economy.

It started with a textbook, a new introduction to political economy. Her many lectures on political economy were to be published as a book. Rosa Luxemburg was ambitious enough to write a completely new introduction to political economy of her own, based upon her party school lectures – instead of, as one would have expected her to do, make use of Karl Kautsky's widely used and highly praised introduction to Marx' Capital. She was highly critical of the way in which economics was taught in Germany and elsewhere.¹⁴ In several articles, she had attacked the style of thought as well as the sheer lack of thought and theoretical rigour in academic economics as it prevailed on the Continent; in the debate on revisionism she had rejected any kind of conciliation or marriage between the Marxian theory of value and the new subjectivist theory of marginal utility as it had already been proposed by younger economists on the Left and as it would be proposed again and again. Regarding her style of exposition, she was under the

¹² Her course was meant to serve as an introduction to economic history as well – and she used the analysis of precapitalist economic relationships widely in order to clarify the peculiarities of modern capitalism. As a Marxist political economist of the classical age, Rosa Luxemburg had no difficulties sharing Engels' view that political economy as a science was still in its infancy and had to deal with far more than just modern capitalism.

¹³ These drafts are to be found in the Luxemburg papers in the Bundesarchiv, SAPMO, in Berlin. More can be found in the notes of her lectures taken by two of her pupils, Rosi Wolfstein and Jacob Walcher. For the largest part, they are still unpublished.

¹⁴ She was, however, aware of the many efforts to popularize Marx' work, already undertaken when Marx was still alive, with and without his approval. Kautsky's "Karl Marx' ökonomische Lehren", written together with Bernstein, first published in 1889, was the most widely read example in her days, but more recently others, like Hermann Duncker and Julian Borchardt had made similar efforts. But she was even more impressed by Alexander Bogdanov's Short course on political economy (at that time only available in Russian), a book that was widely used in the Russian labour movement and that was still in use in the Soviet Union until the late 1920s, together with Bogdanov's presentation of a fully-fledged analysis of modern capitalism in its subsequent historical stadia and guises (in four volumes, from 1911 to the 1920s). Lenin, who was no idiot, knew its merits, all his tactical and so called "philosophical" differences with its author notwithstanding.

influence of the still dominant historical school of political economy in Germany. In her textbook as in her lectures she would not restrict herself to a commentary on Marx' Capital. Her course and her textbook were meant to address the theoretical and political adversary, bourgeois political economy in its present state, immediately.

When Hilferding's book on Finance Capital was published in 1910, she was busy preparing her introduction into political economy – both as a book and as a series of eight smaller booklets. The opening chapter of the book (or the first of the series of booklets) was devoted to the scope and method of political economy itself – “what is political economy”? From the very first sentence onwards, Rosa Luxemburg launched an all out attack on the conventional wisdom of academic economics. Not other Marxists or Marxism was her target, but the celebrities of contemporary economics. She took issue with the conventional view of the “economy” or with the notions of “economic man” and “economic action” as an a- or supra-historical feature of human life and insisted upon the historical specificity of capitalism as the one and only historical form of an economy that could ever give rise to the particular science of political economy. Because economic processes in modern capitalism are dark and devious, because capitalism brings forth phenomena like crises, like price fluctuations, like unemployment which are both unintended and undesired by most economic actors, the need for a specific science arises. The need for a science that could discover the hidden “laws” of the economy and explain the ways in which capitalism works, develops and expands (cf. Luxemburg, GW 5, p. 571 – 575).

Against the common view of economics as the study of national economies, then and still today prevailing in academic economics, Rosa Luxemburg defended the view that any capitalist economy in its historical setting and development could only be conceived of as part of the world economy.¹⁵ As a matter of fact – and according to all available statistical evidence, industrialization and the expansion of international trade went together. The most industrialized countries were also the most engaged in international trade, first and foremost with other industrial countries, linking the European and the North American great economies together with their colonies in the rest of the world. Capitalism develops

¹⁵ She actually proposed the term “Weltwirtschaftsökonomie” (the economics of the world economy) instead of “Nationalökonomie” (the economics of a national economy). The best term for the new science would still have been “Politische Ökonomie” (political economy), which would, according to Marx' never abandoned plans, culminate in an analysis of the “world market” and its “crises” (that is the capitalist world economy).

as a world system, produces and thrives upon an ever expanding world market which is also the ultimate form of an universal economic process completely beyond the reach of any particular economic actor (Luxemburg, GW 5, p. 580 e.s.). In the same chapter, Rosa Luxemburg explains why Marx' critique provides both the culmination and the historical end of political economy. With Marx, the focus of political economy shifts from the rise to the decline and end of capitalism, hence to socialism and the end of political economy or economics as a science (cf. Luxemburg, GW 5, p. 587).

Only parts of her manuscripts for the planned textbook on political economy, known as the *Introduction to Political Economy* (or in the German original as *Nationalökonomie*, the official name of the science of economics at that time) had survived and were actually published after her death in 1925. Some of the chapters that would have been crucial for any course on political economy and would have provided first rate evidence as to the precise reading of Marx' economic theory that Rosa Luxemburg endorsed, are missing – like the chapter on value or the chapter on the rule of capital and the rate of profit.¹⁶ The crucial chapter on the history and theory of crises is missing as well. Others chapters, such as the one on wages, show the peculiar way in which Rosa Luxemburg read and interpreted Marx – as a rather political political economist indeed.¹⁷ Presenting the Marxian theory of the determination of wages – by the “value of labour power” – she immediately grasped its weak spot, the element of indeterminacy of the wage level inherent to it. But instead of writing a comment or critique of that theory, she took the turn to reformulate it – in a very political manner, introducing collective political action, trade union action, as one way in which an “economic law” might actually be asserted (cf. Krätke 2009). Unfortunately, also the chapters dealing with the world market and the making of a capitalist world economy are missing. The chapters on economic history prevail in quantitative terms, dealing with pre-capitalist and pre-modern societies. The chapter on exchange and commodity production and market relations is actually built on and presented as an abridged and simplified version of another piece of economic history: The history of the rise of market and commodity economies in outline (cf. Luxemburg, GW 5, p. 716). Not surprisingly, Paul Levi who edited the surviving parts of the manuscript in 1925, presented the book as a

¹⁶ For an overview and a discussion of the overall structure of Rosa Luxemburg's planned introduction see Krätke 2012 and 2014b.

¹⁷ See for a discussion of Luxemburg's theory of wages: Krätke 2009

first sketch of a comprehensive Marxist history of economy and culture (Levi 1925). Rosa Luxemburg saw it differently: In her correspondence, she insisted that she was in fact not giving an introduction to economic history, but an analysis of the national economy, that is of capitalist production!¹⁸

Rosa Luxemburg did not write a review of Hilferding's book – the only major tract on political economy in the Marxist tradition to be published since Engels' death fifteen years earlier. But she was most certainly intrigued by the way in which Hilferding tackled the major relevant problem that had come to the forefront ever since the Bernstein debate: How to make head and tails of the recent changes in world capitalism, how to explain the recent developments of capitalism, including an array of structural changes within the framework of Marx' theory. Hilferding had done a good job, pioneering into fields where Marxists had seldom been – like the realm of finance and financial transactions, the financial markets of various kinds (although Marx had been there before as many of his then unpublished and unknown manuscripts now clearly show).¹⁹ His work has been hailed by leading Marxist intellectuals as the one and only supplement to Marx' Capital and many had followed Hilferding's views on Imperialism as the peculiar set of policies pursued by finance capital on the international level (as presented in much detail in the last part of his seminal book). Rosa Luxemburg did not directly respond to that, although she clearly disagreed. Actually, her effort to write a big book on the same topic herself, was an offspring of her work to edit her party school lectures as a kind of textbook of political economy – including a concise and comprehensive exposition of Marx' theory of accumulation and crisis. According to her own testimony, she stumbled across another big unsolved problem in Marx' theory, probably while she was looking for the right way to construct her planned chapter on the history and theory of crises in capitalism. In her lectures at the party school, she had introduced Capital volume II to her pupils presenting it as the very base for a theory of crisis and crisis cycles. As a matter of fact, after a brief presentation of the basics of Marx's analysis of the circuit of capital in volume II, she embarked on a long and very detailed story: She told her students no less than the full

¹⁸ Rosa Luxemburg, letter to Clara Zetkin, 2nd half of June 1909, in: Rosa Luxemburg, *Gesammelte Briefe*, Band 3, Berlin 1984, p.39 (my translation).

¹⁹ Marx did actually continue his work on Capital, volume III, collecting and analysing material on the money and financial markets of his time from 1868 until the end of his life. His intention was, as he told several interlocutors, to thoroughly change and reorganize the section on credit and interest bearing capital which he had left as an unfinished draft in 1865. For a detailed account of the contents and structure of the fifth section of volume III of "Capital" see Krätke 2014a.

history of crises and cycles in modern capitalism, beginning with the crisis of 1815 and ending with the world financial crisis of the year 1907.²⁰ Inevitably, that topic led her back to basics, to Marx' theory of accumulation, which she found wanting – but she did not tell her students about her rising doubts.

This turn to a critique and reformulation of some basic tenets of Marx' theory of accumulation should not surprise us. In the concluding chapter of her *Introduction to Political Economy*, Luxemburg had stated clearly enough what she regarded to be the central problem of the science of political economy: “*How is a capitalist economy possible? That is the basic question for the science of political economy*” (Luxemburg, GW 5, p. 770). Because capitalism is but an historical, hence transient form of economic life, it has its historical origins, its peculiar historical developments, but also its historical ends. Hence, political economists have not only to examine what conditions, what combination of historical circumstance had once made the rise of capitalism possible, and what allowed for its further development, but it had also to find out, what conditions, what combination of circumstances made the further existence, the survival or the further development of capitalism impossible in the longer run (cf. Luxemburg, GW 5, p. 772). How? By following the intrinsic laws of the rule of capital which provide a dialectical linkage between the possibility and the impossibility of capitalism. At a certain level, the development of capitalism becomes self-destructive, ruining the basic prerequisites of any human society by continuing its very course. First and foremost, Luxemburg considers capitalist development in her *Introduction* as expansion and accumulation beyond all limits. Obviously, her book on accumulation was meant to provide an answer to both questions – how capitalism was possible during its life and times and how and why it would become impossible as a consequence of its own development - an answer apt for the period of high imperialism.

4. Another explanation of the phenomenon of Imperialism

²⁰ Cf. the notes of her lectures on Capital, volume II and Capital, volume III, taken by both Rosi Wolfstein and Jakob Walcher. These materials remain largely unknown and unpublished, although a start has been made recently, first with a publication of some of these texts in French, and with a second selection from these papers in English.

With her book on the accumulation of capital Rosa Luxemburg actually achieved something that she did not expect and had not intended: She triggered off a long lasting debate among Marxist political economists on the basic tenets of Marx' theory of accumulation (cf. Krätke 2006). In the first place, she had taken issue with outsiders and / or critiques of Marxism, like Tugan-Baranowsky, not with the Marxist orthodoxy. She dared to criticize Marx, but had good reasons to see herself in accordance with the majority of Marxists in Germany who had not embraced Tugan's view of an ever expanding and growing capitalist economy at all. Her criticism of Tugan – geared against the “mystification that commodities are bought by commodities, not by people” (cf. Luxemburg, GW 1.2, p. 385) was widely approved among her fellow-Marxists. To her surprise, however, her book was harshly criticized and her Marx-critique was rejected by the leading Marxist theorists of her day. The critics came from the left, the right and the centre, among them were Anton Pannekoek, Gustav Eckstein, Otto Bauer, Hilferding and Kautsky. Lenin himself prepared a rather polemical article against Rosa Luxemburg's book in 1913 in which he completely rejected her views as misguided, even dangerous (cf. Lenin 1913). Although most critics agreed that Rosa Luxemburg had tried to tackle an important problem, nobody saw any merit in her peculiar approach. Luxemburg's *Accumulation* became a “livre maudit” that even her admirers preferred to ignore.

Rosa Luxemburg's critique of Marx' treatment of the problem of accumulation, however, remained rather tempered after all. Again and again, she stressed that the manuscript was unfinished, that Marx had not been able to produce a final solution to the problem he was actually trying to pinpoint and tackle in his manuscripts. In her view, the problem had not been solved by Marx, he had even created some confusion during his quest. Volume II (and III) of Capital remained unfinished manuscripts, as she stated again in the chapter that she wrote for Mehring's biography of Marx, written in 1914 (cf. Luxemburg, GW 4, pp. 291 – 301). Although Marx had provided the basics – even for a theory of crisis – volume II still had the character of a (research) manuscript “that stops half way through”, and the section dealing with accumulation and enlarged reproduction was, unfortunately, the “most incomplete” (Luxemburg 2003, p. 139, 142). In her assessment of the manuscripts, she followed Engels' description as he gave it in his introduction to Capital, volume II, published in 1885 (cf. Krätke 2005). As we know now, after Engels' redaction manuscripts for Capital, volume II have been published together with Marx' original manuscripts for this volume, in particular, Marx was struggling with a

specific problem. A problem that has been very much on his mind from the first time when he elaborated a reproduction scheme of his own in 1862 onwards: That is the interrelationship between the circuit of monetary flows and the commodity exchanges (or commodity flows) between the different parts of the social product that exist in the form of specific use values. In 1881, when Marx dropped his last effort to finish the manuscript of *Capital*, volume II (that was his last manuscript, called manuscript VIII), he had not yet found a solution for this problem: How to present the intermediary monetary circuits and the big exchanges between the sections of social capital, between groups of capitalists and between capitalists and workers, as mere moments of one comprehensive process of social reproduction – and accumulation.²¹

Rosa Luxemburg has made her stance quite clear: In his various efforts, Marx had lost track of the real issue. He was wrong when he formulated the problem as a problem of money and kept looking for “sources of money”. The problem to be solved was not the problem of additional or sufficient money (or gold) in circulation, the real issue was additional effective demand (or sufficient counter-value, as Marx would have put it). Who would be willing and able to buy and use additional means of production, who would be able to turn accumulation into real investment? What had to be explained in the first place, was the structure of the “great social transaction of exchange” that ensued from the structural change of the surplus production (cf. Luxemburg 2003, p. 128 et passim). .

In the *Accumulation of Capital* Rosa Luxemburg remains highly ambivalent in her (re)appraisal of Marx’ theory and method. According to her, Marx’ is wrong and goes astray, using the wrong abstractions in the wrong places. In her view, he jumps from fiction to fiction and distorts the real process of accumulation in a diagram instead of using his famous dialectical (historical) method. She criticizes some of the premises of Marx’ model – in her view they were too simplistic and at odds with his own theory of capitalist development. When capital accumulates we should presume that labour productivity rises, when capital starts to accumulate we should presume that it accumulates at an ever increasing path. Right. No objection from Marx himself should be expected. But Luxemburg’s critique goes much further and remains highly ambivalent. On

²¹ According to his original plan, as expounded in the 1861 – 62 manuscripts and still used when he penned down his first drafts for what was to become the volumes II and III of “*Capital*” in 1864 /65, the final chapter of the last (third) book of “*Capital*” should be an analysis of the total process of circulation (money and commodities) of a fully-fledged capitalist economy.

the one hand, Rosa Luxemburg criticizes the theoretical fictions or models that Marx constructs. Obviously, the diagram of “simple reproduction” depicts a theoretical fiction as it is an analytical device covering just one, although crucial, moment of the whole of the reproduction process. Accumulation on an equilibrium path is a fiction as well, although meant as a device to analyze the conditions and causes of disequilibria or crises. Frustrated with Marx’ incomplete solutions, Luxemburg rejects the exercise altogether. Those diagrams will not do the job. They will not be able to help us understand and analyze the real historical process of capitalist accumulation, they “cannot explain the actual and historical process of accumulation” (Luxemburg 2003, p. 328).²² But on the other hand, Rosa Luxemburg remained convinced that there are “economic laws” pertaining to modern capitalism and explaining its course of development. Accordingly, there should be similarly general “laws of accumulation”. If Marx himself had not been able to finish the job, his followers should be able to provide a complete analysis and to settle the “unsettled questions of Marxian political economy”.

When Rosa Luxemburg wrote her book – in rather short time, challenged by Hilferding and worried by her own vain efforts to come to grips with a popular exposition of the basic laws of capitalist reproduction - she was looking for another, plausible explanation of the phenomena of high imperialism. The building of empires abroad was nothing new in the history of modern capitalism as she had remarked herself (cf. Luxemburg, GW 3, p. 193 et passim). But the phenomena of colonialism and imperialism had never been explained within the context of Marx’ laws of capitalist development. Marxist political economy, despite its theoretical aspirations, had no theory fit for an explanation of the historical process of imperialism, the making of a capitalist world market and a capitalist world economy in its different phases and stages. That was what Luxemburg was after and that was what she jumped at, dropping her critical review of accumulation theory altogether. One cannot be surprised that her critics did not follow her, rather tried to show that a solution of the problem in Marx’ terms was indeed possible – even when they appreciated Rosa Luxemburg’s approach to the phenomenon of imperialism.

²² I have presented and criticized Rosa Luxemburg’s manner of dealing with Marx’ highly complex analyses in “Capital” elsewhere in much more detail (see Krätke 2010).

Her solution is, however, a tricky one. Regarded as the historical solution to the specific problem of accumulation, as she saw it, imperialism, the conquest and annexation of colonies, does not immediately provide what is requested. According to Rosa Luxemburg's analysis, the intrinsic problem of accumulation in capitalist economies is the need for additional effective demand for additional commodities – produced by capitalist enterprises in the developed, capitalist world. But how can “non-capitalist” areas or societies provide such additional effective demands? By what means can they buy and use the commodities that are additional and thus exceed the effective demand available in the capitalist world? Could they rely upon mountains of hoarded money, ready to throw into the world wide circulation of global capital?

Obviously, they cannot. Rosa Luxemburg's critics, like Otto Bauer, made this point and rightly so. First, the economy in the “non-capitalist” parts of the world would have to be thoroughly transformed. As there are no “natural markets” outside the capitalist world, they have to be created. In one way or the other, except in the case of a purely gold- or silver-producing and –exporting colony, the additional “effective demand” coming from the “non-capitalist” areas has to be created and mobilized. That amounts to no less than a complete transformation of the economic structure of those pre-capitalist societies that the great powers of industrial capitalism invaded and conquered. Rosa Luxemburg, for one, was very much aware of this problem inherent to the solution of the “accumulation problem”, as she had presented it. The last chapters of her book are largely devoted to a description – and partly analysis – of the process by which the “non-capitalist” areas of the world, once they have been conquered by one or the other of the capitalist great powers, are thoroughly transformed by their colonizers. As there are no markets by nature, they have to be created. As not all people in the world do engage in commodity production by nature, they have to be forced or seduced to do so. They would have to be transformed in commodity producers. As not everything in the world is for sale by nature, the wealth and riches outside of the capitalist world have to be transformed into commodities. All that is to be achieved by a long historical process – and those very transformation processes provide the core of what imperialism in its high times is all about: The creation of a world market and, eventually, of a capitalist world economy.

Unfortunately, when Luxemburg's book on accumulation was published, the only major debate among Marxist economists referring to the international economy was a

debate on money and the interpretation and explanation of new phenomena in the international monetary system. The debate on gold and paper money, actually triggered off by rising inflation in several European countries during the long prosperity had raged for a while since 1911. Rosa Luxemburg did not engage in that debate. Nor did the participants in that debate (Hilferding, Kautsky, Varga, Otto Bauer and some others) refer to her work.²³ Some of the participants were clearly aware of its importance for any theory of imperialism - gold production took place in colonies which were part and parcel of the British Empire: Without the gold mines of South Africa and Australia firmly under control of the British Empire, the international gold standard could not be upheld. Capital export, with London as the monetary hub of the capitalist world economy, actually the one and only truly international financial market of the time, had become crucial for the international monetary system. The system of international loans, the internationalization of public debt and the circuit of capital export, had become largely concentrated in the City of London. Rosa Luxemburg clearly saw the central importance of international loans and the whole system of international credit for the phenomena of high imperialism - she devoted a whole chapter of her book to the matter. But she never tackled its links with the international monetary system. Neither Marx nor the Marxists after him were able to fully integrate the international flows of money, the flows of international trade and the international circuits of capital that should, at least in a Marxist perspective, underlie them and bind them together.

5. What is still valid today?

Today, the matter seems settled. Rosa Luxemburg's critique of Marx' scheme of extended reproduction or accumulation is rejected, although we can now demonstrate in all necessary detail that in 1881, when he dropped his last manuscript for *Capital*, volume II, Marx himself had not yet finished the job – in particular with respect to the analysis of the accumulation process – despite several efforts since 1857/58. The passages that Engels did actually leave out do not fill the gap – although they provide some light as to Marx' own understanding of his “reproduction schemes”, which was much more sophisticated

²³ The debate took place in the *Neue Zeit* from 1911 to 1913. The major contributions were made by Kautsky, Hilferding, Otto Bauer, van Gelderen, Varga; the debate was briefly resumed after WWI in the journals “Die Internationale” and “Die Aktion” (see for a brief overview of that debate: Krätke 2014b).

than Rosa Luxemburg imagined (cf. Krätke 2005, 2006).²⁴ But the ensuing debate, triggered off by Rosa Luxemburg's critique, has shown that a revised and extended scheme of the conditions of a dynamic accumulation process can be constructed and the conditions of an "equilibrium path" for capitalist growth can be specified. With respect to the problem of imperialism, Rosa Luxemburg's basic formula does not appear to be very convincing either – at least at first glance. If there is, as she suggests, a general solution to a general problem haunting capitalism from its very beginnings, what is the specific approach to explain the phenomena of the high tide of imperialism of the belle époque until 1914? Several explanations for the obvious surge of "imperialist" adventures, pursued by the rivalling great capitalist powers in Europa and in America, had been proposed, and the search for new markets and sales areas was only one of them, not the most convincing, as the experience of several European (British, French) colonies had clearly demonstrated. Other motives, the search for raw materials, for energy sources, the occupation of nodes in trade routes, the establishment of new sea lanes, the search for cheap labour were (or could be) even more important.

The most important contribution of Rosa Luxemburg's big book lies in her approach to the problem of colonialism / imperialism. That very approach is normally subsumed under the formula of the "non-capitalist" area's which are indispensable for the accumulation of capital, providing markets, resources and investment opportunities. Wrong. The famous non-capitalist area's / societies / spaces – whether inside or outside of the heartlands of capitalism – do provide nothing of the kind unless their economic and social structure is thoroughly transformed under the impact of the capitalist great powers occupying and invading them. Once they have been transformed, they present both a problem and a solution for the economies of the advanced capitalist countries when- and wherever they are becoming integrated into the capitalist world market. To put it more specifically, in her book, Rosa Luxemburg is already criticizing herself, going far beyond the simple formula that she initially presents as the core of her new approach.

²⁴ Marx' manuscripts pertaining to volume II of "Capital", and written during a long period of time, starting with the first draft in 1864/65 and ending with the last manuscript (manuscript VIII) which Marx left unfinished in the summer of 1881, have been published in the second MEGA, volumes II / 4.1, II / 4.3, II / 11, in 1984, 2008 and 2012 respectively. In particular, Marx had struggled with the interconnections between monetary and commodity flows between the different sections of a purely capitalist economy, without finding a final solution to this problem that suited him.

In the last part of her book, Rosa Luxemburg discusses how the imperialist powers try to transform the economies of the countries and regions they colonize into something that fits into the economy of the respective Empires, not necessarily into the capitalist world market as such. These are the most innovative chapters in the whole book, the first version of a Marxist theory of capitalist colonialism and its impact upon the regions and societies of the world subjugated by it. Luxemburg describes the transformation process as a sequence of stages: First comes the “struggle against the natural economy” (chapter 27 of the *Accumulation*). It is inevitable because capital at home cannot just sit and wait for the slow disintegration of the natural (subsistence) economy in the newly acquired colonies which might take generations. The expropriation of natural resources, their transformation into either private or public property (in the hands of the colonizers and their indigenous allies) is part and parcel of this process which can last for centuries. Collective property as it exists, is ignored or destroyed, including the vast public utilities (hydraulic works) as they have existed in many of the colonized regions long before the arrival of the colonizers. However, the introduction of private property relations in the colonized territories often failed, and the colonial power had to start all over again.

The logically necessary next stage is the introduction of commodity production and commodity exchange (chapter 28). The population of the colonies has to be driven into a market economy, their mode of production has to be changed into commodity production as an everyday, habitual practice. More often than not, the foreign capitalist powers use force in order to open up the economies of colonized and non-colonized countries and regions for their trading activities. A historical practice that reminds us of the fact that the limits of markets used to be politically defined and redefined again and again. Once markets have become well entrenched in the economies of the colonies, the “struggle against the peasant economy” gains momentum (chapter 29). It is a prolonged fight against the local, rural or peasant economy, based upon a traditional pattern of the distribution of labour between agriculture and rural (house) industries. In the end, the rural peasant economy is destroyed, the rural (house) industries submerged under a flood of manufactured goods from the advanced capitalist countries, the traditional agriculture transformed into industrial mass crop production for the world market. As the social bases of self-sufficiency in a peasant economy are destroyed, colonialism produces an ever growing mass of rural and urban poor. The whole process, as described by Rosa Luxemburg, is driven by organized violence in different forms. Force is needed in order to

transform highly civilized pre-capitalist economies, both natural subsistence economies and highly developed market economies, into “underdeveloped” countries. The outcome of imperialism is not a sustainable solution for the problem of accumulation in the world of advanced capitalist countries, as Rosa Luxemburg saw it, but a complete failure: The creation of a Third World, dependent upon the colonial powers and increasingly becoming a burden to them. Once in a while, the colonial powers can use them as makeshift substitutes for their crumbling markets in the capitalist world in times of crisis, but never for long. Already Marx had demonstrated in much detail, that even a rich and large colony like India was not profitable at all for the British state and society – except a few thousand individuals (members of the colonial administration, army and shareholders of the East Indian Company).

If the developed capitalist industrial nations of the North need markets for their surplus production and investment chances for their surplus capital, classical colonialism is just not good enough. They have to create a variety of sustainable and expandable markets in the countries they have conquered and keep it under control. They have to create another capitalist economy – their very counterpart – in the colonized world. Accordingly, the problem of accumulation, as Rosa Luxemburg saw it, is multiplied not solved on the scale of the capitalist world economy. In one of the last chapters of the *Accumulation*, Rosa Luxemburg actually starts to tackle the problem of the next stage – after the “substitution of commodity economy for a natural commodity” the substitution “of capitalist production for a simple commodity production” (Luxemburg 2003, p. 399). How does one of the capitalist great powers force its colonies on the path of capitalist “development”, how does it create a modern capitalist and industrial production abroad? “Primitive accumulation” by all means of organized colonial force is not enough. The colonizers have to export money and capital to the regions of the world they want to “develop”, that is turn into integral parts of a capitalist world economy, thus expanding their share of it. The main item that Rosa Luxemburg describes – and analyzes to some extent – are international public loans, capital being transferred from the colonial powers to “underdeveloped” countries and regions, either formally colonized or not, in order to allow them to buy and pay for basic industrial equipment. Railroad building and armament are the main examples. First and foremost, foreign loans are given to non-colonies, independent states outside the heartlands of European and American capitalism which are becoming “young capitalist states” as Rosa Luxemburg dubs them (Luxemburg

2003, p. 401). An artificial market for industrial, factory products from the advanced capitalist countries is created by means of an ever increasing amount of international loans which become the primary outlet for surplus capital from the world of advanced capitalism. That was already true during the times of high imperialism – a period during which the level of international financial market integration rose to levels unheard of before.

Obviously, Rosa Luxemburg did not anticipate the success of the “developmental states” in the “underdeveloped” world. She did not deal with the rise of Japan as an industrial, commercial and financial Great Power during the period of high imperialism either. An older distinction from the imperialism debate of the early years of the 20th century – recently reintroduced by David Harvey – the distinction between “extractive” and “constructive” imperialism, might be helpful (cf. Harvey 2003). Taken with a good grain of salt, it serves us to tell an old story: Conquest and plunder, looting, enslaving, expropriation of everything that is to be found in the invaded countries and can be extorted from the conquered people, is just not good enough. Even a systematic plunder and expropriation is not sustainable and inevitably turns into a failure in the long run. Once you have plundered all the hoards of gold and other precious metals you might be able to find as a seasoned conquistador, you will inevitably have to turn to work, to the hard labour of mining or washing gold and other precious metals - or leave. After the initial plunder, investment, building and running mines on a large scale, awaits. In comparative terms, only those imperialist powers are relatively successful, although at a high and increasing cost, that do engage in “constructive” imperialism. In order to do that they have to set into motion a process of capital accumulation in their own colonies – or support capital moves and capitalist endeavours in that direction in formally independent countries. To create sustainable and expanding markets, they have to create – or to support the creation of – their capitalist counterparts in other parts of the world, thus promoting the rise of their future competitors. That is how Marx himself, already in 1857-58, saw the making of the world market by the active propaganda of the capitalist mode of production all over the world, actively supported by the state or, to put it more precisely, by the capitalist Great Powers of his time. Eduard Bernstein, for one, had added some elements which were at least worth a consideration - reminding his most able critique (as he himself described her), Rosa Luxemburg, of a basic distinction, already present in Marx’ analysis – the distinction between extensive and intensive accumulation. In his view, Rosa

Luxemburg had simply overstated her case, too eager to pinpoint the ultimate limits of capitalist development. However, one could not yet foresee when the world market (and a capitalist world economy) would be fully developed – and for that the intensive expansion, the rapidly increasing volume of the inter-industry trade between the highly developed capitalist nations, had become ever more important in recent times.²⁵ And that is exactly what her contemporary critics, whenever they bothered to deal with her explanation of imperialism, emphasized. Anton Pannekoek, for one, although a left critique of the German social democracy and sharing many of Rosa Luxemburg's views, frankly declared that her explanation of the necessity of imperialism was simply wrong. She was right to emphasize the necessity of modern imperialism, but, unfortunately, she was right for the wrong reasons (cf. Pannekoek 1913).

More often than not, in the historical cases of imperialism, we find a combination of both types of imperialism. Extractive (and destructive) imperialism still survives in many parts of the world until this very day. In a few cases – like in the case of the German Empire engaging in Turkey and the Middle East in order to become a hegemonic power in that region, a case Rosa Luxemburg had dealt with several times - the constructive effort, the building of rail-roads, streets, harbours, electricity networks, industrial complexes precedes any form of conquest and colonization by organized, military force. It can even do without it – creating a long lasting and highly asymmetrical dependency relation between the old and the “younger” capitalist states, as the German Empire did offering its help and vast pool of German capital and technology to build the famous “Bagdad Bahn” (Bagdad railroad), which should trigger the modernization of the infrastructure and even the industrialization of the Ottoman Empire, its ally in the Middle East. Only recently, some countries in the former “Third World” have learned the lesson and turned to a path of development of their own. Only a few have succeeded, first and foremost those that kept apart from the international credit system and preferred a policy of enforced industrialization by their own means, independent from foreign loans and foreign capital. The success of the “developmental states” in Asia and Latin America has boosted the

²⁵ Cf. Eduard Bernstein 1969, p. 104 e.s.. During the so-called debate on “revisionism”, Bernstein and Luxemburg treated each other with great respect. Both knew and admitted in their private correspondence that they were dealing with an honest and talented opponent, Bernstein had not by chance been chosen by Engels as his intellectual heir and entrusted to continue the work on his and Marx's papers and had been the most able defender of the Marxian heritage for many years. In Bernstein's view, Rosa Luxemburg was undoubtedly a very talented Marxist and he regarded her critique of his “revisionist” thoughts as the best – although he continued to disagree with her in the various editions of his book on the “preconditions of social democracy” (cf. Bernstein 1924, p. 32).

expansion of the capitalist world economy in recent decades – even started to shift its weights back from the Atlantic to the Asian-Pacific Region. Like Marx, by the way, had already presumed and more or less predicted in the late 1850s.²⁶ We are now approaching a capitalist world system where many large capitalist powers are openly competing with each other on an ever increasing world market and the differences between old and “younger” capitalist countries are rapidly withering away. Although the forms of imperialism have radically changed, imperialist expansion becomes more and more impossible – it is becoming a victim of its own success in the former peripheries and semi-peripheries of the world market. So, in the end, we might approach the historical limits of capitalism in our time, both in terms of intensive and extensive accumulation of capital on a world scale, and Rosa Luxemburg might be quite right after all – not for the high times of classical imperialism but for ours.

²⁶ In 1858, in a letter to Engels, Marx already reflected upon the prospects of capitalism as a world system – just when the first world economic crisis in the history of modern capitalism was about to peter out: If capitalism in decline, even at the brink of revolution in Western Europe, but still on the rise in other parts of the world, notably in Asia, when the making of the world market has been brought to an end by integrating the America’s and opening up the markets of China and Japan, what will happen. Does that not mean that all efforts to overthrow capitalism in Europe will be futile while its movement – or bourgeois society’s at large – is still ascendant on a much larger territory? (cf. Karl Marx, Brief an Friedrich Engels vom 8. Oktober 1858, in: MEGA² III, 9, p. 218. As usual, I don’t trust any of the extant English translations).

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