

The enduring relevance of Rosa Luxemburg's *The Accumulation of Capital*

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First published in 1913, *The Accumulation of Capital* represents Rosa Luxemburg's quintessential contribution to Marxism and an exceptional, yet equally controversial, 'modification' of Marx's original scheme of accumulation. Built on a cordial critique of Marx's model of expanded reproduction, Luxemburg's intervention offers not only a new framework to study capitalist economic development, but also a historical and political compass with which the expansion of capitalist social relations through colonialism and imperialism can be expounded. To celebrate the centenary anniversary of the book in 2013, we assess the enduring relevance of key themes developed by Luxemburg in their conceptual implications, but also in their relevance to understanding dynamics within contemporary capitalism. The first part of the article engages with Luxemburg's theoretical contribution to the analysis of capitalist expansion with reference to the transformation of peripheral spaces. The second part briefly discusses how the book can be utilised as a starting point to examine the characteristics of today's crisis-ridden global capitalism. We conclude by highlighting a number of contentious points that challenge Luxemburg's account, but ultimately claim that *The Accumulation of Capital* is still an invaluable resource for those who are interested in critically examining international political economy and geopolitics.

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Introduction

Rosa Luxemburg's theory and practice are currently receiving renewed attention (Bellofiore 2009; Schmidt 2012; Worth 2012) that will, no doubt, increase following the publication of her personal correspondence and the complete works of her social theory (Luxemburg 2011, 2013). In this article, we assess the enduring relevance of key themes developed by Luxemburg since, notably, the centenary appearance of *The Accumulation of Capital*. We analyse her contribution in terms of key conceptual



advances but also in relation to her relevance to understanding dynamics within today's capitalist social relations of production.

Conceived in the years following Luxemburg's break with the official party line of the German Social Democratic Party (*Sozialdemokratische Partei Deutschlands/SPD*) due to disputes over German militarism and working-class organisation, Luxemburg developed *The Accumulation of Capital* as part of her aim of finding the 'cause of imperialism' through 'a strictly scientific explanation of imperialism and its contradiction' (Luxemburg quoted in Dunayevskaya 1982: 28, original emphasis). In *The Accumulation of Capital*, Luxemburg bases her criticism on Marx's diagram of enlarged reproduction on the grounds that it assumes 'the universal and exclusive domination of the capitalist mode of production' (Luxemburg 1913/2003: 328). According to Luxemburg, 'the inherent contradiction between the unlimited expansive capacity of the productive forces and the limited expansive capacity of social consumption under conditions of capitalist distribution' (Luxemburg 1913/2003: 323) result in crises, which cannot be solved within capitalism itself. Instead, new markets have to be opened up elsewhere. 'The decisive fact is that the surplus value cannot be realised by sale either to workers or to capitalists, but only if it is sold to such social organisations or strata whose own mode of production is not capitalistic' (Luxemburg 1913/2003: 332). In short, capitalism depends on the constant possibility of outward expansion. For Luxemburg, this dependence upon 'noncapitalist social strata and forms of social organisation' is a *sine qua non* for the accumulation of capital as a historical process (Luxemburg 1913/2003: 346). 'Capitalism in its full maturity', she indicates, 'also depends in all respects on noncapitalist strata and social organisations existing side by side with it' (Luxemburg 1913/2003: 345). In other words, for Luxemburg, accumulation is 'more than an internal relationship between the branches of capitalist economy; it is primarily a relationship between capital and a noncapitalist environment' (Luxemburg 1913/2003: 398).

The Accumulation of Capital holds a legacy in terms of debating not only the relation between capitalism and imperialism but also the structural imperative to open noncapitalist strata to capitalist mechanisms, referred to by Luxemburg as the 'campaign against natural economy' (Luxemburg 1913/2003: 348–98). Indeed, Luxemburg's analysis concerning enlarged reproduction emphasises the relation between capitalism and imperialism that sheds light on current mechanisms linked to 'new frontiers of capitalist advance' and the spatial conditions of integrating peripheral economies into global capitalism, enforced via military interventions, regionalisation processes and/or structural adjustment programmes (Nash 1994: 7). Engaging with Luxemburg, David Harvey (2003: 140) posits that 'capitalism must perpetually have something "outside of itself" in order to stabilise itself', thus emphasising the notion of a spatial-temporal fix in overcoming crisis conditions within a method of inquiry referred to as 'historico-geographical materialism' (Harvey 1985: 144).¹ Importantly, Luxemburg identifies the internal/external distinction in terms of 'social economy rather than of political geography' (Luxemburg 1913/2003: 346–47). While the



internal market refers to the ‘capitalist market’, the external market is characterised by a ‘noncapitalist social environment’ (Luxemburg 1913/2003: 347). She illustrates this distinction as follows:

Germany and England traffic in commodities chiefly on an internal, capitalist market, whilst the give and take between German industry and German peasants is transacted on an external market as far as German capital is concerned. (Luxemburg 1913/2003: 347)

In short, Luxemburg does not confine capitalism’s ‘outside’ to a territorial phenomenon.

In our engagement with Luxemburg’s work, we will move from conceptual considerations to the analysis of empirical problems in treating the production of territory and political space. The conceptual section will start with a closer look at Luxemburg’s understanding of the expansion of the capitalist mode of production and the way peripheral spaces have been transformed. Within this first main section, we also explore further Luxemburg’s conceptual link between the place where surplus value is produced and the geopolitics of violent capitalist expansion in order to ensure the continuation of surplus accumulation. It is the uneven geographical development of geopolitics and the ‘new’ imperialism, which are at the centre of this analysis. This section is concluded with a discussion of Luxemburg’s account of capitalist expansion in relation to criticisms of Eurocentric scholarship. It is argued that while Luxemburg operates within a diffusionist paradigm of capitalist expansion, her focus on the reciprocally determining role played by the core and periphery opens up a resourceful route for studying the development of global capitalism without subscribing to Eurocentric presuppositions.

In the second main section, elements of Luxemburg’s work are then related to discussions of contemporary aspects of capitalist crisis. First, the expansion of the capitalist mode of production to noncapitalist space is related to discussions of the nexus between decommodification and commodification in today’s neoliberal phase of capitalism. Departing from a competing political economy framework, it is assessed to what extent decommodified areas are today’s noncapitalist spaces into which the capitalist mode intends to expand. Then, it is investigated to what extent Luxemburg’s analysis of international loans, provided by industrialised countries to noncapitalist states so that the latter can purchase goods from the former, can be used to understand the current sovereign debt crisis within the Eurozone and here, in particular, the Greek case against the background of uneven development across the European Union. Written around the time of the First World War, the links between capitalism and militarism were also prominent in Luxemburg’s *The Accumulation of Capital*. In the final part of the second section, these observations are related to the geopolitics flowing from the Iraq War today and to how, at the centre of the capitalist landscape, there is a form of accumulation based on conflict and reconstruction.



The conclusion will sum up the findings of the article and provide some critical remarks on Luxemburg for further engagement.

Conceptual considerations

The three phases in the production of capitalist space in peripheral geographies

In capitalism's 'battle of annihilation' against any form of natural economy, capital 'can no more wait for, and be content with, a natural internal disintegration of noncapitalist formations'. Capital enforces a transition to commodity economy and thus converts noncapitalist strata into 'commodity buyers' (Luxemburg 1913/2003: 351). For Luxemburg, the production of capitalist space in peripheral geographies had gone through three distinct phases. In the first phase, peripheral social space became exposed to capitalist social relations via the introduction of the commodity economy emanating from central capitalist spaces. Thereby, the existing traditional social relations of production were removed preparing the ground for capitalist accumulation. This integration of noncapitalist space into the capitalist international division of labour was realised through replacing the commodities that had been produced locally with cheap consumer commodities from abroad (Luxemburg 1913/2003: 349). As Marx elaborated in the *Grundrisse*, a product can only become a product when it is consumed; as consumption creates the need for new production, production gives consumption its specificity (Marx 1857–1888/1973: 91). This is an extremely important point since it helps us locate the concrete process when a pre-capitalist society enters a capitalist social relationship. The enforced transformation towards capitalist modernity in the periphery was 'foreign and poisonous', for it lacked the social connection with the natural development of the economy. In turn, this necessitated a reorganisation and restructuring of established state-society relations (Luxemburg 1898/1977: 87). The integration of those pre-capitalist spaces into the capitalist international division of labour dissolved the preceding structure of property relations and became strong enough to proceed with coerced, but limited, industrial development.

During the second phase, the peripheral capitalist mode of production was conditioned with the help of foreign capital. 'Railroad construction and mining, gold mining in particular, are typical for the investment of capitals from old capitalist countries in new ones' (Luxemburg 1913/2003: 408).² There are two significant, parallel dynamics to this process. The first one is the development within the manufacturing sector and its eventual transition to large-scale industry. The second is the annihilation of physical space through the construction of the necessary means of transportation, particularly railways. Both elements are closely linked with each other; David Harvey (1982/2006) demonstrates how fixed capital formation, specifically the creation of physical infrastructures in the built environment, cannot be understood independently from the distribution of surplus value transfers. As Marx (1894/1959: 618–19) outlined, 'capital may be fixed in the land, incorporated



in it either in a transitory manner, as through improvements of a chemical nature, fertilisation, etc., or more permanently, as in drainage canals, irrigation works, levelling, farm buildings, etc.’. Hence, ‘differences in the scale and durability of fixed capital are destined [...] to be an essential feature to the uneven development of capitalism’ (Harvey 1982/2006: 226). Within the spatial expansion of capital, manufacturing industry gradually develops with the help of the unprecedented increase in the facilities of transportation, which connect marginal spaces to a unified market on a national and international scale. In this process the circulation of products is equally important for the realisation of the product as a product, as is the consumption of the goods itself. Circulation is, in fact, a part of the production process itself (Marx 1857–1888/1973: 534). Therefore, the creation of the physical conditions of exchange — creation of the means of transportation and communication — is a necessary condition for the introduction of consumer economies and is, thereby, linked to the annihilation of space by time.

By its nature, capital seeks to drive beyond all spatial barriers (Marx 1973: 524). The construction of railways, therefore, creates an indispensable link between capitalist production and consumption. For example, the construction of railways in Mexico and Turkey led to the complete reorganisation of the traditional forms of production parallel to the international division of labour by unifying those spaces in the first place and connecting such unified spaces with international markets (Quataert 1977; Coatsworth 1981; Knight 1985; Gilly 1971/2007). Unsurprisingly, these railways became major projects of foreign investment stimulating capital accumulation in other sectors. By 1914, 63 per cent of overall foreign direct investment in the Ottoman Empire was channelled into railroad construction (Birdal 2010: 96). Finally, the railways played a significant role in accelerating the process of centralised state formation, which was conditioned structurally by the creation of a unified market during the 19th century in these peripheral spaces (Hesketh 2010: 385–86).³

The third historical phase for Luxemburg is the ‘struggle against peasant economy’. Here, she analyses the proletarianisation of peasants and how people are converted into wage-slaves of capital (Luxemburg 1913/2003: 391). Agriculture as a sheltered sector in a peripheral context undergoes processes of structural adjustment that envisages the abandoning of agriculture to market mechanisms, for instance by introducing direct support mechanisms, providing subsidies on the basis of land rather than production. This engenders dispossession, impoverishment, proletarianisation and migration. It eliminates production while creating demand and a market for the products of capital. Yet, Luxemburg reminds us that this is a new form of ‘proletarianisation’, a process that is presented as civilisation, though ‘it is a mere illusion that these are peaceful changes’ (Luxemburg 1913/2003: 367). Indeed, ‘capital leads the way, its passage is marked with universal destruction’ (Luxemburg 1913/2003: 391). This point is further elucidated by Harvey, in *The New Imperialism*, with the concept of ‘accumulation by dispossession’, a process addressing the problem of overaccumulation by releasing a terrain of new assets (including labour



power) and/or creating new spheres to be seized by overaccumulated capital (Harvey 2003: 147).

The whirlpool of capitalist development from a geographical standpoint

The attraction of Luxemburg's analysis of capitalist expansion and its advantageous spatial focus on concentrations of fixed capital that arise in the expansion of capitalist interests can be summarised through two interrelated aspects. First, in terms of the *place* where surplus value is produced and, second, in terms of the *geopolitics* of capital's blustering violence. The argument made here is that this method of analysis is significant in assessing not just the entrance of capital onto the world stage, through conditions of primitive accumulation, but also in terms of its progress in the world at every step through state rivalry and foreign policy, the international credit system, and militarism as a province of accumulation. These preserves of the historical career of capitalism resonate throughout Luxemburg's disquisition on the accumulation of capital and are treated in our second main section below.

Concerning the first aspect on issues of *place*, it becomes essential to stress how reservoirs of labour outside the dominion of capital are proletarianised within the capitalist system. In concurrence with Luxemburg (1913/2003: 108), 'if the analysis of the reproductive process actually intends not any single capitalist country but the capitalist world market, there can be no foreign trade: all countries are "home"'. The result is a reconception of the international that eschews a division between 'internal' and 'external' — or states held in exterior relation to each other — to embark instead on understanding the realisation of surplus value through world market conditions and the system of states as a social totality. 'In actual fact', Luxemburg states (1913/2003: 275, original emphasis), 'capitalist production is by nature production on a universal scale [...] producing for a world market already from the word *go*'. The dialectical outcome of the expansion of capitalism, then, means that the social setting of the reproduction of capital should be 'conceived in terms of social economy rather than of political geography' (Luxemburg 1913/2003: 346–47), as noted earlier. Nowhere is this focus on social totality more present than in Luxemburg's thesis on *The Industrial Development of Poland*.

Here, the capitalist development of Poland and Russia is seen as a unified process subsumed by international capitalist development in general and is examined within a frame of reference that resonates with the problematic of uneven and combined capitalist development. There is a decisive role carried out by Russian markets for Polish urban progress, and the need to maintain the international division of labour between the developing Polish and Russian industries. Poland's capitalist development, far from creating a 'progressive' national bourgeoisie, was integrating the Polish economy more and more with Russia. This was a necessary expression of capitalism's historical tendency toward greater and greater expansion, consolidation and integration of the world's productive forces, along with such global development



containing its own destructiveness. Hence, the main conditions of industrial development in Russia and Poland were linked through a series of customs zone reforms, the expansion of railway lines, the abolition of serfdom, and new tariff policies across the 1850s and 1870s. This created a 'hothouse atmosphere of monopoly prices, which placed Russian and Polish industry in an absolute El Dorado of primitive capitalist accumulation' (Luxemburg 1898/1977: 99). This transformation of space meant that places such as Łódź grew into a 'Polish Manchester', stamped by a different regional physiognomy, character, history and division of labour from other industrial districts in Poland (Luxemburg 1898/1977: 102). Importantly, though, this 'rearing of capitalism' was conducted by fractions of capital in contestation over and in constituting state policy (Luxemburg 1898/1997: 158). Hence, Poland was bound to Russia 'under the wing of the Russian eagle' by maintaining and fortifying the annexation, by creating a 'solidarity of interests' among emerging bourgeois interests, and by furthering a hothouse atmosphere of tariff policies for large-scale production and manufacturing (Luxemburg 1898/1977: 118, 153, 157). As detailed later in *The Accumulation of Capital*, '“primitive accumulation” of capital flourished in Russia, encouraged by all kinds of state subsidies, guarantees, premiums and government orders', where capitalist production was forcibly transplanted through such 'stated' forms (Luxemburg 1913/2003: 250).

The history of capitalism is marked by these forms of expansion where the setting for the accumulation of capital does not proceed alone through the spatial extension and uneven development of capitalist relations in specific state spaces, but is also accompanied by methods of violence, militarism and colonial occupation on a global plane. In relation to the geopolitics of capital's blustering violence, Luxemburg famously traced militarism as 'the executor of the accumulation of capital' (Luxemburg 1913/2003: 419) behind international loans and the credit system, the role of the built environment and fixed capital as an essential spatial arrangement for the absorption of surplus value. Growing militarism and violence were singled out as hallmarks of the expansion of capital in gaining possession of the means of production and labour power through colonialism and imperialism, including periods of permanent occupation of foreign territories. The classical examples provided of the manner in which capital is exported through wars, of 'the most modern capitalist military technique', are British policy in India, French policy in Algeria, and European intervention through the extension of commodity relations in China (Luxemburg 1913/2003: 367, 370–71).

The documentation of violent destruction, conquest and burdensome taxation through the breakup of pre-capitalist social relations as well as widespread famine conditions and catastrophic mortality rates through colonial rule is indisputable. In India, the aim of colonial policy was seen as that of destroying the means of production and the 'economic monuments of an older civilisation', which resulted in the 1866 famine of Orissa that killed a million people. In Algeria, 40 years of French colonial settlement through the so-called *cantonments* to unsettle communal property



was seen as pivotal, resulting in widespread famine conditions (Luxemburg 1913/2003: 356, 362). While in China, the offensive of the Opium Wars, including British possession of the walled city of Ningbo, meant that 'every European advance was marked not only with the progress of commodity exchange, but by the smouldering ruins of the largest and most venerable towns, by the decay of agriculture over large rural areas, and by intolerably oppressive taxation for war contributions' (Luxemburg 1913/2003: 374).

For Luxemburg, then, capitalist production for a world market has gone hand in hand with decimation, mass murders, slave trade and extermination in the Americas, Australia, North Africa, India, West Africa and China (Luxemburg 1915/1972: 112, 147). Thus, despite the British Raj bringing the development of public services, administrative efficiency, reliable law and forms of government at higher levels, it is noted by Eric Hobsbawm (1962: 164–65) that India was haunted by 'the most gigantic and murderous famines' that worsened increasingly as the 19th century wore on, so that what happened in India was a conscious policy of deindustrialisation. In India, one in ten of the population of Orissa died in the famine (1865–1866); anything between a quarter and a third of the population of Rajputana died (1868–1870), and three and a half million — or 15 per cent of the population — in Mysore perished during the great hunger of 1876–1878. In China, the famine of 1849 resulted in the loss of perhaps 14 million lives while another 20 million are believed to have died between 1854 and 1864. Additional conditions of famine were evident in parts of Java, Algeria, Persia and Latin America (Hobsbawm 1975: 133). It is, therefore, possible to trace the prevalence of famine conditions throughout the globe in lockstep with the spatial expansion of capital in those parts that would later be recognised as the 'Third World' in addition to similar famine conditions in Russia (1890–1891) (Hobsbawm 1987: 29). As argued by Mike Davis, these persistent cycles of underdevelopment and conditions of famine within the 'Third World' should be regarded as social crises, a foreseeable and avoidable result of European policy choices, linked to the structures of formal and informal imperialism. As Davis (2001: 313) has put it, 'to ordinary Indians trying to decipher codes of power within the Raj, it sometimes seemed as if their real sovereigns ruled from Manchester's Royal Exchange rather than Buckingham Palace'.

In Luxemburg's era, therefore, 'imperialism is the political expression of the accumulation of capital in its competitive struggle for what remains still open of the noncapitalist environment' (Luxemburg 1913/2003: 426). In our time, post-Cold War inter-imperialist rivalries (those of the Kosovo War in 1999, the Afghanistan War in 2001, the Iraq War in 2003 and Libya in 2011) can be regarded as constitutive moments in the dynamics of accumulation whereby military expenditures and the deployment of war are the means through which the global spatial integration of capitalism is ensured. The immense destruction of capital through *global war*, as David Harvey (1982/2006: 444–45) conveys, is the ultimate means through which



new bouts in the cycle of capital accumulation are secured in order to stave off the crisis tendencies of overaccumulation. Establishing these links in more detail, in the second main section, will further advance our view that Rosa Luxemburg's past concerns connect directly to the present.

Expansion, reciprocity and Eurocentrism in The Accumulation of Capital

Luxemburg's theoretical orientation led her to a substantial engagement with the study of the peripheries wherein she traced the direct manifestations of capitalist development. Yet, despite the fascinating depth and scope of her analysis, Luxemburg's conceptual framework and language were both marred by the dominant Enlightenment-infused Marxist discourse of her time, which maintained the view that capitalism had developed in the European heartland and was subsequently transmitted to the non-European hinterland (Luxemburg 1913/2003: 399). Initially, following a strict stadial perspective, Luxemburg perceived capitalism as a necessary phase in human history, only to be superseded by socialism. But the necessity of global capitalist development embedded in her framework displayed a revealing contrast with her representation of the 'non-West'. While the latter was frequently referred to as 'backward', its multiform pre-capitalist organisation was praised, even romanticised, in the face of capitalism's brutal expansion (Luxemburg 1913/2003: 348–65). Here, much like Trotsky, Luxemburg's persistent usage of the term 'backward' signifies a purely technical superiority, rather than a cultural or racial one.

Yet, Luxemburg undoubtedly remained in a discursive Eurocentric paradigm where capitalist expansion is conceptualised in diffusionist terms (Blaut 1993). For example, reference to 'oriental despotism' can be seen easily in Luxemburg's account of national struggles in Turkey, while drawing a useful distinction between modern capitalist development in Europe and how the state makes its appearance in Turkey in a more direct sense: 'Officialdom appears as a special, numerous class of the population, which in its own person directly represents an economic factor, and whose existence is financed by the professional pillage of the people' (Luxemburg 1896/2003: 3). Hence, her appraisal of the pre-capitalist non-West still put a healthy distance between her account of expansion and the dogmatic modernisation line that has promoted capitalist modernity against 'traditional society [...] incapable of self-organisation, or unwilling to organise itself' (Rostow 1960: 109). On the contrary, in *The Accumulation of Capital*, Luxemburg underlines, at times even eulogises, certain aspects of indigenous socio-economic organisation as opposed to the purely exploitative and stratifying *modus operandi* of capitalism enforced via colonialism:

The British were the first conquerors of India who showed gross indifference to public utilities. Arabs, Afghans and Mongols had organised and maintained



magnificent works of canalisation in India, they had given the country a network of roads, spanned the rivers with bridges and seen to the sinking of wells [...]. The (East India) Company which ruled India until 1858 did not make one spring accessible, did not sink a single well, nor build a bridge for the benefit of the Indians. (Luxemburg 1913/2003: 355)

Similar remarks can be found in her analysis of Algeria under French rule. Luxemburg refutes the colonial myth that French rule had brought 'civilisation' to a nomadic society (*la mission civilisatrice*). Moreover, she disputes the European representation of despotic 'Asian' social relations, which she attacks viciously as 'a legend invented by the French' (Luxemburg 1913/2003: 358). In this regard, it is safe to say that Luxemburg's viewpoint corresponds not with the Marx of the *New York Daily Tribune* (Lindner 2010: 28–31), but with the 'late' Marx's excogitation on world history, the details of which were incompletely written in his ethnological research and some of his final correspondence (Marx 1972; Marx 1877/1989; Marx 1881/1989).

Luxemburg undoubtedly recognised capitalism as a superior economic organisation to what she regarded as natural and peasant economies; yet, her discussion of the latter employs a relational framework rather than the crude stagism indicated in her theoretical orientation. This is most evident in her discussion of the role of international loans in capital accumulation. Establishing loans as an integral part of 'all stages of the accumulation of capital' (Luxemburg 1913/2003: 400), Luxemburg highlights three functions of international lending. Accordingly, loans (1) 'convert the money of noncapitalist groups into capital'; (2) 'transform money capital into productive capital' through the utilisation of state apparatuses; and (3) transfer 'accumulated capital from the old capitalist countries to young ones' (Luxemburg 1913/2003: 401). This formulation might seem *prima facie* a diffusionist one, yet, Luxemburg's detailed analysis reveals a different picture. While the utilisation of public loans acted as the 'forward-thrusts of capital' (Luxemburg 1913/2003: 400) into noncapitalist territories, Luxemburg notes that it also served to mend the deficiencies of 'developed' European capitalism. Examining the rapidly increased volume of British exports to Latin America, Luxemburg explains that the British economy, under the strain of decades of overproduction, could only be 'relieved' by exporting substantial quantities of surplus goods to foreign markets (Luxemburg 1913/2003: 403).

Yet, even in this formulation where Luxemburg designates the 'non-West' as indispensable to the development of European capitalism, it is still not quite clear whether or not she displays a Eurocentric tendency in terms of constructing a hierarchy in which European agency was deemed superior or, as John Hobson (2012) labels it, 'hyperactive' *vis-à-vis* non-European societies. The question becomes more perplexing following Luxemburg's reasoning for the limits of accumulation in Europe:

So it is really in England that all the material conditions for accumulation exist — a realised surplus value as money capital, a surplus product in



productive form, and lastly labour reserves. Yet accumulation cannot proceed here: England and her old buyers require neither railways nor an expanded industry. Enlarged reproduction, i.e. accumulation, is possible only if new districts with a noncapitalist civilisation, extending over large areas, appear on the scene and augment the number of consumers. (Luxemburg 1913/2003: 407)

Did England naturally possess the necessary material reserves to achieve ‘a surplus product in productive form’? Luxemburg, at this juncture, momentarily overlooks how England had attained its production capacity — through the transfer of raw resources and production techniques either directly through colonial conquest of Asian, Mesopotamian and American civilisations or indirectly through long-term trade relations with them. Yet, the whole account still rests on a matrix of interdependency in which reciprocal effects of capitalist development are not seen exclusively as materialising between autonomous geographical units, but in a differentiated whole (i.e. world economy) that transforms itself through the interaction of already interlinked regions.

Moving to the final aspect of her framework, we find that Luxemburg’s discussion of militarism is manifestly free of the vestiges of Eurocentrism. She provides a refreshing account of the coercive aspects of capitalist expansionism. Understanding militarism as a ‘province of accumulation’ (Luxemburg 1913/2003: 434), rather than a mere consequence of capitalism, Luxemburg unseats military domination and oppression as a stage of capitalist development and ultimately identifies it as one of capitalism’s fundamental characteristics. ‘Imperialism’, Luxemburg writes, ‘is the political expression of the accumulation of capital’ (Luxemburg 1913/2003: 426). Her purposive association of the violent hallmarks of expansionism with the internal mechanisms of capitalism is extremely relevant today. As Gurminder Bhambra pinpoints succinctly, various currents in Marxist historical sociology still study capitalism, imperialism and colonialism as categorically distinct phenomena: ‘Western imperialism is nevertheless regarded as *consequent* to capitalism, as opposed to *constitutive* of it; in other words, when considered as a “type”, capitalism can be imagined without imperialism (and usually is!)’ (2011: 674, original emphasis). Luxemburg, by contrast, locates capitalism’s coercive disposition at the heart of the accumulation process and shows acute awareness of the regressively transmutating effects of colonial campaigns. These examinations range from her condemning study of the Opium Wars (Luxemburg 1913/2003: 367–71) to the destruction of peasant economy in Egypt (Luxemburg 1913/2003: 409–19).

Shifting gear from these conceptual contributions, the next section will now raise several empirical questions that flow from it in order to assess the extent to which Luxemburg’s thinking can help us today in understanding capitalist restructuring.



Rethinking current capitalist restructuring: Luxemburg's empirical legacy

Reconsidering the distinction between decommodification and (re)commodification

Luxemburg's inferences on enlarged reproduction are important for an understanding of the different forms that 'primitive accumulation' — understood as an enduring phenomenon within capitalism — has taken since the post-World War II and subsequent neoliberal reorganisations of capitalism. This requires reconsidering the long history of capitalism as well as various general tendencies immanent in it, while acknowledging that neoliberalisation has both new and old elements and its hallmark is its specific combination of them in a contradictory and uneven manner. In order to make better sense of neoliberal restructuring, it is necessary to consider the dominant means of primitive accumulation that expanded capitalist reproduction relied upon during the long post-war boom, which is often characterised by 'decommodification' as opposed to its successor that has been marked by '(re)commodification'. This scrutiny is important so as not to leave the so-called 'Golden Age' of post-1945 capitalism out of the scope of an account of primitive accumulation. Once again, Luxemburg's analysis of the dynamics of capitalist expansion and its incessant need for absorbing noncapitalist space by either 'economic' or 'extra-economic' means can serve as fertile ground for such an inquiry.

When embarking on an analysis of post-Second World War decommodification processes, a common point of departure is Karl Polanyi's focus on mid-20th century capitalism. In *The Great Transformation*, decommodification — or the destruction of a market in which human labour is a commodity — is traced through the creation of social legislation, factory laws, unemployment insurance and trade unions in removing human labour 'from the orbit of the market' (Polanyi 1944/1957: 177). Within the lexicon of *The Great Transformation*, it would be tempting to assert the embeddedness of economy in social relations during this period with the extension of market economy into the realm of fictitious commodities (land, labour, money) as accessories to human society. The general assumption is that such decommodification processes were the hallmark of the international order of embedded liberalism. Progressive institutional changes re-embedded the market to result in a network of measures and policies designed to check the extension of the market relative to land, labour and money (Ruggie 1982: 393; Blyth 2002: 5–6). This is the basis of the notion of the double movement referring to the extension of market organisation to the fictitious commodities of land, labour and money and then institutional policies designed to check such market extension (Polanyi 1944/1957: 76).

Nevertheless, rather than assuming that decommodification was in tandem with the embeddedness of economy and society, it is worth noting that the post-Second World War world order was less about the re-embedding of economy and the transcendence of exploitation and more about the further universalisation of capitalism through



protectionist measures in an effort to rejuvenate market economy (Lacher 1999: 344, 347). Moreover, as Gareth Dale (2010: 386) attests, decommodification in Polanyi 'carries the weak charge of the prefix in words such as "demote" and "deflate", not the stronger force of "depose" or "deracinate"'. A blithe account of institutional change built on an ideational understanding of Polanyi's vision of the double movement is, therefore, found wanting set against the backdrop of the immense accumulation of commodities marking capital's expansion. Let us now examine briefly this pre-history in which 'capital comes dripping from head to toe, from every pore, with blood and dirt' (Marx 1867/1976: 926).

It should be recalled that the condition of primitive accumulation classically entails both the dispossession of the peasantry of their land through appropriation and concentration and the displacement of 'politically' constituted property by 'economic' power involving a 'historical process of divorcing the producer from the means of production', which generated propertyless individuals compelled to sell their labour (Marx 1867/1976: 875). Yet, due to the presence of a territorialised framework, processes of primitive accumulation in postcolonial states become heavily reliant on the state as the locus of capital accumulation. The momentum of primitive accumulation thus employs 'the power of the state, the concentrated and organised force of society, *to hasten, as in a hothouse*, the process of transformation of the feudal mode of production into the capitalist mode' (Marx 1867/1976: 915–16, emphasis added). As Marx (1867/1976: 931) also indicated, where economic conditions are less developed, the process of primitive accumulation proceeds alongside antiquated property relations that may 'continue to exist side by side with it in a state of gradual decay'. Rather than a momentary historical epoch, the reproduction of capitalist property has been appreciated as an ongoing process of *permanent primitive accumulation* in which the peasantry constantly faces its own demise (Amin 1974: 3; Bartra 1982: 46, 1993: 29, 75–78). In short, as Ernest Mandel (1975: 46) has argued, 'throughout the entire history of capitalism up to the present, processes of primitive accumulation of capital have constantly coexisted with the pre-dominant form of capital accumulation through the creation of value in the process of production'.

More recently, conditions in the permanent primitive accumulation of capital have been captured by David Harvey's (2003: 145) reference to 'accumulation by dispossession'. This has involved, *inter alia*, the commodification of land; changes in property relations; the appropriation of natural resources; and the use of national debt, the credit system, and the inflationary process as an expression of class struggle, all of which is contingent upon the stance of the state. As Harvey (1982/2006: 437) alluded earlier in his *The Limits to Capital*, 'new rounds of primitive accumulation attack and erode social relations of production achieved through preceding rounds'. Thus, following Luxemburg, Harvey (2003: 141) claims that capitalism continually necessitates some sort of 'outside' to exist. And this constitutive outside can be pre-existing or manufactured by capitalism.



Accumulation by dispossession, Harvey claims, has risen rapidly to prominence under neoliberalism and has entailed important differences from 'accumulation through the expansion of wage labour in industry and in agriculture', which produced the social democratic compromise of the 1950s and the 1960s (Harvey 2006: 44, 52). Contrary to the latter, accumulation by dispossession entails the commodification of land; changes in property relations; environmental degradation; and financial crises of indebtedness specific to the neoliberal organisation of capitalist relations of production. Yet, it is important to take into account the means and forms of such differences in order to make better sense of the emergence and perpetuation of the processes of neoliberalisation as an attempt to overcome the general crisis of overaccumulation.⁴ Given that Luxemburg does not prioritise any particular form or means of 'primitive accumulation', her discussion of the 'noncapitalist outside', understood as a social and not a geographical phenomenon, can constitute a starting point for an effort to identify different forms or means of 'primitive accumulation' in a historical perspective. Her critical intervention thus opens up an opportunity to enlarge upon the ways in which capitalist reproduction expands in its different stages of development, that is, its discovery and rediscovery, invasion and reinvasion, of new territories and fields to incorporate the capital relation. Accordingly, a reconsideration of the distinction between deaccumulation and reaccumulation, which is often referred to as characterising, respectively, the post-World War II and neoliberal reorganisations of capitalism, can draw more fruitfully from Luxemburg's discussion of enlarged reproduction.

International loans and development in peripheral capitalist spaces: the modern-day case of the Eurozone crisis

As noted above, because of pressures towards a constant increase in accumulation of surplus value, capital has to rely on the possibility of expanding capitalist social relations of production into new geographic areas thus far untouched by capitalism. As also noted above, one key way of securing new markets abroad are international loans, which provide a dual function in this respect. First, they are an opportunity of investment for accumulated surpluses in advanced capitalist centres. Second, they provide the finance with which additional products can be bought within capitalist peripheries. Luxemburg mentions the example of British loans to the newly independent countries in Latin America in the early 19th century, which were then used to purchase British goods (Luxemburg 1913/2003: 403). German loans to Turkey fulfilled a similar function. 'German capital investments in Turkey gave rise to an increased export of German goods to that country' (Luxemburg 1913/2003: 407).⁵

Inevitably, of course, peripheral countries ran into problems servicing these debts. In *The Accumulation of Capital*, Egypt's turn to cotton and sugar production in the 19th century is provided as an example. 'One loan followed hard on the other, the interest on old loans was defrayed by new loans, and capital borrowed from the



British and French paid for the large orders placed with British and French industrial capital' (Luxemburg 1913/2003: 414). Over time, the situation grew worse with every new re-scheduling of debts and extension of new credit. Eventually, foreign powers moved into Egypt to take charge of the country's public finances. 'October 1878 saw the representative of the European creditors landing in Alexandria. British and French capital established dual control of finances and devised new taxes; the peasants were beaten and oppressed, so that payment of interest, temporarily suspended in 1876, could be resumed in 1877' (Luxemburg 1913/2003: 416–17). Eventually, the whole country was taken over. 'The British military occupied Egypt in 1882, as a result of twenty years' operations of Big Business, never to leave again. This was the ultimate and final step in the process of liquidating peasant economy in Egypt by and for European capital' (Luxemburg 1913/2003: 417).

It can be argued that this situation is not dissimilar to European peripheral countries' current plight in the Eurozone. Clearly, none of the countries currently in trouble, be it Greece, Portugal, Ireland or Spain, constitute noncapitalist spaces, as did Egypt in Luxemburg's example. And yet, some of the dynamics observed by Luxemburg can also be noted in relation to how the expansion of capitalist surplus accumulation is currently being constituted within the Eurozone under conditions of neoliberal globalisation. Moreover, our claim is not that it would be possible to explain the dynamics of the Eurozone fully within Luxemburg's terms, nor is a complete explanation of the Eurozone crisis the objective of our argument. Rather, the main claim here is that some of the dynamics observed by Luxemburg are equally relevant in today's European setting. More precisely, the common features are: (1) the way loans from core capitalist spaces to peripheral spaces ensure a profitable mode of investing surplus capital; (2) the fact that such a strategy is not sustainable in the medium- to long-term; and (3) that the ultimate shift towards more authoritarian forms of government and the undermining of national sovereignty and democracy can also be witnessed.

European political economy is characterised fundamentally by uneven and combined development with economic growth in core spaces based on the export of high-value added goods to peripheral spaces. Germany's export-led accumulation strategy lies at the centre of this unevenness. Germany has an enormous trade surplus, of which 60 per cent is with the other Eurozone countries, and 85 per cent includes all EU members.⁶ This surplus is based on high productivity rates, but also, especially, on stronger downward pressure on labour costs than elsewhere in Europe.⁷ 'The underlying structural problem of the Eurozone is that German competitiveness has surged ahead during the last decade. Greece and other peripheral countries have not succeeded in raising productivity sufficiently to overcome the pressure that Germany has applied onto its workers' (Lapavitsas *et al.* 2012: 62). While some parts of peripheral economies are modern, the overall production is based predominantly on lower productivity levels. For example, the Portuguese economy is characterised by low-technology, labour-intensive production structures,



often poorly organised and based on human resources with low levels of qualification (Rodrigues and Reis 2012: 198). Greece's main exports are 'food (19 per cent of total exports), petroleum products (15 per cent), pharmaceuticals (5 per cent) and aluminium (4 per cent). Others include: olive oil, textiles, steel and cement'.⁸

In view of their inability to compete with the higher productivity levels of Germany and other export-oriented countries in the EU such as Finland or Sweden, peripheral countries focus on alternative growth strategies. 'Spain and Ireland have had investment booms that were based heavily on real estate speculation and bubbles. Greece and Portugal, meanwhile, have relied on high consumption, driven by household debt' (Lapavitsas *et al.* 2012: 21). Importantly, the finance for these peripheral strategies came from the core. Germany's trade surplus has led to super profits, which in turn looked for new investment opportunities. State bonds of peripheral EU member states seemed to provide an ideal investment opportunity for many years. In short, 'Germany has been recycling its current account surpluses as FDI and bank lending abroad' (Lapavitsas *et al.* 2012: 31). In turn, these loans have then been used to continue the purchasing of German products. In other words, very similar to Luxemburg's observations in the 19th century, the Eurozone crisis provides an example in which international lending is used to ensure that exports within advanced capitalist centres can be absorbed by capitalist peripheries. The resulting profits are then re-invested in the periphery to ensure the purchase of further goods from the core.

Now, as then, the situation of constantly larger international loans is unsustainable. 'The coexistence of credit-led and export-led models of growth in Europe ultimately led to creditors gaining the upper hand against divided debtors, imposing deflationary policies that increase unemployment, the probability of defaults, and the possibility of ever greater political tensions' (Rodrigues and Reis 2012: 191). To avoid a Greek default, for example, new loans have been made conditional upon severe austerity budgets and general cut-backs. 'The fiscal cuts imposed on Greece amount to 10.5 per cent of GDP for 2010 and 2011, and another 9.9 per cent until 2014. The consequence of this austerity is a drop in real GDP in Greece of more than 4 per cent in 2009 and 2010' (Altvater 2011: 277).

However, the imposed austerity has also gone beyond direct cuts. 'At the same time [Greece] has been forced to introduce new legislation in labour markets and to engage in ambitious privatisation' (Lapavitsas *et al.* 2012: 120). Labour market deregulation and making wage-setting 'more efficient' are clearly directed against trade unions' involvement in social and economic decision-making at the national level (Erne 2012: 232). While it was Egyptian peasants that paid for the profits of British and French capital in the 19th century, it is now especially the Greek public sector workers and the Greek society more widely that have to provide the finance in order to satisfy the demands of foreign capital. The results are dramatic. 'A year of wage and pension cuts, benefit losses and tax increases has taken its toll: almost a quarter of the population now live below the poverty line, unemployment is at a record 16 per cent and, as the economy contracts for a third year, economists



estimate that about 100,000 businesses have closed'.⁹ The picture in Portugal is not dissimilar. 'The intensification of labour exploitation, helped by high unemployment rates and the expected contagion of wage cuts from the public sector to the private sector, shows the nature of the adjustment that the troika favours' (Rodrigues and Reis 2012: 201).

In order to ensure the enforcement of cuts against the increasing unrest among the Greek population, capital first pushed for a shift from democratic to non-elected technocratic government. In November 2011, the unelected former banker Lucas Papademos was installed as the new Prime Minister. With similar echoes of Luxemburg's understanding about the situation in Egypt, however, this now no longer seems to be enough. In July 2012, Greece was 'playing host to international monitors from the European Union, the International Monetary Fund and the European Central Bank, who [were] there to check how it is getting on with its debt-cutting programme — a condition of its bailout loans'.¹⁰ The release of further money from the bailout fund is conditional on the positive assessment by the monitors. While a military takeover of Greece is not on the agenda, the foreign control of the exploitation of Greek workers is strongly asserted.

Unlike Luxemburg's example of Egypt, where it was the imperial power of Britain which undermined national sovereignty, within the Eurozone it is increasingly the European institutions that play this role. The so-called 'six pack' on economic governance in the EU is a key example in this respect. 'According to these six new EU laws that came into force after their publication in the EU's *Official Journal* on 23 November 2011, Eurozone countries that do not comply with the revised EU Stability and Growth Pact, or find themselves in a so-called macroeconomic excessive imbalance position, can be sanctioned by a yearly fine equalling 0.2 per cent or 0.1 per cent of GDP respectively' (Erne 2012: 228). In sum, teasing out an earlier theoretical insight from our main preceding section, foreign loans shaping restructuring in the Eurozone countries may stand as a latest example of how 'old capitalist states maintain their influence, exercise financial control and exert pressure on the customs, foreign and commercial policy of the young capitalist states' (Luxemburg 1913/2003: 401).

Militarism as a province of accumulation

As discussed above, for Luxemburg, militarism is a key way of ensuring the enlarged reproduction of capital. This insight can be related to contemporary geopolitical interventions in world politics with reference to the Iraq War (2003). As Table 1 reveals, the overall cost of the Iraq War to the United States was \$823.3 billion over a ten-year period. Britain, as a second-rate power, maintains the fourth biggest military budget in the world (after the United States, China and France) and its total spend in the Iraq War, drawing from the same data set, was £8.3 billion. Linked to this military spending is the continued success of both the United States' and Britain's globally



Table 1 The Iraq war in figures

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Iraqi arms imports	—	\$72m	\$189m	\$305m	\$269m	\$308m	\$402m	\$455m	\$722m	—
Iraqi oil revenue exports	\$5.1bn	\$17.2bn	\$23.3bn	\$31.9bn	\$61.2bn	\$38.3bn	\$39.2bn	\$49.2bn	\$82.9bn	\$45.3bn
U.S. cost of the war	\$53bn	\$75.9bn	\$85.5bn	\$101.6bn	\$131.2bn	\$142.1bn	\$95.5bn	\$71.3bn	\$49.3bn	\$17.7bn

Source: *The Guardian*, 'Iraq After the Invasion: A Decade Visualised' (14 March, 2013), available at: <http://www.theguardian.com/news/datablog/2013/mar/14/iraq-ten-years-visualised> (accessed 6 August, 2014).

competitive arms industry, the latter thriving despite the general weakness of British manufacturing. Britain, through entities such as BAE Systems with 100,000 workers and \$18 billion in revenues, has 'maintained the largest and strongest military-industrial-scientific complex in Western Europe — a complex that retained its strength while other parts of the British economy and society fell apart' (Edgerton 1991: 165). Within the United States, Boeing, Lockheed Martin, Raytheon and Northrop Grumman stand as the four largest monopolies within the defence industry. They have consolidated as nationally based corporations forming larger entities rooted in national production while extending transnational production facilities. The defence industry and the wider military-industrial complex in the United States are thus rooted in nationally-based production, dependent on a state regulatory and protectionist framework, albeit embedded within an international economic system of exports (Harris 2006: 120–24).

Returning to Table 1, over a ten-year period, Iraqi arms imports have totalled nearly \$2.8 billion and Iraqi oil revenue exports have totalled \$393.6 billion. Total Iraqi civilian deaths during the Iraq War have been calculated to be 121,292 (between 2003 and 2013). What can explain this overwhelming and sustained commitment to militarism?

Rosa Luxemburg's concept of militarism as a province of accumulation can help explain new imperialist interventions such as Iraq and elsewhere. In these endeavours, there is a spatial (re)ordering of the built environment and other circuits of capital linked to specific fractions within the U.S. state form expanding on a world scale. Here:

[the] money, which capital has set circulating, first fulfils its primary function in the exchange with labour power, but subsequently, by mediation of the state, it begins an entirely new career. As a new purchasing power, belonging with neither labour nor capital, it becomes interested in new products, in a special branch of



production which does not cater for either the capitalist or the working class, and thus it offers capital new opportunities for creating and realising surplus value. (Luxemburg 1913/2003: 444)

Militarism provides a new sphere of accumulation out of the wages of workers. It is also, as Luxemburg notes, a superior source of accumulation. 'In the form of government contracts for army supplies the scattered purchasing power of the consumers is concentrated in large quantities and, free of the vagaries and subjective fluctuations of personal consumption, it achieves an almost automatic regularity and rhythmic growth' (Luxemburg 1913/2003: 446). The significance of Iraq, then, embraces different aspects of capital accumulation. It concerns the military and oil-service industries, but also the creation of physical infrastructure in the built environment through fixed capital. This comes to the fore as temporary relief from the problems of overaccumulation and the crisis tendencies in the general rate of profit raised by the contradictions of capitalism. After all, 'capitalist development has to negotiate a knife-edge path between preserving the values of past capital investments in the built environment and destroying these investments in order to open up fresh room for accumulation' (Harvey 1975/2001: 274). As David Harvey (1982/2006: 431) goes on to attest, the problems of capitalism cannot 'be resolved through the instant magic of some "spatial fix"', but temporary relief can be enacted through allying militarism with the significance of oil, the construction and reconstruction industries, and fractions of finance capital. In everyday vernacular, this can be summarised as a bomb-and-build strategy, linking militarism and reconstruction of the built environment to stave off capitalist crisis (Bieler and Morton, Forthcoming). Put differently, the 'extra-economic' conditions of warfare and militarism are, therefore, paramount — demonstrated by the U.S. cost of the war and the relatively smaller, but still significant, level of Iraqi arms imports — in paving the way for new rounds of American-led dispossession and capital accumulation, including securing Iraqi oil exports, as evidenced in Table 1. Hence, the definition given to *military neoliberalism* regarded as essential to the continued expansion of capitalism (Retort 2005: 72–77).

Militarism is a highly unique sphere of production, as it is a concentrated source of demand, the levers of which are held by the capitalist state form. Capital will benefit greatly from an environment of militarism and may even gain from a strategy of bomb-and-build as long as it does not decrease general consumption significantly. The total cost of the Iraq War to the United States at \$823.3 billion was allied with the contractual reconstruction of the built environment in Iraq, which was forged in the early days by the U.S.-led Office of Reconstruction and Humanitarian Assistance (ORHA). The witnessing of militarism as a province of capital accumulation can, therefore, be seen, first, in the reconstruction contracts granted to the Bechtel Group to manage electrical, water and sewage systems, the repairing of airports, dredging and restoring ports such as Umm Qasr, rebuilding hospitals, schools, government



ministries and irrigation systems, or restoring transport links. Second, it is visible in the reconstruction projects headed by the United States Agency for International Development (USAID) and the granting of contracts to Halliburton for the running of the Green Zone in Baghdad and the exclusive contract to import fuel into Iraq and repair the oil industry.

The extension and concentration of demand brought about by conflict is also seen empirically in the UK by the fact that 'the additional net costs incurred on operations (for example in Afghanistan, Iraq, and Libya) are not paid for from the Defence Budget, but rather by the Special Government Reserve. Between 2001–2 and 2009–10, the Reserve has provided an additional £18 billion on top of the Defence Budget to cover operational costs'.¹¹ As the MOD statement shows, capital can expand demand through conflict so that militarism, or the strategy of bomb-and-build, becomes a key source of accumulation that benefits the long-term interests of capital in general, not just those involved in the military-industrial complex.

While today militarism is not evident as part of a blatant struggle of inter-imperialist rivalries between national capitals for resources and territory, it is still used to enforce the prevailing capitalist orthodoxy on a global scale, especially with regard to peripheral spaces. Hence, 'the war on Iraq was but the first contested focal point in a strategic battle for class power' in an age of military neoliberalism (Harris 2005: 151). The replacement of a section of working-class consumption with militarism is thus an effective means of getting workers to pay for the tools of class rule at the national and international level (Luxemburg 1913/2003: 444).

Conclusion: critical reflections on Luxemburg

Conceptually as well as empirically, the legacy of Rosa Luxemburg's *The Accumulation of Capital* retains contemporary relevance. Her conceptual concern with the extension of the capitalist mode of production into natural economies in peripheral contexts resonates with current debates on decommodification/recommodification, capitalist crisis, uneven development, and overall economic unsustainability in the long run. Nevertheless, against the background of developments during the time since she wrote the book, some critical reflections are necessary in order to assess better the possibilities of, but also the limits to, drawing on it for the understanding of current processes of capitalist expansion.

First, Luxemburg only provides a few hints regarding struggle within noncapitalist strata against the 'campaign against natural economy'. And yet, capitalist expansion, Luxemburg's main focus, is always also determined by the level and type of resistance against it. As Harvey, for example, articulates, there is a need to integrate struggles against accumulation by dispossession, such as urban social movements in peripheral spaces and struggles within the field of expanded reproduction, 'organically and dialectically' into the agenda of the left (Harvey 2003: 171, 176).



The Accumulation of Capital provides little, if any guidance, in this respect. Rather, capitalist expansion into noncapitalist spaces is represented as an inexorable and structural development. Such capitalocentrism, meaning the placement of capitalism as the central referent of development, leads to the problem that instances of noncapitalism and alternative development policies become difficult to conceive outside the frame of capitalism itself (Gibson-Graham 2006: 40–2; Ruccio 2010: 254–57).

Second, it is important to engage critically with Luxemburg's analysis of the outward expansionary dynamic of capitalism to the noncapitalist periphery. After all, Nikolai Bukharin (1925/1972: 252) raises the objections that (1) capital was already at the centre of colonial policies at a very early stage of development and not merely as a consequence of the need to realise surplus value; and (2) that the question of the driving force for colonial policies was as much about the chase for cheaper labour rather than simply the 'tame' problem of the realisation of surplus value. Historically, capitalist accumulation did not depend functionally on absorbing ever more noncapitalist space. Before the First World War, for example, most capital was invested in, and trade took place between, advanced capitalist countries (Kiely 2010: 79–81). Similarly, David Harvey has raised a critical tone regarding capitalism's expansion through the intensification of relationships in the centres of capitalist production and the geographical extension of those relationships. Concurrent with Harvey (1975/2001: 260–61), Luxemburg sees the imperative of the accumulation of capital solely in terms of the violent subjection of noncapitalist spaces to imperialist rivalries while ignoring other means whereby capitalism creates fresh room for accumulation through a variety of stratagems in actual historical situations.

Finally, then, how might we understand the limits to capital's expansion into noncapitalist spaces? When considering the composition of capital, the theory of the tendency of the rate of profit to fall, and the degree to which the 'tendency' could assume 'organic' importance within the crisis conditions of capitalism, Antonio Gramsci raised a highly pertinent insight in this regard relevant to debates on Luxemburg. He stated:

When can one imagine the contradiction reaching a Gordian knot, a normally insoluble pass requiring the intervention of Alexander with his sword? When the whole world economy has become capitalist and reached a certain level of development, i.e. when the 'mobile frontier' of the capitalist economic world has reached the Pillars of Hercules. (Gramsci 1995: 429–30, Q10II§33)

It should be recalled that, from a geographical standpoint, the Pillars of Hercules refer to the promontories flanking the Strait of Gibraltar, identified with Gibraltar in Europe and Ceuta in Africa, to demarcate the one-time utmost limits of seafaring. One can, therefore, take the analogy to refer to the utmost limits in the accumulation of capital, or the stage at which contradictions in the mobile frontier of capital can no longer be surmounted (Morton 2007: 205–7). This would be a moment, in Luxemburg's (1913/2003: 397) terms, when granting a fresh lease of life to capital,



to avoid 'the standstill of accumulation', cannot be accomplished. Yet, this is clearly a moment that is currently pending, given that new rounds in the accumulation of capital and its political expression can still be witnessed. Does this raise a fundamental weakness in Luxemburg's (1913/2003: 401) attempt to famously define the 'spatio-temporal divergences between the realisation of surplus value and the capitalisation thereof'?

Samir Amin provides some useful pointers in this respect in tracing how capitalism has expanded historically into noncapitalist peripheries, albeit with an awareness that spaces of noncapitalism can be somewhat relegated to the margins here, too, purely serving the needs of capitalist development (Ruccio 2010: 256). All the same, Amin traces helpfully how capitalism has expanded historically into noncapitalist peripheries by analysing the attempts to offset the tendency of the rate of profit to fall; the strategies to reduce the cost of labour power and constant capital; and the moves to establish new markets in regions where the rate of surplus value is higher than in advanced capitalist centres. Similar to Luxemburg, the 'fresh geographical extension of capitalism's domain' over peripheral spaces was established through the mechanism of primitive accumulation binding countries into relationships of unequal exchange with advanced capitalist spaces. 'The characteristic feature of primitive accumulation, in contrast to normal expanded reproduction, is unequal exchange, that is, the exchange of products whose prices of production, in the Marxist sense, are unequal' (Amin 1976: 187). Since 1945, however, Amin identifies a second phase. Expanded reproduction has been possible not necessarily by integrating noncapitalist spaces, but through restructuring the way in which peripheral spaces are integrated within the global political economy. Through the export of capital, forms of production have been established in peripheral spaces, enjoying the advantage of low-wage costs. While centres of advanced capitalism have focused increasingly on products based on ultra-modern technology, peripheral spaces have come to accept a new form of specialisation (Amin 1976: 190). In such cases, what is evident is not only the export of agricultural products, but also the export of labour-intensive, finished manufactured goods (Amin 1976: 185–86). In short, capitalist accumulation can continue not only through expansion into noncapitalist spaces, but also through a reconstitution of the relationship between spaces of capitalist cores and peripheries around new forms of unequal exchange (Bieler and Morton 2014).

To conclude, clear limits to *The Accumulation of Capital* exist. Nevertheless, over 100 years after the publication of the book, Luxemburg's analyses of the creation and expansion of the hothouse conditions for capital accumulation and their expansion in noncapitalist spaces continue to speak to current mechanisms of neoliberal restructuring to affirm that her past concerns are also very much our concerns in the present. This is also the case with a stark warning about how the costs of modern imperialism will be brought back to its home countries. For Luxemburg, 'imperialism brings catastrophe as a mode of existence back from the periphery of capitalist development to its point of departure' (Luxemburg 1915/1972: 147). The 3,000 people killed as a



result of the September 11 attacks in the United States (2001), the Bali bombings killing 202 people (2002), the 52 killed and some 700 injured on the streets of London following the July 7 bombings (2005), the Boston marathon bombings killing 3 people and injuring nearly 300 more (2013), and the Woolwich attack leading to the death of British Army soldier Lee Rigby (2013), alongside the 5,000 military personnel from coalition forces killed as a result of the Iraq War are some of these bleak manifestations of the catastrophe of imperialism returning to its point of departure.

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Notes

- 1 For spatial-temporal insights extending this project of historico-geographical materialism into an examination of new state spaces of uneven development and class struggle in Bolivia, see Hesketh and Morton (2014).
- 2 Although Lenin's (1916/1939: 10) insight is salutary here in noting that the uneven development of railways sums up 'modern world monopolist capitalism [...] as long as private property in the means of production exists'.
- 3 In tracing how finance capital suffers from a *horror vacui*, 'since it rushes to fill every "vacuum", whether in a "tropical", "sub-tropical", or "polar" region', Nikolai Bukharin (1917/1929: 59–61) offers similar spatial insights on how the finance trusts Consortium Constantinople and Banque de Paris et de Pays-Bas were intrinsic to railway construction in Turkey and Mexico, stimulating growth in the world economy and thus 'the process of bringing separate geographic points of economic development closer to each other'. Although beyond the scope of this article, for the classic debate exploring disputes and tensions, see Luxemburg (1915/1972) and Bukharin (1925/1972).
- 4 For critical engagements with the notion of accumulation by dispossession, see the symposium in *Historical Materialism* edited by Ashman (2006).
- 5 In the form of the Great Baghdad Railroad (linking Berlin to Baghdad) traversing across the Ottoman Empire, 'Turkey became the field of operations of German imperialism', with the Deutsche Bank extending the interests of finance capital and German militarism ensuring the expansion of its foreign interests within the Turkish state (Luxemburg 1915/1967: 25). Similarly, Bukharin also refers to the role of the Deutsche Bank in Turkey in creating the Baghdad railroad and establishing a network of market relations that were always reinforced militarily. Capital export, as the seizure and monopolisation of new spheres of capital, is therefore crucial: 'What we have in a "foreign" country are large sums of money, particularly of fixed capital, invested in gigantic constructions: railroads stretching over thousands of



- miles, very costly electric plants, large plantations, etc., etc. The capitalists of the exporting country are materially interested in "guarding" their wealth. They are therefore ready to go the limit in order that they retain the freedom of further accumulation' (Bukharin 1917/1929: 101).
- 6 *Vox*, available at: <http://www.voxeu.org/article/german-imbalance-and-european-tensions> (accessed 2 September, 2010).
- 7 *The Economist*, available at: <http://www.economist.com/node/15829876> (accessed 31 March, 2010); Lapavistas *et al.* (2012: 28).
- 8 *Trading Economics*, available at: <http://www.tradingeconomics.com/greece/exports> (accessed 30 August, 2013).
- 9 *The Guardian*, available at: <http://www.guardian.co.uk/world/2011/jun/19/greek-debt-crisis-papandreou-emergency?intcmp=239> (accessed 19 June, 2011).
- 10 *BBC News*, available at: <http://www.bbc.co.uk/news/business-18998083> (accessed 26 July, 2012).
- 11 *MOD 2011*, available at: <http://webarchive.nationalarchives.gov.uk/+http://mod.uk:80/DefenceInternet/AboutDefence/Organisation/KeyFactsAboutDefence/DefenceSpending.htm> (accessed 5 September, 2011).

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