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ROSA LUXEMBURG, IMPERIALISM AND THE GLOBAL SOUTH

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INGO SCHMIDT

**Luxemburg's Theory of Accumulation and Imperialism:
More than a Classic**

ABSTRACT This article first explains the different methodological approaches of Luxemburg's theory of imperialism as compared to those of Hilferding and Lenin. It then recapitulates her main argument that capital accumulation relies on the expansion into non-capitalist environments. Based on the understanding that such expansion is not necessarily geographical, but can also occur within non-capitalist spheres and strata in countries already dominated by the capitalist mode of production, the article uses Luxemburg's arguments to explain the Keynesian and neoliberal waves of accumulation. It also demonstrates that capitalist expansion takes on historically specific forms. Each of these forms provides only so much room for expansion, once this is exhausted a major crisis occurs.

KEYWORDS imperialism, expanded reproduction, accumulation by dispossession, unequal exchange, Keynesian wave of accumulation, neoliberal wave of accumulation

1. Introduction

Classical texts on Marxist political economy, such as Rosa Luxemburg's *Accumulation of Capital* (1913), often leave today's readers with the impression that 'this could have been written today'. The language is slightly outdated, but the content captures very well the many facets of today's capitalist world. That does not necessarily mean though, that yesterday's theories are appropriate tools to understand today's world. It could be sheer coincidence that something written in the past still reso-

nates today. The context in which such classics were written was certainly radically different from the context in which one reads them today.

The fact that ruling circles openly embrace the notion of imperialism these days, after avoiding it throughout the Cold War (Foster 2006: 67ff.), also does not necessarily mean that it is time to go back to the classical theories of imperialism. This could also be a reason to advance new theories of imperialism. In fact, that is exactly what happened around the time of the war on Iraq, which coincided with the Western ruling classes, the US ruling class showing the way, openly embracing imperialist policies. Some of those new theories of imperialism drew more or less loosely on older theories (Foster 2006, Harvey 2003), including the classics by Luxemburg (1913), Lenin (1916) and Hilferding (1910). Others advanced entirely new theories, either because they considered older theories erroneous right from the time they were developed (Milios/Sotiropoulos 2009), or because capitalism and imperialism after the Cold War were considered to be so different from earlier incarnations that older theories could not contribute anything to the understanding of their latest stages (Robinson 2004; Wood 2003).

A few decades earlier, Marxists who tried to make sense of neocolonialism in the face of the standoff between Western capitalism and Soviet communism, also pondered the question of whether classical theories of imperialism, developed against the background of colonial expansion and imperialist rivalries, could contribute anything to their analyses or whether they should be replaced with entirely new theories.

Most of the references to classical theories in later waves of debate about imperialism considered the classical theories as more or less appropriate analyses of the age of empire, which lasted, according to Hobsbawm (1989), from 1875 to 1914, and then asked how many of the conditions analysed in those theories still prevailed during and after the Cold War eras. Although these debates were imbued with controversies over the pros and cons of the classics, the classic analyses of imperialism were almost always considered as theoretical expressions of a certain stage of capitalist development. This made a lot of sense with regards to Hilferding and Lenin, who explicitly devoted their analysis of imperialism to the then latest stage of capitalism. They understood Marx's *Capital* as an analysis of the capitalism of Marx's day and thought that in order to account for the histor-

ical changes that had happened since those days, they had to refine Marx's conceptual framework (Schmidt 2017). Hilferding's historical reading of *Capital* led him to the theoretical fusion of industrial and money capital into finance capital to make sense of the then new empirical phenomenon of cartels and trusts. Lenin followed the same method when he explained the fact that some layers of the working class could escape the immiseration that Marx had predicted, with hints at colonial exploitation. This intuition was later developed into various theories of unequal exchange between centres and peripheries (Amin 1974; Emmanuel 1972; Frank 1969; Smith 2016). In a similar vein, Hilferding's *Finance Capital* was further refined to analyse the realities of today's global finance (Chesnais 2017; Lapavistas 2013).

Unlike Hilferding and Lenin, Luxemburg's approach to imperialism does not rely on a historical reading of *Capital*. She found in *Capital* exactly what Marx promised to lay bare – the law of motion of modern society. She also understood that Marx connected the development of the capitalist mode of production (cmp) with the development of a world market and saw her theories of accumulation and imperialism as a continuation of Marx's work, a thinker who had derived the logic of capital but did not look at its historical unfolding in non-capitalist environments. Marx, according to Luxemburg's reading of *Capital*, tried to carve out the mechanics of accumulation by the use of equilibrium conditions that demonstrated the possibility of unlimited accumulation. However, he did not claim that these theoretical conditions would be met in reality. In order to analyse the expansion of the cmp in non-capitalist environments, Luxemburg had to replace Marx's assumption of a closed capitalist economy with a theoretical model that does not consider exchanges between capitalist and non-capitalist economies as accidental, but rather understands the expansion of the former into the latter as a necessary condition of capital accumulation. This approach has drawn sharp criticism ever since the *Accumulation of Capital* was published.

Luxemburg's critics understand the equilibrium conditions that Marx uses in his analyses of expanded reproduction as a proposition about capitalist reality and deny that accumulation would be restricted by insufficient demand (Zarembka 2002). However, such a priori rejections of Luxemburg's theory are at odds with empirical observations that show that longer

periods or waves of accumulation went hand in hand with expansion into non-capitalist environments (Dörre 2015, Feliz 2014). Empirical observation also shows that such periods came to an end when the specific forms this expansion had taken in each of these periods were exhausted (Schmidt 2012 & 2014). It should be noted here that Luxemburg was not interested in business cycles, which may be explained by the internal mechanics of capitalist accumulation alone but sought instead to explain the long-term trends of capital accumulation (Luxemburg 1913: 12f.).

Key to capital accumulation, as Luxemburg understood it, was the opening up of markets in non-capitalist environments, no matter where these could be found. During her lifetime, one such place was the countries outside Western Europe and North America where industrial capitalism was already dominant. Imperialism, which Luxemburg (1913: 325) defined as the “political expression of the process of accumulation of capital in its competitive struggle over the unspoiled remainder of the non-capitalist world environment,” was a specific form of opening up new markets. It also established relations of domination and exploitation between the imperialist empires and their colonies that were later transformed into relations between imperialist centres and peripheries or, in Magdoff’s (2003) terms, an *Imperialism Without Colonies*. In the late 19th and early 20th century, the opening of new markets and imperialism coincided. Analytically, though, they are not the same. Imperialism is about the dominance of some states over other states or regions and the rivalries between the dominant states. Since the late 19th century, imperialism went through its original colonial stage through a period of neocolonialism during the Cold War to the super-exploitation inscribed into today’s global production networks. Parallel to these transformations of imperialism, capital has penetrated non-capitalist environments in private households, subsistence farming, and through the privatisation of public enterprises since the days of Luxemburg.

This article will briefly present the theories of accumulation and imperialism that Luxemburg advanced just before the colonial conquest turned into imperialist rivalries that ended the colonial wave of accumulation. The article will then use these theories to explain the subsequent Keynesian and neoliberal waves of accumulation, including the limits of capitalist expansion into non-capitalist environments that contributed to the end of both waves. What should be stressed in this respect is that capitalist expan-

sion includes the geographical expansion of the cmp into non-capitalist territories, and the gradual replacing of non-capitalist spheres and social strata within countries already dominated by the cmp. The latter became particularly important after WWII, when the commodification of household production challenged previously existing gender divisions of labour that were further modified, and also racialised, during the neoliberal wave of accumulation that brought about the privatisation of public services and culminated in a crisis of social reproduction that contributed, along with financial crises, to the end of this wave. What should also be noted is that Luxemburg's theories are focused on 'first contact' between capitalist and non-capitalist activity. She does not look at the unequal relations and exchanges that the colonisation of the South, of private households, and of the environment bring about (Foster/Holleman 2014). Neither does she look at gendered and racialised labour market hierarchies in the global division of labour (Mies 1999). Analyses of these inequalities and discriminations are, however, compatible with her analyses (Čakardić 2017).

2. Luxemburg on capital accumulation and imperialism

From her reading of Marx's analysis of the exchanges between and within the departments producing means of production and means of consumption, respectively, in *Capital II* (Marx 1885), Luxemburg (1913: 7-117) concluded that capital accumulation in a purely capitalist economy would come to a standstill because of a lack of aggregate demand. Expansion into non-capitalist societies, by providing additional demand to realise the surplus produced under the reign of the cmp, would be the only way to overcome this impasse. The logical end result of capitalist expansion into non-capitalist societies would be the emergence of a pure capitalist economy suffering from the lack of demand that Luxemburg had identified as the key constraint of capital accumulation. However, this logical argument needs to be distinguished from the historical unfolding of the cmp within non-capitalist societies. What is important to understand is that the historical development of capitalism does not proceed from subjecting all economic activity within one country to the cmp before moving on to another, still non-capitalist, country. Luxemburg (1913: 221f.)

argued that capitalist production “from its infancy [...] begins to produce for the world market. In the UK, its various pioneering branches, such as textiles, iron, and coal industries, sought out markets in all countries of the world long before the process of the destruction of peasant ownership, the ruin of handicraft production and of the old forms of cottage industry had run their course.” She did not explain why this is so, but one could argue that domestic markets in the countries where capitalist industries first developed were too limited to allow those industries to operate on a profitable scale.

What follows from the empirical observation that world markets already began to develop at a time when the centres of capitalist production still coexisted with extended non-capitalist spheres is that, analytically, we have to carefully distinguish between foreign trade, relating to trade between nation-states, on the one hand and internal and external markets on the other.

“Internal and external markets certainly each play a great role (...) in the course of capitalist development – not as concepts of political geography, however, but rather as ones of social economy. From the standpoint of capitalist production, the internal market is the capitalist market (...). The external market (...) is the non-capitalist social environment, which absorbs its (capitalist production’s) products and supplies it with elements of production and labour power.” (Luxemburg 1913: 263f.)

Luxemburg recognised that “after several centuries of its development, the cmp as such still constitutes only a fraction of total world production.” She also recognised the “contradictory phenomenon” that, as far as capitalist production is concerned, “the old capitalist centres represent ever-greater markets for one another and become ever more indispensable for one another, even as they contend with each other ever more jealously as competitors vis-à-vis the non-capitalist countries.” (Luxemburg 1913: 257, 264). The reason for this is that, in her day, the demand stimulus that allowed capital accumulation, including large trade volumes between the capitalist centres, came, to a certain degree at least, from establishing capitalist outposts in the colonies.

One of the means used in this struggle is international credit (Luxemburg 1913: 304-324). It helps economic agents in non-capitalist societies to buy commodities from the capitalist economy, but also forces them into a “commodity economy” where commodities are produced for market sale but without this production being subjected to the imperatives of capital accumulation (Luxemburg 1913: 279-285). However, more often than not, exchange with the capitalist economy drives commodity economies into bankruptcy, as they either cannot compete or do not make enough money within the commodity economy to continuously purchase from the capitalist economy and pay back their initial loans. The other means of capitalist expansion and imperialist rivalries is political violence. Military might is displayed to force non-capitalist societies into economic exchange with the capitalist centres, but is also a part of the competitive struggle for colonial possessions between the centres. Beyond that, the military “constitutes a preeminent means for the realization of surplus value – i.e. as a sphere of accumulation.” (Luxemburg 1913: 331)

Luxemburg assumed that arms spending is entirely financed through indirect taxes that fall largely on working classes and non-capitalist social strata, such as peasants and artisans, in the centres. Summarising the effects of militarism within the centres and the colonial world, she wrote,

“The more forcefully capital uses militarism in order to assimilate the means of production and labour power through foreign and colonial policy, the more powerfully the same militarism works progressively to wrest purchasing power at home, in the capitalist countries themselves, from the non-capitalist strata (...) and from the working class. It does this by robbing the former of their forces of production on an increasing scale, and by reducing the standard of living of the latter, in order to increase the rate of accumulation of capital enormously at the expense of both.”

Accumulation based on colonial expansion abroad and the capitalist penetration of non-capitalist spheres in the centres, Luxemburg concluded, will turn the

“day-to-day history of capital accumulation on the world stage (...) into a continuous series of political and social catastrophes and convulsions, which, together

with the periodic economic cataclysms in the form of crises, will make it impossible for accumulation to continue, and will turn the rebellion of the international working class (...) into a necessity, even before the latter has come up against its natural, self-created economic constraints.” (Luxemburg 1913, 341)

Luxemburg’s analysis of taxation and government spending is rather sketchy, but it does offer a starting point for a more complete analysis of the macroeconomics of fiscal policies. Such analyses, for example by Kalecki (1969), which developed in the tracks of Luxemburg’s theory of accumulation and imperialism, became increasingly important in order to understand the effects of state intervention in welfare and developmental states, respectively, during the post-WWII-era. Closely related to the economic effects of the rise of these two types of Keynesian states in the centres and post-colonial peripheries, is the question of to which degree economic development in the peripheries was hampered by neocolonial exploitation. Focusing on capitalist expansion into non-capitalist societies, Luxemburg did not pay much attention to the economic development of such societies after they became part of, in her nomenclature, the internal, i.e. capitalist, market. In fact, colonies’ ability to absorb products made in the capitalist centres, and hence their contribution to capital accumulation, was quite limited. With decolonisation after WWII, the question arose whether post-colonial economies could develop beyond their peripheral status and, if so, who would reap the fruits of such development.

Understandably enough, theories of imperialism in the age of decolonisation focused quite intently on the distributional struggles within post-colonial regimes and between those regimes and the imperialist centres. However, the fact that, at that time, colonisation, i.e. the expansion of the capitalist centres into non-capitalist societies, had been replaced by a hierarchical capitalist system with its patterns of neo-colonial exploitation, does not mean that capitalist expansion into non-capitalist spheres and social strata had stopped. As a Luxemburgian perspective on imperialism during the age of de-colonisation reveals, welfare and developmental states had a dual character: while providing social protection for the subordinate classes, they were also spearheads of capitalist expansion within centres and peripheries.

3. Imperialism during the Keynesian wave of accumulation

Decolonisation and the Cold War rendered the classical theories of imperialism obsolete, or so it seemed. If any of the old ideas could contribute to the understanding of these new conditions, it was certain of Hilferding's and Lenin's (Baran/Sweezy 1966: 4ff.). Hilferding's analysis of the relations between capital and the state could be used as a starting point for a closer look at welfare and developmental states. Lenin's off the cuff remarks about imperialist rents inspired various theories of unequal exchange between centres and peripheries. Some of these (Amin 1974) drew on Hilferding's argument that finance capital evades the equalisation of profit rates and thereby appropriates parts of the surplus value created in firms operating under competitive conditions. This argument was then applied to the capitalist world-system, with the centres being the home basis of finance capital and competitive conditions prevailing in the peripheries. Other theories (Emmanuel 1972; Smith 2016) contended that the value of labour power was not the same in centres and peripheries and that the hierarchical relations between them stood in the way of its equalisation. Different theoretical approaches notwithstanding, what the Neomarxist theories of imperialism had in common was a focus on the redistribution of wealth from peripheries to centres within the, in Luxemburg's terms, internal or capitalist markets.

At the same time, the economic mainstream was mostly concerned with Keynesian possibilities. In the centres, these were found in demand management used to smooth business cycles and, depending on political persuasion, advocacy for, or dismissal of, state-moderated income moderation and the provision of public services. In the peripheries, the Keynesian state was seen as a key driver of industrialisation. From this perspective, decolonisation and the rise of Keynesian states in centres and peripheries dissolved the imperialist, understood as colonial, world system.

However, neither the Keynesian mainstream, that viewed theories of imperialism as obsolete in an age of welfare states and developmentalism, nor the Neomarxists, who pointed at new forms of imperialism, recognised the Luxemburgian aspects of capital accumulation during the post-WWII-period. Rather than the centres of industrial capitalism colonising an outside world and thereby turning it into its own periphery, as during

the age of empire, the Keynesian wave of accumulation was marked by parallel processes of capitalist expansion within both centres and peripheries. Luxemburg's theory of imperialism is often so associated with colonisation during the age of empire that it is difficult to see how her analyses can contribute to the understanding of capitalist developments after that age had come to a close. The picture changes, though, if one remembers that underlying her analysis of the historically specific form of accumulation during the age of empire was a general theory of capital accumulation that can also be used to analyse other historical forms, or waves, of accumulation (Schmidt 2012).

With this in mind, it can be shown that the Neomarxist focus on unequal exchange and the Keynesian focus on state intervention explain significant parts of the Keynesian wave of accumulation but also miss two key aspects. One is the already mentioned capitalist expansion into non-capitalist spheres and social strata in centres and peripheries. The other is the role that the Keynesian state played in driving this expansion. Keynesian analyses see states largely as a countervailing power to the self-destructive tendencies of unbridled markets; neoclassical economists later used this states-against-markets framework as a starting point for their efforts to dismantle the welfare and developmental aspects of the state and reduce it to its function of securing private property rights. What is missing from this state-versus-market controversy (Schmidt 2008: 7ff.), but also from most Marxist analyses, is an understanding that the expansion into non-capitalist spheres and social strata contributed to the Keynesian wave of accumulation and thereby provided the underpinnings for the protective role that states also acquired during that period.

Industrialisation in the peripheries, proceeding at very different speeds and with foci on different economic sectors across the postcolonial world, was not only a state-sponsored project (Kohli 2004) but also one that opened new markets. In doing so, it, in Luxemburg's terms, helped to replace "natural economies" with "commodity economies" and to dissolve "peasant economies" in separate spheres of agricultural production and manufacturing (Luxemburg 1913: 265-303). However, the integration of newly created commodity producers into the circuits of global commodity exchange also exposed them to competition from firms operating on much larger scales and with greater abilities to develop new tech-

nologies. As in Luxemburg's day, international credit was one of the means used to dissolve natural and peasant economies. Additionally, postcolonial regimes which tried to break away from the transformation of colonial deliverers of natural resources and agricultural products into semi-industrialised peripheries to the capitalist centres often faced, as in Luxemburg's days, military intervention.

At the same time, states in the centres supported capitalist expansion into private households. Household production relied increasingly on labour-saving technologies such as refrigerators, washers and vacuum-cleaners, bought from capitalist manufacturers. Though consumer credit helped to fuel the rapid diffusion of these technologies, a lasting effect of this diffusion was a permanent increase of labour supply, mostly female, as increasingly commodified household labour required increased monetary incomes. The capitalist penetration of private households created double shifts for many women who kept on doing most of the housework and found employment in the lower tiers of private labour markets but also in a burgeoning public sector where they would do much of the care work they also did at home – except now for money (Kessler-Harris 1981: 51ff.; Schmidt 2014: 464f.).

Production and care were not the only aspects of private households' lives where commodification increased by leaps and bounds during the Keynesian wave of accumulation. The same was true for leisure time activities, leading to increasing sales of radios and TV sets, as well as higher attendance at commercial sports events and concerts. If militarism "constitutes a preeminent means for the realization of surplus value" (Luxemburg 1913: 331), the same is true for the promotion of a lifestyle based on mass consumption (Baran/Sweezy 1966: 112ff.). And, of course, the military continued to constitute such a means as well, even though the military buildup was no longer spread amongst competing imperialist powers but was concentrated in the US, which led the capitalist centres in their Cold War efforts (Baran/Sweezy 1966: 178ff.). This shift from imperialist rivalries to a US-led collective imperialism (Schmidt 2008: 28ff.) eventually led to tensions between the imperialist centres, since the high concentration of military build-up in the US, though providing an outlet for the realization of surplus value. The emergence of an military-industrial complex in the US also helped to and maintain imperialist rule and allowed other

countries, particularly Germany and Japan, to build export industries that gained a significant share of the burgeoning mass consumer markets, while the competitiveness of US manufacturing, outside of arms production, aviation and information technology, began lagging behind (Brenner 2006; Kidron 1968).

As with the age of empire, the Keynesian wave of accumulation produced a “series of political and social (...) convulsions” and “periodic economic cataclysms” that made it “impossible for accumulation to continue” (Luxemburg 1913: 341). These limits to accumulation were specific to, and shaped by, the forms which accumulation had taken in the preceding period. The emergence of Germany and Japan as major export economies produced overcapacities in a series of manufacturing industries, overcapacities that threatened profits on the demand side. At the same time, escalating demands for higher wages, welfare state expansion and, in some postcolonial countries, resistance to neocolonial exploitation and the complementary quest for a new international economic order, threatened to squeeze profits on the supply side. The movements that raised these demands challenged the rule of capital but were unable to overcome it. The defeat of left movements from the coup in Chile to the election of Thatcher and Reagan (Harvey 2005: 5-63, Schmidt 2011) allowed capital and the state to use the debt buildup that had accompanied the crises-ridden 1970s as a trigger for the long-term project of rolling back the social protections granted by welfare and developmental states, and to create new “means for the realization of surplus value” (Luxemburg 1913: 331), notably the privatisation of public services and state-owned enterprises.

4. Imperialism during the neoliberal wave of accumulation

What started as a process of privatisations enforced by fiscal and foreign debt crises in capitalist centres and peripheries, culminated in the collapse of Soviet communism and China’s full-scale reintegration into capitalist markets. To many left theorists, this meant that the world market had eventually been completed. With reference to Luxemburg, Hardt and Negri argue that the outside on whose penetration capital accumulation had been reliant for so long had been fully internalised. Reading Luxem-

burg as a theorist of the geographical expansion of capitalism, they argue that the completion of the world market does not represent “natural, self-created economic constraints” (Luxemburg 1913: 341) to the rule of capital, but simply a reason for a switch from extensive accumulation and formal subsumption to intensive accumulation and real subsumption (Hardt/Negri 2000: 221-229 & 272). Such views were not uncommon amongst critical theorists during the heyday of neoliberal globalisation, but conceal more than they explain.

First of all, they conceal the fact that the Keynesian wave of accumulation relied on capitalist expansion into non-capitalist spheres and social strata even if the world market, in geographical terms, had been diminished in the face of Soviet and Sino communist expansion during the 1940s. They further conceal the fact that, notwithstanding the neoliberal rollback of their welfare and developmental side, capitalist states still control significant parts of the economy and thereby continue to stabilise capital accumulation to some degree. Finally, views such as Hardt’s and Negri’s ignore the fact that the geographical expansion that did occur in the early 1990s was not the result of capitalists seeking outlets to realise surplus value in non-capitalist societies. It happened because the collapse of Soviet communism and China’s subsequent turn to world market integration invited capitalists to sell and invest in the vast territories from East Berlin to Vladivostok and Guangdong. During the Cold War, systemic competition between Western capitalism and Eastern communism saw the latter mimicking Western models of consumption and production, however, this happened almost entirely under the auspices of state ownership and bureaucratic rule. Economic exchanges with the capitalist world were very limited. Conversely, the collapse of Soviet communism or, in the case of China, the opening?? to capitalist markets opened huge investment and sales opportunities for Western companies (Hung 2016: 52-83; Kagarlitsky 2008: 304-323).

The transition from the Keynesian to the neoliberal wave of accumulation occurred because the specific forms that enabled accumulation during the Keynesian wave produced economic and political crises that made the continuation of accumulation in these forms impossible. The neoliberal wave transformed some of the forms from the Keynesian days but also produced new ones. The point that sets Luxemburg apart from

most other Marxists is that she focuses on the expansion into non-capitalist spheres and social strata as a pre-condition for capital accumulation. Harvey (2003), despite bringing Luxemburg back into Marxist debates, stressed the dialectic between expanded reproduction and expansion into non-capitalist spheres and social strata, which he labelled accumulation by dispossession, but dissolved this dialectic into a historical sequence dominated either by expanded reproduction, during the Keynesian wave of accumulation, or, during the neoliberal wave, accumulation by dispossession (Harvey 2003: 153, 172, 176). Though he rejected the idea that late 20th century capitalism had internalised all of its outsides (Harvey 2003: 140f.), this sequencing is closer to Hardt/Negri's (2000) theory of different stages of capitalist development than to a theory of specific forms of accumulation that, at all times not marked by economic crises, connect expanded reproduction and accumulation by dispossession.

With regards to spurring capital accumulation, privatisations of public services and state-owned enterprises became a defining feature of the neoliberal wave of accumulation. Even where they were not pursued across entire economies, as in the former communist countries, they affected a whole series of sectors, ranging from airlines, railways and ports to telecommunications and mail services, water and power supplies, housing, health care and education (Frangakis et al. 2009; Mercille/Murphy 2017).

The cuts in public welfare produced a veritable crisis of social reproduction. These cuts meant that more care work had to be provided by unpaid labour at home, or needed to be privately purchased. Of course, this latter option was only available to upper and middle class families and created a highly racialised and under-privileged class of precarious care workers. Women cut off from public services and forced to work in the growing private care sector effectively had to work the longest double shifts as, after doing their paid work, they still had housework to do (Fraser 2016).

Privatisations offered investment opportunities and expanded markets. Government debt was a key lever to enforce privatisations. In the capitalist centres, domestic capitalist classes presented public deficits as a threat to state solvency and used this threat to push, along with social spending cuts, for the sale of public assets in order to reduce government deficits and debt. In the peripheries, where many postcolonial regimes had taken out cheap loans to further their developmentalist agenda, a coalition of lenders from,

and international organizations dominated by the centres used the foreign debt crisis to push for privatisations from the early 1980s onwards. Ironically, the US, whose current account deficits and foreign debt was widely seen as a harbinger of imperial decline in the 1970s, managed to reinvent themselves as the leader of the imperialist centre by turning their financial and state institutions into the nerve centre of global finance (Gindin/Panitch 2013). This allowed the US to finance escalating foreign deficits while other centre states had to prove their creditworthiness.

For the peripheries, debt service became an important form of imperialist exploitation, with only tiny minorities in those countries participating and benefiting from it. It contributed to the continued destruction of natural and peasant economies. In order to raise foreign exchange incomes, subsistence farming had to make room for the expansion of cash crop production and natural resource extraction. This is a pattern of debt-enforced integration into the capitalist market that Luxemburg, using the examples of Egypt and Turkey, had already described in quite some detail (Luxemburg 1913: 309f., 312ff.). She opened the respective chapter on *International Credit* in the *Accumulation of Capital* with the claim that the “imperialist phase of capital accumulation comprises the industrialization and capitalist emancipation of capital’s former hinterland.” (Luxemburg 1913: 304) In her days, industrialisation in the colonies was largely confined to the building of railways and ports so that agricultural products and natural resources could be shipped to the imperialist centres. However, referring to Canada, South Africa and the US, Luxemburg also pointed at settler-colonialism (Horne 2018), a form of colonialism that allowed peasants who had lost their land but could not find work in the burgeoning industries in their countries of origin to recreate peasant economies outside the imperatives of capital accumulation. This happened at the expense of indigenous populations and, in the US case, alongside the establishment of slave plantations. Whereas these plantations were part of global cotton capitalism right from the start (Beckert 2014), the recreated peasant economies would be transformed into capitalist farms only with the industrialisation of the settler-colonies, which, as it turned out, coincided with the last wave of colonial conquest before WWI. Yet, colonies dominated by resource extraction saw hardly any industrialisation before they won political independence. When that happened during the Keynesian wave

of accumulation, most of the postcolonial regimes pursued further industrialisation. Some, in order to circumvent competition from the centres, also sought varying degrees of emancipation from the capitalist world market. During the neoliberal wave of accumulation, debt became a lever to roll back efforts to advance non-capitalist industrialisation. This roll-back integrated public enterprises into the internal or capitalist market and thereby contributed to its expansion. At the same time, the opening to world market competition, enforced by the IMF's structural adjustment agreements, allowed corporations, almost all of them headquartered in the centres, to also take over private industries in the periphery or in their home markets (Chossudovsky 1997).

The change from import substitution industrialisation to export-led growth that accompanied the transition from the Keynesian to the neoliberal wave of accumulation did not mean the end of industrialisation in the peripheries but did entail a major change in its character. Even where the internationalisation of corporations did not extend to ownership of subsidiaries in the periphery, they established themselves as centres of production networks that would appropriate surplus value created in subordinated production facilities in the peripheries (Smith 2016). As a result, a large part of manufacturing processes that were not automated moved from the centres to the peripheries. This global restructuring of production processes necessitated investments in logistics networks, i.e. new ports and railways, and the associated information technologies required to manage global production and transportation. The same restructuring processes allowed some peripheral countries, which, it must not be forgotten, had never been a homogenous group, to either maintain or acquire the status of subimperialist countries. This opened the question of whether these countries, or a group of them, would challenge the imperialist power of the old centres or whether they would reinforce this power by playing the role of junior partners (Bond/Garcia 2015). If any of the emerging economies could seriously challenge the power of the old imperialist centres, it would be China. Like Brazil, Russia, India and South Africa, it is a regional power (Schmidt 2008), but its economy has a global reach. Unprecedented growth since the early 1990s made it the second largest economy in the world. After the world economic crisis of 2008/9 it became the main engine of global recovery. Some Chinese corporations established themselves as

global players and technological leaders. At the same time, Western corporations still used China as a manufacturing hub that offered cheap labour and a well-developed infrastructure serving Western controlled supply-chains. The contradiction between the economic power represented by the Chinese state and the continued super-exploitation by Western as well as domestic corporations is mirrored by the uneasy co-existence of capitalist and state-socialist relations of production in China (Schweickart 2015). These economic and political contradictions put China in a key position with regards to the future developments of global capitalism, with options ranging from China establishing itself as an alternative to the Washington Consensus, possibly even opening paths towards forms of non-capitalist developments (Arrighi 2007), to crises made in China being exported to the rest of the world (Li 2016).

Of course, the very possibility of China challenging US hegemony only arose once the unilateral moment and the plans for a New World Order or New American Century had run their course (Arrighi 2007; Hung 2016; Li 2016; Schmidt 2010). Beginning in the 1980s and climaxing in the aftermath of the Cold War, the complementary explosion of debt and financial assets served as a door-opener into non-capitalist spheres and social strata and as a lever to enforce higher rates of surplus value. Debt and financial crises from Latin American and African peripheries in the 1980s to East Asia's newly industrialising countries and post-communist Russia in the late 1990s produced hardships for the popular classes in the affected countries but allowed Western corporations to extend their reach into new markets. These crises also triggered privatisations and thereby furthered the process of accumulation by dispossession.

In the 2000s, however, financial crises turned inwards. Rather than extending the imperialist power of the system's centres and drawing non-capitalist spheres and social strata into the orbit of capital, they increasingly hurt middle and working classes in the centres. This was the case after the bursting of the dot.com-bubble in 2001, after the 2008/9 financial and economic crises, and also after the Euro crisis in 2010. Prior to these crises, the rollback of wages and social spending in the centres had been softened by the import of cheap consumer goods made under conditions of super-exploitation in the new manufacturing districts of capitalist peripheries. At the same time, though, the privatisation of health care and

education, along with market-based pensions and cheap mortgages, had drawn significant layers of the centres' popular classes into debt and financial investments. The imperialist spoils of cheap consumer goods paled compared to the losses incurred by these classes, albeit highly unevenly across Western countries, in the aftermath of financial crises in the 2000s (Foster/ McChesney 2012; Konings 2010).

The eye of these financial and economic storms was, apart from the Euro-crises that ravaged some of the Euro-zone's internal peripheries, the US. Considering its central position in global finance, this is not a surprise. Things were aggravated by the equally dominant position of the US military. Already during the Keynesian wave of accumulation, the US found out that military dominance can be an economic disadvantage. Providing a "preeminent means for the realization of surplus value" (Luxemburg 1913: 331) does not mean that economic resources could not have been invested more profitably in other sectors. More rapid productivity growth in Germany and Japan, where manufacturing was heavily concentrated in export industries, than in the US, with its enormous military-industrial complex, suggests that this was the case during the Keynesian wave of accumulation (Kidron 1968). During the neoliberal wave, the US-led wars for a new world order and against terrorism created disorder more than anything else. These wars might have been good business for arms manufacturers, but they were not good for the capitalist world system, since disorder increases the risk of doing business. This was not only the case in the countries that were attacked by US-led armies but, in very different ways, also in the imperialist heartland (Brenner 2006; Hossein-Zadeh 2006). Runaway costs of war led to escalating budget deficits, which, in turn, provoked the loose monetary policies that fueled the housing boom, whose collapse started the 2008/9 financial and economic crises (Bilmes/ Stiglitz 2008). The same cost pressures lead to US demands to share the burden of maintaining the imperialist order more evenly amongst the old centre states. Such quarrels fed into feelings of anxiety that emerging economies, most notably, of course, China, would undermine rather than strengthen the dominant position of the old centres (Ferguson 2014).

As a result, the self-confidence and coherence that global elites had demonstrated during the heyday of neoliberal globalisation faded. Tensions within their own ranks were deepened by a growing number of politicians

who responded to the growing discontent with the internationalism of capitalism at the expense of the world's popular classes with protectionist off gestures (Schmidt 2016). In Luxemburg's time, the turn from free trade to protectionism was a result of the national ruling classes rallying around national projects of empire building (Luxemburg 1913: 325-330). By contrast, today's ruling classes are caught by the economic instability and discontents that neoliberal globalisation and the associated processes of accumulation have produced.

5. Conclusion

Luxemburg's claim (1913: 328) that free trade is a "specific form of the defenselessness of non-capitalist countries" may have been true in her time and is so again in the days of neoliberal globalisation. The same is true for her proposition that "free trade would not constitute more than a fleeting episode in the history of capital accumulation" (Luxemburg 1913: 327). However, the protectionism of today is very different from that during the age of empire. It is not driven by national projects of building colonial empires, but by the inability of global elites to maintain the free trade consensus, around which they established their dominant position from the 1980s to the 1990s. Currency and trade wars, or just the threat thereof, and the shift from supranational trade agreements to binational relations, as well as exit from the EU – itself a neoliberal project par excellence – indicate an increasing fragmentation of the capitalist world market that adds to the risks of finance-driven accumulation in both its aspects, expanded reproduction and accumulation by dispossession.

However, the fact that seemingly timely arguments, such as Luxemburg's arguments about the turn from free trade to protectionism, only apply in variegated ways in today's world is a reminder that there is no short-cut from old theories to an understanding of current issues. What makes Luxemburg's theory a starting point for the analysis of contemporary imperialism is not that many of her arguments seem like accurate descriptions of current phenomena, but that she offers a general theory of accumulation that, unlike other Marxist theories of accumulation, recognises the systematic connection between expanded reproduction within the cmp

and capitalist expansion into non-capitalist spheres and social strata. This general theory can be used as a framework within which specific historical forms of capital accumulation and imperialism can be analysed.

Since the ‘original colonisation’ of the then non-capitalist countries, culminating in the age of empire with its imperialist rivalries, created centre-periphery relations, imperialist exploitation has become an aspect of expanded reproduction on a world-scale. The forms in which this occurred changed from the age of empire to the Keynesian and neoliberal waves of accumulation. The respective transformations occurred within a hierarchical capitalist market. At the same time, the expansion into non-capitalist spheres and social strata also changed its form through these different waves of accumulation. In fact, this expansion was a key factor that made accumulation possible. The forms it took at various times also produced specific limits to further accumulation. Other Marxist theories of imperialism see this expansion as a characteristic of the age of empire, possibly emerging resurgent as accumulation by dispossession in the days of neoliberal globalisation. Only a Luxemburgian perspective allows us to see that the expansion into non-capitalist spheres and social strata is an indispensable part of capital accumulation at all times, and that limits to such expansion, whatever their specific historic forms may be, lead to accumulation crises.

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ABSTRACT Dieser Artikel beginnt mit einer Erklärung der methodologischen Unterschiede in den Imperialismustheorien Luxemburgs, Hilferdings und Lenins. Danach wird Luxemburgs Kernargument, demzufolge die Kapitalakkumulation von der Expansion in nichtkapitalistische Milieus abhängt, rekapituliert. Ausgehend von dem Verständnis, dass diese Expansion nicht notwendigerweise geografisch zu verstehen ist, sondern auch innerhalb nichtkapitalistischer Milieus in Ländern erfolgen kann, die bereits von der kapitalistischen Produktionsweise dominiert werden, verwendet dieser Artikel Luxemburgs Argumente zur Analyse der keynesianischen und der neoliberalen Welle der Akkumulation. Dabei wird gezeigt, dass die kapitalistische Expansion in jeweils spezifischen historischen Formen erfolgt. Jede dieser Formen öffnet bestimmte Räume der Expansion, deren Ausschöpfung zu einer großen Krise führt.

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