Interest in the second volume of *Capital*, assembled by Engels out of Marx’s manuscripts and published in 1885, was first focused on a minor element of Marx’s text, the reproduction schemas with which Marx modelled the capitalist process of social reproduction. This interest derived from a question not directly connected to Marx’s aims in the volume, but important to marxists at the turn of the century, namely the question whether a crisis-free development of capitalism is possible. The schemas were of particular importance to Russians – Lenin as well as the less revolutionarily-inclined Legal Marxists – who were seeking arguments against the Narodniks’ insistence that Russia need not follow the example of Western Europe in the development of a full-fledged capitalism. Marx’s model of equilibrated accumulation seemed to explain how a continuous development of capitalism was possible, even in an industrialising economy such as Russia. While Lenin was concerned to argue that Russia, like Europe, would develop a bourgeoisie and a potentially revolutionary proletariat, the Legal Marxists – most importantly Michael Tugan-Baranowsky – used Marx’s schemas to argue against the idea of an inevitable breakdown of the system as the basis for radical change.¹ The interpretation of Marx’s schema of expanded reproduction as an equilibrium growth model of the capitalist economy was facilitated by Tugan’s abandonment of the labour theory of value, with its implication of a tendency for the rate of profit, source of capital for accumulation, to fall.² It was only consistent for Tugan to stress, in his 1905 book on the foundations of Marxism, that ‘the whole breakdown theory must be unconditionally rejected’.³

Such views provoked an angry response in Rosa Luxemburg’s *The Accumulation of Capital*. Tugan, as she put it, ‘with the crude joy of a barbarian destroys all objective economic arguments in support of socialism ...’⁴ But, according to Luxemburg, the limitless accumulation depicted in Marx’s schemas is illusory, apparently possible ‘merely because mathematical equations are easily put

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² See ibid., p. 18, n. 1.
on paper ...'\textsuperscript{5} Marx’s schema of enlarged reproduction, which seemed to show how a continuous process of accumulation was possible, contradicts both ‘the actual course of capitalist development’ and ‘the conception of the capitalist total process and its course as laid down by Marx in Capital, Volume III',\textsuperscript{6} with its emphasis on ‘the deep and fundamental antagonism between the capacity to consume and the capacity to produce in a capitalist society’.\textsuperscript{7} Luxemburg’s critique of the reproduction schemas was in essence an expansion of the assertion in her 1899 polemic against Eduard Bernstein, unexceptional in the Marxist tradition, that ‘crises appear as a result of the contradiction existing between the capacity of extension, the tendency of production to increase, and the restricted consumption capacity of the market ...’\textsuperscript{8} Her critique of Marx’s second volume was meant as a defence of the first and third.

A first problem to be confronted, if we are to reconsider Volume II of Capital today, is the status of the text itself. Even while honouring Engels’s achievement in creating the canonical text of Capital’s second volume out of the mass of manuscripts Marx left at his death, Maximilien Rubel remarks on ‘the grave error of presenting Book II as a work fundamentally complete, with only its form requiring revision’.\textsuperscript{9} Despite the fact that Marx worked on this material until his death, he did not succeed in developing it beyond the stage of drafts of phases of the argument, on the one hand, and quantities of illustrative material, on the other. Nevertheless we have enough to understand Marx’s intentions and follow his argument.

Capital began life as ‘the first book’ of an examination of ‘the system of bourgeois economy’ in six books: ‘capital, landed property, wage-labour, the State, foreign trade, world market’.\textsuperscript{10} The book on capital, as an 1857 outline made clear, was itself intended to have four sections, dealing with capital in general, and then with particular forms of capital visible in competition, the credit

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\bibitem{5} Ibid., p. 119.
\bibitem{6} Ibid., pp. 343, 342.
\bibitem{7} Ibid., p. 347.
\bibitem{8} Luxemburg, \textit{Reform or Revolution (1937 [1899])}, p. 10. For a discussion, see my ‘Economics, politics and crisis theory: Luxemburg, Bukharin and Grossmann on the limits of capital’ (2009).
\bibitem{9} Rubel (ed.), \textit{Oeuvres de Karl Marx. Économie}, Vol. 11 (1968), pp. 501–2. See also the discussion of Engels as editor on pp. cxxi ff. The same goes for Volume III, of course; an analogous error can be seen, for instance, in Rosdolsky’s description of Engels’s edition of the last volume as ‘the final version of Marx’s work’ (Rosdolsky, \textit{The Making of Marx’s ‘Capital’} [1977], p. 40).
\bibitem{10} Marx, \textit{Contribution to the Critique of Political Economy} [1859], in MECW 29, p. 261.
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