

# Rosa Luxemburg: Economics ¶for a New Socialist Project

Monday 11 August 2014, by [SCHMIDT Ingo](#) (Date first published: July 2014).

## Contents

- [Economics: Expansion, Accumula](#)
- [Politics: Class Struggles \(...\)](#)

Right-wing militias killed Rosa Luxemburg and dumped her dead body into the Landwehr Canal after the Spartacus uprising in Berlin. Social democrats and communists finished off her intellectual and political legacy by putting her on their respective pedestals. She became a principal witness against Bolshevik organizing practices for the former and was praised as a co-founder of the German Communist Party and a revolutionary martyr by the latter. Both united in denouncing her economic theory as fatalistic, if not plain wrong, and her political strategy as voluntaristic praise of spontaneity. The reason for these attacks is easy to understand: Luxemburg saw unions and parties as a means to achieve workers' self-emancipation, social democrats and communists saw them as indispensable engines for building organized capitalism or socialism in one country, respectively. The post-war boom, unprecedented in strength and duration, did its part in sinking Luxemburg's dire prognoses about capitalism's fate.

Only maverick thinkers Hannah Arendt, Joan Robinson, Michal Kalecki, and Tony Cliff [1] drew inspiration from Luxemburg's economic work during the long boom. This exquisite but largely unknown quartet, one Marxist, one Keynesian Marxist, and two non-Marxist women, illustrates the marginalization of Luxemburg's legacy during those days. In a way, it also foreshadowed the bitter disputes between socialists and feminists that would erupt in the aftermath of 1960s New Leftism. Ironically, very few feminists adopted the intractable Marxist Luxemburg. [2]

Leftists interested in Luxemburg's work looked at her politics but had little time for economics. Disgusted with dictatorial and ossified communism in the East and social democratic involvement in welfare state management in the West and the latter's complicity in imperialist wars and neocolonial exploitation, they sought democratic and participatory alternatives. Luxemburg's critique of top-down organizing and her focus on rank-and-file experiences and learning processes as a prerequisite for socialist transformation certainly offered brain fodder for these efforts. [3] However, the neglect of economics, which was widely shared across the left political spectrum, came at a price. The return of economic crises in the 1970s caught the left off guard while the right used it successfully to launch the neoliberal counterattack against labor and other social movements. [4]

It wasn't until the 1990s that a new generation of protestors, chanting "Our World Is Not for Sale," began to rally against the commodification of all aspects of life. Sadly, the rubble of Soviet communism also buried the traditions of critical or dissident Marxism. Henceforth, the political ideas of Rosa Luxemburg were only discussed on the margins of a marginal left. [5] Her economic ideas remained where they have almost always been: in oblivion.

But the series of economic crises, mass protests, and strikes beginning in 2008 led to a small

resurgence of interest in Marxism in general and Marxian and Luxemburgian economics in particular. [6] The English edition of her collected works, including the first English-language edition of her “Introduction to Political Economy,” certainly helps to broaden this discussion. [7] The mobilizing euphoria around Occupy Wall Street has ebbed and it is now time to Occupy Economics and put forward a new critique of political economy that will help build a new socialist project in the future.

### **Economics: Expansion, Accumulation, and Crisis**

Much, but not all, of today’s economic malaise can be analyzed within the theoretical framework that Marx established in *Capital*. His analyses of the production of absolute and relative surplus value in Volume I of *Capital* deliver the tools to understand the reorganization of labor processes and the technological changes that have occurred under the reign of neoliberalism. The same is true for corporate restructuring that brought the concentration and centralization of capital, another theme from Volume I, to new heights but also changed its character by shifting key control functions from industrial to financial capital. This financialization, along with its corollary financial manias and crashes, can be understood in terms of fictitious capital and the role of credit that Marx developed in Volume 3. His famous, though highly controversial, law of the falling rate of profit allows us to evaluate the successes and failures of the abovementioned restructuring efforts in boosting profits and accumulation.

Indeed, reading Marx’ *Capital* today leaves the same impression as reading Luxemburg’s *The Accumulation of Capital*. One wonders whether Marx and Luxemburg really wrote their books more than one hundred years ago. If not for their historical references to English industrialization and nineteenth-century imperialism, one might think they were written as analyses of neoliberal globalization from the late twentieth century until today. The question, then, is what Luxemburg has to offer that Marx has not already given us. One issue is politics, or, more precisely, the relation between economics and politics. Marx deals with the latter in a separate stream of writings, notably his analyses of class struggles in France from 1848 to 1871 [8], but he never outlines their connection with his economic writings that, as already mentioned, focus largely on England.

Contrary to the strange separation between economics and politics in Marx’ works, Luxemburg addresses the relations between them head on in *The Accumulation of Capital*. She shows how conservatives like Malthus, who recognized insufficient aggregate demand as the Achilles heel of capital accumulation, sought to fix this problem politically by protecting feudal classes of unproductive consumers. [9] She also points to suggestions to institute minimum wages to create effective demand. [10] Yet, she concluded from her analysis that the solution capitalists were seeking to this problem didn’t lay in preserving pre-capitalist, as Malthus recommended, sectors of the economy or spurring domestic demand by way of rising wages. The former stood in the way of industrialization, the latter was considered as a threat to profits that capitalists would only accept if workers fought for it but would not impose voluntarily. Once industrialization had reached maturity and capitalists still being able to keep wages low, imperialist expansion seemed the only way to keep accumulation going. This expansion was pursued by means of international loans and militarism. [11]

Luxemburg’s analysis of nineteenth-century colonialism also casts light on the mix of IMF structural adjustment programs and military intervention that the ruling classes of the West, typically in conjunction with comprador classes in the South, launched against twentieth century post-colonial regimes that tried to escape from the imperatives of global capital accumulation. Her analysis of militarism shows that this imperialist policy is “a province of accumulation” in its own right. This

understanding anticipates, albeit in embryonic form, the post-World War II arms economies in the West and the ideas of Keynesian demand management.

However, the key difference between Marx and Luxemburg is not the connections that they make between economics and politics but their treatment of non-capitalist milieus and their role for capitalist accumulation. Luxemburg insisted that Marx' model of expanded reproduction assumed sufficient aggregate demand without explaining its sources. From this critique, which takes up the entire first section, or 140 pages, of *The Accumulation of Capital*, she draws the conclusion that expansion into non-capitalist milieus is critical for the creation of effective demand and thus the continuation of capital accumulation. She explains this expansion in general terms as the replacement of natural, largely subsistence, economies by economies producing for commodity exchange that, using the abovementioned tools of loans and violence, would then be integrated into the circuits of capital accumulation. [12] The main areas of capitalist expansion during Luxemburg's lifetime were in the South, which was turned into capitalism's periphery as a result of nineteenth-century colonization. Yet, she made it abundantly clear that her model applies everywhere and that there were still significant non-capitalist milieus in the heartlands of capitalism.

With hindsight it is easy to see that the continued existence of craft producers, peasants, and shopkeepers, who produced commodities for sale but were not subjugated to the imperatives of capital accumulation, kept a lid on real wages and effective demand in the capitalist sectors of metropolitan economies. Wages in these sectors were in large measure determined by pre-capitalist social norms or, in E. P. Thompson's words, moral economies. [13] The actual or potential proletarianization of craft producers, peasants, and shopkeepers created an unlimited supply of labor beyond the industrial reserve army whose ranks were filled or depleted by the cyclical ups and downs of the capitalist business cycle. [14] Traditional sectors, embedded in the moral economies of pre-capitalist times, and capitalist sectors, driven by the imperatives of profit maximization, accumulation, and competition, were kept in a delicate balance that arrested the development of the kind of welfare capitalism that the revisionists in the Second International had envisioned. Tragically, it took the period of wars, revolutions, and counterrevolutions from 1914 to 1945, aptly called the "age of catastrophe" by Eric Hobsbawm, [15] to unsettle this balance and pave the way for the development of the welfare state.

The following decades saw not only the strongest growth in capitalist history but also wage increases and social reforms that went far beyond the temporary gains Luxemburg considered possible during the boom phases of the capitalist business cycle. Analysts sympathetic to the welfare state often present the post-World War II social compact as an institutional arrangement in which wage-led growth mitigated distributional conflict and class divisions. [16] Yet the main point these analysts make in support of their thesis, linking real-wage development to productivity growth, calls this very thesis into question. If real wages follow productivity growth one has to ask why capitalists invest in more productive equipment and why these investments pay off. Unless one assumes that every investment produces its own demand, as (neo-)classical economists do, one has to explain where the demand that validates such investments comes from.

Luxemburg's demand-side Marxism offers an explanation to this puzzle. According to her, expansion into non-capitalist milieus, spurred by credit that allows individuals in these milieus to buy commodities from the capitalist sector, creates additional effective demand. This is the basis for capital accumulation and, as a dependent variable, wage-growth. Unions' "labor of Sisyphus" allows workers to obtain a wage that is "in accordance with the situation of the labor market." By "applying the capitalist law of wages ... the depressing tendency of economic development is paralyzed." [17] In other words, wages don't drive capital accumulation but, if linked to productivity growth, can stabilize it. If they don't, as was the case during the "age of catastrophe" and again from the 1980s until the present, cyclical recessions turn into structural crises of capitalism. The defeats labor

movements suffered after World War I and again during the 1970s were crucial for de-linking wages and productivity for decades and the subsequent build up for structural crises.

However, even when unions or accommodating labor laws allow wages to play their stabilizing function, accumulation still relies on increases in effective demand. Otherwise there is nothing to stabilize. Luxemburg, as already mentioned, saw these increases coming from colonial expansion in the South. The South also played a role in spurring demand after the Second World War. Faced with the spread of Soviet Communism, the Chinese revolution, and the radicalization of anti-imperialist movements, notably in Cuba and Vietnam, ruling classes in the West found it advisable to foster some level of industrial development in the post-colonial South. What some supporters saw as a way to self-reliance and auto-centric development soon turned out to be an outlet for Western investments and neocolonial domination. [18]

What was more important in economic terms, however, was the colonization of lifeworlds in the North. [19] The penetration of private households with mass-produced appliances and entertainment electronics replaced much economic activity that had previously been done outside the circuits of capital accumulation. The colonization, or commodification, of household production ranged from cooking and washing to canning and sewing. Sprawling cultural industries similarly colonized leisure time and also contributed to post-World War II prosperity.

Neocolonialism in the South and the commodification of lifeworlds in the North produced discontents that increasingly challenged the accumulation strategies underlying them. Some developmentalist projects that took the promises of self-reliance and auto-centric development seriously found themselves in ever-sharper conflict with neocolonial, and in some cases still colonial, realities and moved to the left. Examples of this are Chile under Unidad Popular or the wars of liberation in Angola, Mozambique, and Zimbabwe. Women in the North who took the promises of the welfare state at face value protested against the double burden of household and wage work that was one of the results of the commodification of Western lifeworlds. Environmental movements, pointing at the destruction of nature, can be added to this list as the resource-intensive character of capital accumulation went hand in hand with an accelerated colonization of nature. Things came to a head when workers who had been successfully integrated into welfare capitalism since the early 1950s began to rebel against capitalist control and exploitation on an unexpected scale in the late 1960s and early 1970s.

Luxemburg concludes *The Accumulation of Capital* by saying that capitalist development

*“becomes a string of political and social disasters, and under these conditions, punctuated by periodical [sic] economic catastrophes or crises, accumulation can go on no longer. But even before this natural economic impasse of capital’s own creating [i.e. the complete commodification of every aspect of nature and human life—IS] is properly reached it becomes a necessity for the international working class to revolt against the rule of capital.”* [20]

Written in 1913, this was a prophetic anticipation of the “age of catastrophe” that began just a year later. But it is also a proper description of the economic crises and domestic and international conflicts that marked the 1970s transition from welfare and developmental capitalism to neoliberal globalization.

Critics often charge Luxemburg with postulating an absolute limit to capital accumulation that was reached when the world was partitioned among late nineteenth-century colonial powers. [21] The argument she makes is different. She only points to the economic necessity to find additional demand in non-capitalist milieus to keep accumulation going. There is theoretically an absolute limit to this expansion but the actual development of capitalism in that direction will lead to political

conflicts that will stop the complementary processes of capital accumulation and expansion into non-capitalist milieus. And, of course, the same move is punctuated with cyclical crises. Already in the introduction to *The Accumulation of Capital* Luxemburg distinguishes between cyclical crises and the long-term requirements of accumulation.

Luxemburg's argument that capitalist expansion inevitably runs into political troubles was vindicated in her own lifetime by imperialist rivalries and a rising tide of labor unrest, both of which contributed to the outbreak of the First World War. When the "age of catastrophe" that began with this war was over, the world was no longer divided among rival colonial powers—though they didn't completely cease to exist until the 1970s—but between Western capitalism, Soviet communism, and the post-colonial South. The last was torn between the East and the West, and struggled to carve out its own space beyond superpower rivalries. This "age of the three worlds" brought about forms of capitalist expansion entirely different from nineteenth-century colonization but no less prone to producing conflicts and discontent long before accumulation reached its theoretical limit. In fact, accumulation could have continued beyond the 1970s, as only a minority of the world's population had reached the "stage of mass-consumption" [22] and plenty of economic activity was still waiting to be commodified.

Yet, even lifting a minority of the world's population to mass-consumption status was enough to produce new social movements that struggled against continued colonization and commodification, and to revive labor movements asking for higher wages and shorter hours and challenging capitalist control over the labor process. Continued accumulation would have strengthened these diverse movements. In the worst case, they would have rallied around a common anti-capitalist program.

Luxemburg's disciple Michal Kalecki had already foreseen such a situation in the 1940s, when welfare capitalism was more of a dream than a reality. He wrote that

*"full employment is not at all to their [the "business leaders"] liking. The 'workers would get out of hand' and the 'captains of industry' would be anxious to 'teach them a lesson.' ... In this situation a powerful block [sic] is likely to be formed between big business and the rentier interests, and they would probably find more than one economist to declare that the situation was manifestly unsound."* [23]

This is exactly what happened in the 1970s. The cyclical recession in 1974-75, aggravated by an oil-price hike in the previous year and currency turbulence due to shifting market shares between the then-leading export countries, signalled a turn to lower levels of investment and eventually a frontal attack on labor in the North and anti-imperialist movements in the South. Interest-rate hikes, the Volcker shock from 1979 to 1983, caused another recession that broke the bargaining power of unions and caused fiscal crises in the North and debt crises in the South. These crises helped to shift policies from Keynesian demand management to neoliberal austerity and restructuring. Environmental and women's movements that in the 1970s had flourished alongside, though often in conflict with, militant labor and anti-imperialist movements, didn't disappear but lost much, if not all, of their zeal. However, rolling back or destroying anti-systemic movements is only a necessary but not a sufficient condition to revive profits and accumulation. The neoliberal wave of accumulation, beginning after the world recession from 1980 to 1982, was as dependent on expansion into non-capitalist milieus as the preceding Keynesian and late nineteenth-century colonial waves. [24]

Ironically, welfare and developmental states had prepared the ground for this new wave of commodification. Significant public sectors had developed under their reign that were partially detached from the imperatives of capital accumulation but ultimately existed under the proviso that taxes and credit could be mobilized for their financing. Fiscal and debt crises, along with tax revolts

in some Western countries, cut these finances short and opened the door to large-scale privatization. Moreover, the reproduction of labor power had become much more dependent on commodity purchases during the post-World War II boom. Even though welfare and developmental states provided some measure of protection against unfettered labor market competition and its insecurities, they had also contributed to this rising dependency on purchased commodities as opposed to subsistence or household production. This dependency became a lever for the tremendous growth of consumer credit, construction, and homeownership.

Needless to say the collapse of Soviet communism and the capitalist turn of the Chinese communists presented even larger opportunities for capitalist expansion. The implementation of labor-saving technologies and the relocation of production to bypass unions in their long-established heartlands also created investment opportunities. The creation of global production networks that allow capitalists to switch from one supplier to another if labor unrest flares up required substantial investments in logistics, communication networks, and new plants. Thus, privatization and further expansion into non-capitalist milieus, a process David Harvey called “accumulation by dispossession,” [25] went hand in hand with further industrialization and industrial restructuring. On this abstract level, the neoliberal wave of accumulation wasn’t any different from previous waves. What distinguishes it is the way it came to an end.

Neither Great-Power rivalries nor anti-systemic movements put neoliberal accumulation to rest. The War on Terror pales in comparison to the mutual hostilities prior to and during the two world wars and the Cold War. Likewise, the alter-globalization movement, despite its global reach, is far weaker than the anti-systemic movements that challenged capitalist and imperialist rule from 1917 to 1923, in the 1930s, and again in the 1970s. The Wall Street crash and the Great Recession were caused by capitalism’s internal contradiction between the unlimited accumulation of fictitious capital and the limited accumulation of productive capital. They are distinctly Marxian, but with a Luxemburgian flavor. With the integration of formerly communist countries into global capitalism complete, global production networks in place, and the supply of privatization projects drying up, the accumulation of productive capital and the incomes derived from it was lagging behind profit claims generated by financial markets.

Stock market and banking crises triggered the Great Recession but underlying it was a slowing down of the accumulation of productive capital. Non-capitalist milieus haven’t vanished but they are not readily available for the accumulation strategies developed under neoliberalism.

Past systemic crises were only overcome after intensified class struggles and other conflicts led to new accumulation strategies. Whether such struggles occur, what forms they take, and whether they lead to new waves of capitalist accumulation or open the doors for socialist transformation is not an economic question. It depends on the making and remaking of classes, class alliances, and political strategies. This is a complex of questions on which Luxemburg’s political theory can shed some light. This theory helps to understand how working classes and socialist or other anti-systemic movements developed in the past, how they were unmade, and what potential for rejuvenation they have.

## **Politics: Class Struggles and Struggles against Colonization**

Luxemburg presents her views on the relations between economics and politics in the opening passages of *Reform or Revolution* by saying that

*“the scientific basis of socialism rests ... on three principal results of capitalist development. First, on the growing anarchy of capitalist economy, leading inevitably to its ruin. Second, on the progressive socialization of the process of production, which creates the germs of the future social*

*order. And third, on the increased organization and consciousness of the proletarian class, which constitutes the active factor in the coming revolution.” [26]*

Her views on economic development changed quite a bit from *Reform or Revolution* to *The Accumulation of Capital*. Rather than stressing the “anarchy of capitalist economy” and the “inevitable ruin” it would eventually cause, she argued that the partition of the world among the colonial powers would lead to economic stagnation and growing domestic and international conflicts due to that stagnation. But the political implications of her economic analysis remained the same: faced with crises and stagnation, capitalists will always try to lower wages and increase hours in order to retain profits. The industrial reserve army produced by labor-saving technology and shortfalls in aggregate demand helps them in these efforts.

Like other Marxists of her generation, Luxemburg didn’t explore the production process beyond the point where Marx’ analysis in the first volume of *Capital* left off. Yet she did elaborate her views on “organization and consciousness of the proletarian class.” Some of these elaborations can even be found in *The Accumulation of Capital*, which she saw as a strictly economic work. Section two of the book, taking up almost 150 out of 450 pages, is devoted to historical debates about whether capitalist accumulation is plagued with insufficient aggregate demand. Most of the economists she discusses would have been forgotten if Luxemburg and other Marxists hadn’t discussed them.

What is interesting with respect to working class formation and the development of labor movements is the way Luxemburg frames her review of theoretical discussions.

Each of the three “rounds” of discussion she included in the book is introduced with a reference to the class struggles and socialist movements of its respective time. She first mentions attempts in eighteenth- and nineteenth-century England by skilled craftsmen to defend their livelihoods against the onslaught coming from capitalist machinery and large-scale industry, which Marx and Engels had called “reactionary socialism” in the *Communist Manifesto*. She then proceeds to the “risings of the Lyon’s silk weavers and the Chartist movement in England” [27] in the early decades of the nineteenth century, mentions “the hopeful and victorious striving of the workers for ascendancy in their trade-union movement and by political action” [28] in Western Europe by the end of the century, and ends this section of the book with a discussion of capitalist development and revolutionary strategy in Russia in which she counterposes the Narodniki and “legal Marxists.”

This framing shows a progression from efforts to defend pre-capitalist ways of life against capitalism to movements confronting and trying to overcome capitalism. It also shows that this political progression coincides with the geographical extension of industrial capitalism and class formation from England to France, Germany, and Russia. Yet these two processes are also highly uneven. While Western European countries saw the rise of unions, mass socialist parties, and the illusion that economic and organizational growth would allow the substitution of revolutionary politics by a reformist transformation from capitalism to socialism, Russia was divided between pockets of highly concentrated capitalist industries surrounded by vast lands of feudal agriculture.

This tension between capitalist industry and feudal agriculture had contributed to the Russian revolution of 1905. Contemplating the lessons of this revolution, Luxemburg further sharpened her views on class formation, class struggle, and international solidarity. Frustrated with the consolidation of reformism in Germany, where organizational growth had increasingly become an end in itself, she enthusiastically greeted the Russian revolution as proof that mass struggles stimulate organizational creativity. The contrary focus on existing organizations produces passivity among party and union members and does nothing to attract unorganized workers. In Luxemburg’s view workers’ experiences in their struggles over political and economic issues are key to making a viable socialist movement: “The most precious, lasting, thing in the rapid ebb and flow of the wave is

its mental sediment: the intellectual, cultural growth of the proletariat.” [29]

The other point Luxemburg stresses is the international dimension of class struggles. Writing for a German audience she argues that “it is much more important that the German workers should learn to look upon the Russian Revolution [of 1905] as their own affair, not merely as a matter of international solidarity with the Russian proletariat, but first and foremost, as a chapter of their own social and political history” (emphasis in the original). [30]

During the build-up to the First World War Luxemburg recognized more and more that learning from workers’ experiences in other countries was a prerequisite for international socialism but concluded that resistance to imperialism, and the nationalism that ruling classes advocated in its pursuit, was more pressing. In her analysis of the Second International’s failure to organize international action against the war she explicitly argued that workers in each country had to pursue their own foreign policies to further the cause of international socialism. [31]

Luxemburg’s economic theory of capitalist expansion into non-capitalist milieus is a good starting point to strategize about anti-colonial struggles of all sorts but she never developed this question beyond the abstract quest for proletarian internationalism. In this regard, two issues must be distinguished: the difference between “centers” and “peripheries” in the North-South division of global capitalism and the distinction between struggles within capitalist sectors of global capitalism and struggles against capitalist expansion into non-capitalist milieus. Beverly Silver refers to these as Marx-type and Polanyi-type struggles, respectively. [32]

Luxemburg was very sensitive to the human suffering colonization inflicted on the peoples of the South [33] but she didn’t ponder the potential for anti-colonial revolutions, which became much more important in the twentieth century than the workers’ revolutions nineteenth-century Marxists had envisioned. National independence, the overarching demand of anti-colonial movements in the twentieth century, was anathema to her. But Luxemburg developed her views on the national question against the background of the industrialization of Poland, which turned the country into a hotbed of capital accumulation and working class activism within the Czarist Empire. [34] She didn’t want to weaken the socialist labor movement by splitting Poland, and thus the Polish working class, from Russia.

Neither the economic conditions in Poland nor the strategic conclusions Luxemburg drew from them apply to the colonial South. However, a short piece she wrote in the midst of the German revolution on Woodrow Wilson’s Fourteen Point Program offers a glimpse of the direction her thinking about the national question might have taken if she hadn’t been assassinated in January 1919. There she writes that the “current world explosion of nationalism carries the most variegated jumble of special interests and tendencies in its womb. Yet, one overarching interest ... points the way through all these special interests: the spearhead against impending world revolution of the proletariat” (author’s translation). [35]

This remark anticipates some of the contradictions within the post-World War II developmental regimes but leaves no room for the main contradiction that eventually brought them to an end: the sharpening conflict between the “spearhead against impending world revolution,” mostly a “jumble” of middle classes and comprador bourgeoisies, on one side, and coalitions of workers and peasants on the other side. [36] Moreover, Luxemburg didn’t fully explore the relations between centers and peripheries and therefore had no understanding of the possibilities and limitations of peripheral development or of the impact of exploitation of the South on the condition of working classes in the North. The focus of her economic theory was really on explaining the role of non-capitalist milieus in generating aggregate demand to keep capitalist accumulation going. Since she explicitly denied the possibility of long-term real wage growth we can assume that she didn’t see the potential for turning

Northern workers into beneficiaries of Southern exploitation, a strategic option openly advocated by some of her revisionist adversaries. [37]

Lenin went even further and argued that a labor aristocracy already existed in the North during his and Luxemburg's lifetime and that it formed the social basis for revisionism. Supplemented with theories of unequal exchange that explained imperialist exploitation in value theoretical terms, Lenin's basic proposition became a staple of radical thinking during the post-World War II era. Neoliberal restructuring, welfare state retrenchment in the North, and continuing industrialization in parts of the South have changed the international division of labor fundamentally since the heyday of welfare and developmentalist capitalism. But these changes hardly created a homogenous workforce across the globe. Building a global labor movement is as great a challenge today as it has been in the past. Understanding the economic divisions between different groups of workers is an important part of such efforts as it allows us to identify the potential for the construction of cross-class alliances along national and/or racial lines against an international working class movement. Such alliances have been instrumental in the defeat of anti-systemic movements in the past and might play this role again in the future.

Anti-colonial struggles in the South were only one trigger for neoliberal globalization including its making of a global but fragmented workforce. Others were Marx-type labor struggles and the Polanyi-type new social movements in the North from the late 1960s until the early 1980s. As already mentioned, neoliberal restructuring was partly driven by the goal of bypassing the actual and potential strength of these movements.

Interestingly, the question of class-collaboration versus international solidarity that plagued Northern labor movements since the late nineteenth century was replicated in the relations between labor and new social movements. The dominant currents in organized labor saw women's and environmental movements as a threat to economic prosperity including rising standards of living for organized, mostly male, workers. Many activists in the new social movements responded in kind. Continuing New Left criticism of welfare states, imperialism, and monopoly capitalism, they saw labor and capital as undifferentiated parts of a system threatening the autonomous spheres of nature, women's lives, and, by extension, the colonial South whose liberation movements were a major point of reference for the new social movements in the North. Jürgen Habermas theorized their activities as struggling against the "colonization of lifeworlds by the system." [38] However, some currents within labor and new social movements sought to find common ground.

Luxemburg's analysis of the relations between capital accumulation, fomenting Marx-type struggles, and capitalist expansion into non-capitalist milieus, causing Polanyi-type struggles, offers some guidance in dealing with this problem, which remains largely unresolved today.

In some respects the contradiction between labor and new social movements, or struggles over income distribution within capitalism and struggles against capitalist expansion, was not as stark as it may have appeared to be to leaders of those movements. After all, the struggle over the length of the workday, and thus the rate of surplus value, which is at the heart of capital accumulation, is also one to demarcate workers' subjugation to capitalist control from free time outside the labor process. Even within this labor process workers are constantly trying to carve out times and spaces of freedom from control and exploitation. In doing so, they defend their autonomy and dignity against their complete degradation into a totally malleable factor of production. At the same time, social milieus that lay beyond the purview of capital accumulation and control before the reign of neoliberalism have now been integrated into capitalism. Struggles against dispossessions of all kinds either withered away or turned into struggles within, and possibly against, capitalism. A higher share of the world's population than ever before is dependent on selling their labor power, and increasing numbers of poor people are coerced into new forms of slavery. These workers of the

world, whatever else their differences, either surrender to capitalist exploitation and oppression or engage in a dual struggle for better incomes and working and living conditions, and against the reach of capitalist rule.

Neoliberal restructuring was extremely successful in unmaking whatever levels of working class identities were left after welfare state integration in the North. But it also created a much larger working class in itself that now includes most parts of the South and the former East. Whether this leads to the making of a global working class for itself is not a question of capitalist accumulation and expansion. These forces of capital have already produced high levels of discontent. Depending on workers' experiences in articulating this discontent and struggling against its manifold causes, ultimately rooted in the imperatives of capital accumulation, they might transform themselves into an agent of change, a class for themselves, capable of overcoming the destructiveness of capitalism and replacing it by a social order in which humans live in peace with each other and with nature.

**Ingo Schmidt**

---

---

## **P.S.**

\* New Politics. Summer 2014, Vol:XV-1, Whole #: 57:

<http://newpol.org/content/rosa-luxemburg-economics-%E2%80%A8for-new-socialist-project>

\* Ingo Schmidt teaches Labor Studies at Athabasca University in Canada. His most recent books are *Social Democracy After the Cold War* (co-edited and co-authored with Bryan Evans) and *Rosa Luxemburg's Akkumulation des Kapitals*. He also writes economics columns for *Sozialistische Zeitung*, a monthly paper in Germany.

---

## **Footnotes**

[1] Hannah Arendt, *Men in Dark Times* (Harcourt Brace & Company, 1968), 33-56; Joan Robinson, "Introduction," in *Rosa Luxemburg, Accumulation of Capital* (London: Routledge and Paul Kegan, 1951), 13-28; Michal Kalecki, "The Problem of Effective Demand With Tugan-Baranowski and Rosa Luxemburg," in *Collected Works of Michal Kalecki, Vol. II* (Oxford: Oxford University Press, 1967, 1991); Tony Cliff, "Rosa Luxemburg - A Study," *International Socialism*, 1959 (2&3).

[2] Raya Dunayevskaya, *Rosa Luxemburg, Women's Liberation, and Marx's Philosophy of Revolution* (University of Illinois Press, 1991); Andrea Nye, *Philosophia: The Thought of Rosa Luxemburg, Simone Weil, and Hannah Arendt* (London: Routledge, 1994), 3-53.

[3] Lelio Basso, *Rosa Luxemburg: A Reappraisal* (Praeger, 1975); Norman Geras, *The Legacy of Rosa Luxemburg* (London: New Left Books, 1976).

[4] Ingo Schmidt, "There Were Alternatives: Lessons from Efforts to Advance Beyond Keynesian and Neoliberal Economic Policies in the 1970s," *Working USA*, vol. 14, no. 4 (2011), 473-498; Jefferson Cowie, *Stayin' Alive: The 1970s and the Last Days of the Working Class* (The New Press, 2010).

- [5] See for example the debate on Luxemburg in the pages of this journal in the early 2000s, *New Politics*, Nos. 31-32.
- [6] See special issues of *Socialist Studies*, vol. 6, no. 2 (2010) and *Critique: Journal of Socialist Thought*, vol. 40, no. 3 (2012); Riccardo Bellofiore, ed., *Rosa Luxemburg and the Critique of Political Economy* (London: Routledge, 2009); Ingo Schmidt, ed. *Rosa Luxemburg's Akkumulation des Kapitals* (Hamburg: VSA Verlag, 2013).
- [7] Rosa Luxemburg, *Complete Works, Vol. I: Economic Writings I* (London: Verso, 2013), 89-300.
- [8] See his *Class Struggles in France, 1848-1850*, *The Eighteenth Brumaire of Louis Bonaparte*, and *The Civil War in France*.
- [9] Rosa Luxemburg, *Accumulation of Capital* (London: Routledge and Paul Kegan, 1951), chap. 14.
- [10] Luxemburg, *Accumulation of Capital*, chaps. 16 & 17.
- [11] Luxemburg, *Accumulation of Capital*, chaps. 30 & 32.
- [12] Luxemburg, *Accumulation of Capital*, Section III: The Historical Conditions of Accumulation (chaps. 25-32).
- [13] E. P. Thompson, "The Moral Economy of the English Crowd in the 18<sup>th</sup> Century," *Past and Present*, vol. 50, no. 1 (1971), 76-136.
- [14] W. A. Lewis developed a model of development with unlimited supplies of labor to understand post-World War II developments in the South but it seems also applicable to the pre-World War I North. See W. A. Lewis, "Economic Development with Unlimited Supplies of Labor," *Manchester School*, 22 (1954), 139-191.
- [15] Eric Hobsbawm, *The Age of Extremes* (London: Abacus Books, 1994), part 1.
- [16] Samuel Bowles and Robert Boyer, "A Wage-led Employment Regime: Income Distribution, Labor Discipline, and Aggregate Demand in Welfare Capitalism," in Stephen Marglin and Juliet Schor, eds., *The Golden Age of Capitalism* (Oxford: Clarendon Press, 1991), 187-217.
- [17] Rosa Luxemburg, "Reform or Revolution," in *Rosa Luxemburg Speaks* (Pathfinder, 2011), 50-124; quotes from p. 100.
- [18] Samir Amin, "Self-Reliance and the New Economic Order," *Monthly Review*, vol. 29, no. 3 (1977), 1-21.
- [19] On lifeworlds, see Jürgen Habermas, *The Theory of Communicative Action, Vol. 2* (Beacon Press, 1985).
- [20] Luxemburg, *Accumulation of Capital*, 447.
- [21] For a critique of such criticisms see Paul Zarembka. "Rosa Luxemburg's 'Accumulation of Capital': Critics Try to Bury the Message," in Jennifer Lehmann, ed., *Current Perspectives in*

Social Theory, 21 (2002), 3-45.

[22] W. W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge University Press, 1961), chap. 6.

[23] Michal Kalecki, "Political Aspects of Full Employment," *Political Quarterly*, vol. 14, no. 4 (1943), 322-330.

[24] Ingo Schmidt, "Rosa Luxemburg's Accumulation of Capital: A Centennial Update with Additions from Long Wave Theory and Karl Polanyi's Great Transformation," *Critique: Journal of Socialist Thought*, vol. 40, no. 3 (2012), 337-356.

[25] David Harvey, *The New Imperialism* (Oxford: Oxford University Press, 2003), chap. 4.

[26] Luxemburg, "Reform or Revolution," 58

[27] Luxemburg, *Accumulation of Capital*, 203.

[28] Luxemburg, *Accumulation of Capital*, 250.

[29] Rosa Luxemburg, "The Mass Strike, The Political Party and the Trade Unions," in *Rosa Luxemburg Speaks* (Pathfinder, 2011), 205-290, quote from p. 234.

[30] Luxemburg, "Mass Strike, Party and Unions," 271.

[31] Rosa Luxemburg, "The Junius Pamphlet: The Crisis in the German Social Democracy," in *Rosa Luxemburg Speaks* (Pathfinder, 2011), 342-439.

[32] Beverly Silver, *Forces of Labor: Workers' Movements and Globalization since 1870* (Cambridge University Press, 2003), 20.

[33] Peter Hudis, "Accumulation, Imperialism, and Pre-Capitalist Formations: Luxemburg and Marx on the non-Western World," *Socialist Studies*, vol. 6, no. 2 (2010), 75-91.

[34] Rosa Luxemburg, "The Industrial Development of Poland," *Complete Works, Vol. I: Economic Writings I* (London: Verso, 2013), 1-78.

[35] Rosa Luxemburg, "Fragment über Krieg, nationaleFrage und Revolution," *GesammelteWerke*, Vol. 4 (Berlin: Dietz Verlag 1983), 366-373.

[36] For a full account on the rise and fall of developmental regimes see Vijay Prashad, *The Darker Nations: A People's History of the Third World* (New Press, 2007)

[37] Richard B. Day and Daniel Gaido, eds., *Discovering Imperialism: Social Democracy to World War I* ( Haymarket Books, 2012).

[38] Habermas, *Theory of Communicative Action*.