Chapter Forty-Five

‘The Accumulation of Capital’ (1913)
Otto Bauer

Of all the critical responses to her *Accumulation of Capital*, the one that most infuriated Rosa Luxemburg came from Otto Bauer. She devoted four of six chapters of her *Anti-Critique* to the article translated here. Although she dismissively spoke of Bauer’s commentary as a theoretical ‘disgrace’ and a ‘scandal for Social Democracy’,¹ she also acknowledged that, on first reading, the work might appear reflective and erudite, incorporating ‘long and detailed calculations with four tables [ten, in fact], with wide, lengthy, oval-bracketed and four-storied formulae’,² including not merely prose and arithmetic but even ‘a few Greek letters’.³ The problem, she claimed, was that Bauer committed the elementary logical error of assuming in advance what had to be proven. Marx’s schemes in Volume II of *Capital* had given an arithmetic illustration of crisis-free expanded reproduction in the absence of foreign trade and capital-exports. Taking the issue to be settled, Bauer merely reformulated Marx’s models without once questioning whether capitalism actually did require third-party markets. Luxemburg replied with this analogy:

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¹ Luxemburg 1921, p. 135.
² Luxemburg 1921, p. 68.
³ Luxemburg 1921, p. 67.
In olden times, people believed in the existence of all kinds of fabulous creatures: dwarfs, people with one eye, with one arm and leg, and so on. Does anybody believe that such creatures really existed? But we see them drawn in precisely on the old maps. Is that not proof that those conceptions of the ancients corresponded exactly with reality?\footnote{Luxemburg 1921, p. 69.}

Although his introductory paragraphs appeared to paraphrase elements of Luxemburg’s own thesis, mentioning the limits to consumption in capitalist society and their connection with periodic crises, Bauer believed that, ultimately, the expansion of capitalist markets was pre-determined by the need for accumulation to match the natural tendency of population-growth. This empirical context, he believed, was the decisive element missing from Marx’s abstract models in Volume II of \textit{Capital}. If capitalist society were able rationally to anticipate and make advance provision for population-growth, then no crises would be possible; capital-accumulation would proceed smoothly without any reference to the export of either commodities or capital. In that case, accumulation would be planned and would achieve exactly the goals intended for socialism. The key for understanding economic growth in any social system was the relation between population and accumulation.

The problem, as Bauer saw it, was that capitalism had to make the necessary adjustments in a spontaneous manner, driven by individual capitalists’ pursuit of their own individual profits, so that any achievement of ‘equilibrium’ must be strictly fortuitous. Yet, the principal theme of his argument remained the conviction that ‘equilibrium’ and crisis-free accumulation, at least in theoretical terms, were completely possible in a self-contained capitalist economy. The central purpose of his essay was to explain how

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\text{accumulation takes place without disturbance so long as it maintains a definite quantitative relationship on the one hand with population-growth, on the other with the development of productivity which expresses itself in the progress towards a higher organic composition of capital.}
\end{align*}

Of course, there would always be spontaneous deviations from the required pattern. In some cases, there would be underaccumulation; variable capital (wage-payments) would grow too slowly, resulting in unemployment and