

# The Dialectic of the Spatial Determination of Capital: Rosa Luxemburg's Accumulation of Capital Reconsidered

by Peter Hudis

Rosa Luxemburg is renowned for being the first post-Marx Marxist to argue that the accumulation of capital hinges not only on the internal *temporal* dynamics of particular capitalist societies but most of all on capitalism's *spatial* penetration and destruction of the non-capitalist world. Her emphasis on capital's inherent drive to consume and destroy indigenous communal formations was part of an effort to demonstrate the integrality of imperialism and capitalism—even if this is somewhat muted by Agnes Schwarzschild's English translation of the *Accumulation of Capital*, which neglected to include its subtitle—"A Contribution to an Explanation of Imperialism." Now that a new English translation of the *Accumulation of Capital* is being prepared as part of the issuance of her *Complete Works* in English, this is a fitting moment to re-examine how her theory of capitalist accumulation speaks to today's urgent need to reverse capital's global drive to undermine the ecological as well as economic and social viability of human existence itself.



As is well known, Luxemburg's theory of accumulation brought her into direct conflict with Marx—especially over this formulae of expanded reproduction at the end of Volume Two of *Capital*. Marx's exclusion of foreign trade in his abstract model of how surplus value is realized in an *ideal* isolated capitalist society was seen by Luxemburg as failing to account for the *reality* of capitalist accumulation, which depends from its inception on absorbing and destroying non-capitalist strata. Now that we are experiencing capital's complete domination of the globe, we may be able to finally determine whether Luxemburg's *spatial* emphasis on capital accumulation takes us beyond Marx—or whether Marx's *temporal* emphasis on the internal dynamics of capitalist reproduction takes us beyond Luxemburg.

Ato Sekyi-Otu has persuasively argued that for Marx, “time, rather than space, is the existential category that functions as the principle of index of domination, alienation, and injustice.”[1] Marx’s critique of alienated labor, social inequality, and value production centers on the domination of a particular kind of time—*abstract universal labor time*. Although Marx is often credited with developing a labor theory of value, it is more accurate, as Raya Dunayevskaya argued, that Marx developed a value theory of labor.[2] This is because the core of the Marxian theory of value is that value is not determined by the actual amount of time employed in creating a commodity, but rather by the *average* amount of *necessary* labor time. If a worker in Detroit assembles an automobile in 24 hours while one in China assembles a similar model in 16, the extra eight hours of labor performed by the Detroit worker creates no value. As Marx put it, “What determines value is not the time taken to produce a thing, but the *minimum* time it could possibly be produced in.”[3]

Herein, for Marx, lies the inner core of the overpowering domination of capital. As competition reveals the minimum amount of labor time necessary, on average, to create a given commodity, workers are forced to produce it within that time unit, irrespective of their human needs or bodily capacities. We become alienated, not just from the product of labor but rather from the very activity of producing it through the tyranny of abstract universal labor time. As Marx famously puts it, “Time is everything, man is nothing; he is, at most, time’s carcass. Quality no longer matters. Quantity decides everything; hour for hour, day by day.”[4]

Value production therefore subsumes heterogeneous productive activities under crystallized abstract labor time. That, and not the existence of private property or the market, is the essence of the capitalist mode of production. We become robbed of our creativity by being subjected to a reified form of time that is indifferent to our actual abilities. This in turn grounds the drive to augment surplus value. Since value is determined by a social average of labor time that operates behind the backs of the producers, workers are compelled to produce more value in a given unit of time than they receive in means of subsistence. Inequality, private property, and “market anarchy” are therefore not the cause but the consequence of social relations governed by abstract universal labor time.

As I show in this latest book, *Marx’s Concept of the Alternative to Capitalism*, the issue of time is likewise of critical importance in Marx’s conception of the abolition of capitalism.[5] In socialism or communism actual labor-time is no longer subsumed by socially necessary labor time. The exertion of concrete acts of producing use values, performed by freely associated individuals, becomes the one and only measure of social existence. No longer does a force operate behind the backs of the producers—socially necessary labor time—that renders their activity useless or unproductive if it fails to meet an abstract standard. The dictatorship of time is shattered through the formation of *freely* associated production relations, in which “time becomes the space for human development.” Value production comes to an end, since its substance, abstract labor, drops out of existence.

There is no question, therefore, that Marx’s critique of capital centers on *time*. So is it the case, as Foucault claimed, that Marxists are so consumed with time that “If one started to talk in terms of space, that meant one was hostile to them”?[6] This is a dubious claim, since Marx did not ignore spatial determination—as seen in his theory of primitive accumulation and emphasis on the role of colonialism in the formation of capitalism.[7] I would argue that Marx’s emphasis on time is precisely what led him to focus on capital’s spatial determination, especially in his writings on the non-Western world in the last two decades of

his life.<sup>[8]</sup> As capital strives to wring ever-more unpaid labor time from the worker, it spurs the creation of new labor saving devices, thereby augmenting the organic composition of capital at the expense of living labor. This leads, as Marx argued in Volume Three of *Capital*, to the tendency of the rate of profit to decline. Faced with an internal barrier to increased profitability, capital goes in search of new markets and arenas of exploitation overseas. Imperialism is the spatial correlate to capital's cooptation of time.

## II

When it came to his theory of expanded reproduction, however, Luxemburg held that Marx neglected capital's spatial determination. His assumption of a closed capitalist society without foreign trade, she held, contradicts the reality of capitalist accumulation. In contrast, she sought to show that capital's inner core consists of the drive to consume what is external to it—non-capitalist strata.

Luxemburg's dispute with Marx's revolves around the following two, opposed questions: 1) Does the commodity need to "shed" its use-form and become transformed into "pure value," money, in order to then purchase additional means of production and thereby realize the surplus value needed to accumulate capital on an ever-expanding scale? 2) Or can this realization of surplus value occur *directly*, without a portion of the surplus product being converted into money, by constant capital productively consuming a portion of the use-form of the surplus product?

If the second is correct, there is no case for effective demand being a central component of capitalist accumulation. The capitalist simply converts a portion of the surplus value into constant capital by directly absorbing it into the means of production without having to first *sell* it to a *buyer*. The consumer market is bypassed, and there is no problem of a lack of effective demand by consumers.<sup>[9]</sup> If the second is correct—that is, if the connection between Department I (means of production) and Department II (means of consumption) is established through the exchange nexus—then each department has to *sell* all its output to realize the surplus value *before* capital accumulation is possible. If the realization of surplus value depends upon the *sale* of the product, there must be buyers for it. But if there is no demand for the product on the part of buyers, realization becomes impossible.

Marx takes the second approach, whereas Luxemburg takes the first. She criticizes his theory of expanded reproduction for treating money as "a subsidiary phenomenon—a merely external and superficial expression of the various stages within the circulation of commodities."<sup>[10]</sup> She even accuses him of acting as if "money in itself is not an element of actual reproduction."<sup>[11]</sup> She well knows, as does Marx, that to augment constant capital a portion of the surplus value must be "set aside" from personal consumption—that is, consumed neither by workers nor capitalists. But she differs from Marx over the role of use-value in realizing surplus value. To Marx, use-value is of decisive importance in predetermining the *direction* in which surplus value is invested—for example, the use-form of corn goes to the Department II, the use-form of iron ore goes to Department I. Luxemburg, in contrast, downplays the role of use value in predetermining the product's destination in social reproduction. She contends, "The new capital as well as the surplus value which it has created must cast off their commodity-form, re-assume the form of pure value, and thus revert to the capitalist as money.... It is absolutely essential to the accumulation of capital that a sufficient quantity of commodities created by the new capital should win a place for itself on the market and be realized."<sup>[12]</sup>

Since surplus value cannot be realized by the consumption of workers or capitalists, and since “somebody must buy it,” who can that be?”[13] Since, “we cannot discover within capitalist society any buyers whatsoever for the commodities in which the accumulated part of the surplus value is embodied, only one thing is left”—to presume that the demand is found in the non-capitalist world.[14] This is the basis of her theory that imperialist expansion is driven by capitalism’s inability to resolve the limits to effective demand established by its own national confines.

### III

Luxemburg’s approach provided not only an *explanation* for why capitalism takes over, consumes, and destroys communal social formations in the non-capitalist world, it also led her to fiercely *condemn* the process in its entirety. At a time when many of her colleagues in the Second International made apologies for imperialism, or denied that it was inseparable from the law of motion of capitalism, she painstakingly exposed how virtually every ounce of capital was accumulated on the basis of the sweat and blood of tens of millions of Africans, Asians, and Native Americans.[15] Her critical analysis of the historical conditions of accumulation in Part 3 of the *Accumulation of Capital* is perhaps the most powerful exposé ever written of the violent and destructive nature of the self-expansion of capital. It remains of huge importance today, when capital is invading every nook and cranny of the globe, violently undermining the very basis of human and natural existence in doing so.

However, there is a major problem in Luxemburg’s analysis. It concerns *who are the human subjects that can rise up and put an end to this violent process of destruction?* She insists that “Accumulation is more than an internal relationship between branches of capitalist economy; it is primarily a relationship between capital and a non-capitalist environment.”[16] It follows that what ultimately puts an end to the accumulation of capital is the exhaustion of non-capitalist strata. However, Luxemburg insists that “this can never actually happen”[17]—a point that is often overlooked by her admirers. Why can it “never happen”? She doesn’t say. All she says is that “long before” that day comes the proletariat in the *developed* world will rise up and put an end to all of this. There is no question that Luxemburg was a magnificent theorist of revolution who was convinced of the ability of the working class to uproot capitalism. *Yet that perspective, integral to so much of her other work, simply does not flow logically from her theory of expanded reproduction.*

Her entire theory of expanded reproduction centers on the *external* opposition between capitalism and non-capitalism—not on the *internal* opposition between constant capital, dead labor, lording over variable capital, living labor. Since the central contradiction of capital is located not in production but rather in the market, in the lack of effective demand, the barriers encountered in the market, and not the resistance of the worker at the point of production, establishes the limits to capital accumulation. In a word, her market-driven approach does not provide for the negation of expanded reproduction to arise from within the bosom of the capital-labor relation. It is not *people* or their *resistance* that defines the ultimate limits to capital, but rather a *thing*—the exhaustion of non-capitalist *strata*.

This is further underlined by the fact that she did not view the victims of imperialist expansion as revolutionary subjects in their own right, as seen in her fierce objection to all calls for national self-determination as being “reactionary.”

I am not at all suggesting that Luxemburg did not feel profound compassion for the victims of colonialism and imperialism. On the contrary, she felt their pain and theorized the reason for it, in a way few Marxists did so in her time or afterwards. Lenin, for instance, wrote the following in his critical notes on the *Accumulation of Capital*: “The description of the torture of Negroes in South America is noisy, colorful, and meaningless. Above all it is ‘non-Marxist.’”<sup>[18]</sup> Rosa Luxemburg would never think it “non-Marxist” to detail the pain and suffering of those exposed to the brutalities of capitalist globalization. She was too much of a humanist for that!

Nevertheless, her spatial counterpoising of capitalism and non-capitalist strata provides for no immanent, subjective force that can transcend the realities of capital accumulation from within. Instead, “the revolution is dragged in by her indomitable revolutionary will.”<sup>[19]</sup> This is in direct contrast to Marx, for whom subjective revolt is integral to the very delineation of the objective categories of capital. As Dunayevskaya put it, for Marx “The organic composition of capital produces, on the one hand, the decline in the rate of profit, and, on the other hand, the reserve army of labor. The inability of capitalism to reproduce its only value-creating substance sounds the death knell of capitalism.”<sup>[20]</sup> This approach, which was available to Luxemburg, was foreclosed by her theory of accumulation.

#### IV

What importance does this have for today? Clearly, we are now reaching the point where the entire globe is being consumed by the self-expansion of capital—at the same time, ironically, that any viable alternative to capitalism appears very nearly out of sight. There is no indication that capitalism will simply collapse once the full exhaustion of non-capitalist strata occurs. It will only come to an end when an array of subjective forces, inside as well as outside the developed capitalist world, including but not restricted to the working class, makes their voices heard in the context of a philosophically grounded alternative to capitalism in all its forms, whether “free market” or statist.<sup>[21]</sup> Now that the capital-relation is universally imposing itself upon every nook and cranny of the world, we urgently need a theoretical framework that can elicit and develop the “new passions and new forces” (to use Marx’s phrase) that can uproot capital accumulation from *within*.

It is worth noting that a number of commentators have recently argued that Luxemburg’s theory of accumulation can be salvaged for the contemporary world by relating it to the drive to consume non-capitalist or not-yet commodified strata within the existing, *developed* capitalist world. But this strikes me as a rather questionable application of her ideas. Luxemburg herself placed great stress that, in her view, “there should be buyers outside capitalist society. Buyers, it should be noted, not consumers, since the material form of the surplus value is quite irrelevant to its realization. The decisive fact is that the surplus value cannot be realized by sale either to workers or to capitalists, but only if it is sold to such social organization or strata whose own mode of production is not capitalistic.”<sup>[22]</sup> Clearly, for her, the key is not simply being a *consumer* of non-capitalist strata. *You must be a buyer who is neither a capitalist nor a worker*. Otherwise, the surplus value that is capitalized has to come out of the consumption within the *capitalist* home market—which is precisely what her entire theory of accumulation argues is not possible. Such efforts to “apply” Luxemburg’s theory to a context other than the one discussed by her hardly seems to do justice to her seriousness as a theoretician.

In sum, to effectively challenge globalized capital today we need, on the one hand, a deep appreciation of Luxemburg's insistence on the necessity of imperialism for capital accumulation, and a much broader and deeper elicitation of revolutionary forces and ideas than provided by the contours of her theory of accumulation, on the other hand. That is especially the case when it comes to struggles within the developing world. Perhaps what is needed most of all is for Luxemburg's fierce critique of colonialism and imperialism to be brought into dialogue with Frantz Fanon's understanding of the revolutionary potential of struggles against racism and national oppression. It is a dialogue that will prove most fruitful, I believe, when mediated by a firm grasp of Marx's critique of the *temporal* dimensions of capital.

### Notes

[1] Ato Sekyi-Oto, *Fanon's Dialectic of Experience* (Cambridge: Harvard University Press, 1996), p. 72.

[2] See Raya Dunayevskaya, *Marxism and Freedom, from 1776 Until Today* (Atlantic Highlands: Humanities Books, 2000 [orig. 1958]), p. 138.

[3] Karl Marx, *The Poverty of Philosophy*, in *Marx-Engels Collected Works*, Vol. 6 (New York: International Publishers, 1976), p. 136.

[4] *The Poverty of Philosophy*, p. 127.

[5] See Peter Hudis, *Marx's Concept of the Alternative to Capitalism* (Leiden: Brill, 2012).

[6] Michel Foucault, *Power/Knowledge* (New York: Random House, 1980), p. 70.

[7] Luxemburg, it should be noted, tended to downplay the significance of Marx's theory of the "so-called primitive accumulation of capital" on the grounds that it applied only to the origin of capitalism—whereas she was interested in how capitalism in its *full maturity* depends on non-capitalist strata. She also held that Marx's primitive accumulation deals with the destruction of pre-capitalist relations *within* a developing capitalist economy, whereas she was interested in the destruction of pre-capitalist relations *outside* a developed capitalist society.

[8] For more on this, see *Marx at the Margins*, by Kevin Anderson (Chicago: University of Chicago Press), 2010.

[9] Marx had worked out the conceptual basis of this position in his *Theories of Surplus Value*—written in 1863, a full 15 years prior to drafting the formulae on expanded reproduction at the end of Volume Two of *Capital*. The claim that these formulae are merely fragmentary and do not do justice to Marx's overall theory of accumulation is therefore highly questionable. Whatever shortcomings there may be in his *exposition* of the issue of expanded reproduction in the formulae, Marx had worked out the *concepts* that governed them long beforehand. He wrote in *Theories of Surplus Value*, "Can the capitalist transform a part of the surplus-value into capital by employing it *directly* as capital instead of selling the surplus-value, or rather the surplus-product in which it is expressed?"[9] He answers the question in the affirmative, as follows: First, in the agricultural sector, a section of the surplus product "instead of being sold, can at once serve again as means of production, as seed or

draught animals”; Second, the same is true of certain commercial goods (whether raw materials or value-added ones); Third, in addition to machines that produce commodities there are “machines which produce machines, the constant capital of the machine industry.”[9] This part of the surplus product “need not be sold, but can re-enter the new production in kind, as constant capital...into new production (accumulation), without having gone through the process of first being transformed into variable capital.” He concludes, “Where a part of the product, and therefore also of the surplus-product (i.e., the use-value in which the surplus-value is expressed) can re-enter as a means of production—as instrument of labor or material of labor—into the sphere of production from which it came, directly, without an intermediary phase, accumulation within this sphere of production can and must take place in such a way that a part of the surplus-product, instead of being sold, is as a means of production re-incorporated into the reproduction process directly...so that accumulation and reproduction on a larger scale coincide here directly. They must coincide everywhere, but not in this direct manner.” See *Theories of Surplus Value*, Part 2 (Moscow: Progress Publishers, 1968), pp. 486-88.

[10] Luxemburg Rosa. *The Accumulation of Capital*, translated by Agnes Schwarzschild (New York: Modern Reader, 1968), 105.

[11] Luzemberg, Rosa. *The Accumulation of Capital*, 103.

[12] *Ibid*, 44.

[13] *Ibid*, 164.

[14] *Ibid*, 136.

[15] It should be noted that it was not only her reformist opponents who suffered from such Eurocentric defects. One will find hardly a single mention of sub-Sahara Africa in the innumerable writings of the revolutionary Marxists of the period, Lenin and Trotsky included; it would seem that European radicals of the time presumed that Africa stopped at the southern borders of Egypt—despite the massive amount of material wealth being expropriated at the time by the British, French, Germans and Belgians from sub-Sahara Africa. Luxemburg was a notable exception, as especially seen in her detailed discussions of pre-capitalist communal forms in Africa in both the *Introduction to Political Economy* and *The Accumulation of Capital*.

[16] Luxemburg Rosa. *The Accumulation of Capital*, translated by Agnes Schwarzschild (New York: Modern Reader, 1968), 417.

[17] *The Accumulation of Capital*, 417.

[18] Quoted in J.P. Netti, *Rosa Luxemburg*, Vol. II, p. 533. I would like to thank Paul Le Blanc for drawing my attention to this passage.

[19] Dunayevskaya, Raya. *Rosa Luxemburg, Women's Liberation, and Marx's Philosophy of Revolution* (New Jersey: Humanities Books, 1981), 45.

[20] Luxemburg, Rosa. *Women's Liberation, and Marx's Philosophy of Revolution*, 45.

[21] The perspective that governs this analysis is that the putatively “socialist” or “communist” regimes of the twentieth century failed to transcend capitalism and were instead *state-capitalist* formations. As I argue in Marx’s *Concept of the Alternative to Capitalism*, the horizon of capitalism cannot be left behind so long as the law of value and surplus value continues to govern social reproduction.

[22] Luxemburg Rosa. *The Accumulation of Capital*, translated by Agnes Schwarzschild (New York: Modern Reader, 1968), 351-52.

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