

who pointed out that reproduction schema are nothing but a *first approximation* to the concrete interaction of the single capitals, the scope of which is only to show the relationship between value and use value within the reproduction of capital. Nonetheless, Rosdolsky added the unjustified idea that it is impossible to introduce into the schema changes in productivity, organic composition and rate of surplus value.

Two of the most important contributions to the study of reproduction came from Luxemburg and Hilferding. Luxemburg (1913) put forward a twofold criticism of Marx's schema. First, she regarded as a mistake the lack, within the schema, of a third Department for the production of gold, the commodity which serves as money, which is neither a means of production nor a consumption good but a simple means of circulation. Hence, she proposed a new schema divided into three Departments, where Dept. 3 produces the quantity of gold which is yearly consumed for the circulation process. There is still a shortcoming however; the necessary exchanges cannot be carried on in this way since they need all the existing amount of gold, not only the quantity produced in the last year. The production and the consumption of gold form part of the so called *faux frais* of capitalist production, and this is why Marx inserts gold production into Dept. 1, together with the other metals: gold considered as money has no direct role for the reproduction of the social capital. More interesting is Luxemburg's second critique, concerning effective demand. She remarks that in the numerical examples given by Marx the rate of accumulation of Dept. 2 seems to vary in an arbitrary way according to the necessities of accumulation of Dept. 1, with no possibility of seeing the origin of the *increasing demand* which allows the realization of the social surplus value. According to Luxemburg the schema *must* show this demand deficit; the additional effective demand must originate outside the schema, i.e. *outside the capitalist system*, so that capitalists are obliged to look continuously for new markets in the non-capitalist world. Yet she is unable to explain in turn the source of the exchange-value offered by the non-

capitalist world against the commodities of the two Departments. By generalizing Marx's simple numerical examples it is easy to see that the growing demand originates inside the two Departments themselves, and this is independent of the smooth course of the reproduction process in practice.

Hilferding (1910) tried to employ the schema for an explanation of crisis phenomena. He argued that the critical point for capital reproduction is how to secure a balanced growth between the two sectors, which is actually realized only through a continuous process of price adjustments. This can be only temporary; since investments are much larger in Dept. 1, where the organic composition is usually higher, the entire process must end in periodical interruptions of accumulation in order to restore the violated balance conditions. What is unclear in Hilferding's position is the mechanism which would necessarily provoke an imbalance between the productions of Dept. 1 and Dept. 2 as a consequence of different amounts of accumulated capital. PG

#### Reading

Bettelheim, C. 1948: 'National Income, Saving and Investment in Keynes and Marx'.

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Sweezy, Paul M. 1942: *The Theory of Capitalist Development*.

Tsuru, S. 1968: 'Keynes vs Marx: The Methodology of Aggregates'. In Horowitz, D. ed. *Marx and Modern Economics*.

**reserve army of labour** A pool of unemployed and partially employed labour is an inherent feature of capitalist society, and is created and reproduced directly by the accumulation of capital itself. Marx calls this pool the reserve army of labour, or industrial reserve army. The accumulation of capital means its growth. But it also means new, larger-scale, more mechanized methods of production which

competition obliges capitalists to introduce. The growth of capital increases the demand for labour, but mechanization substitutes machinery for workers and thus reduces the demand for labour. The net demand for labour therefore depends on the relative strengths of these two effects, and it is precisely these relative strengths which vary so as to maintain the reserve army of labour. When the employment effect is stronger than the displacement effect for long enough to dry up the reserve army, the resulting shortages of labour and acceleration in wages will automatically strengthen displacement relative to employment; a rise in wages slows down the growth of capital and hence of employment, and together with the shortages of labour speeds up the pace of mechanization and hence of displacement. In this way the accumulation of capital automatically replenishes the reserve army. (*Capital I*, ch. 23; Mandel 1976, pp. 63–4.) Added to this is the import of labour from areas of high unemployment, and the mobility of capital to areas with low wages, both of which serve to re-establish the 'proper' relation between capital and a relatively superfluous population.

Whatever its historical boundaries, the capitalist system has always created and maintained a reserve army. Modern capitalism spans the whole globe, and so does its reserve army. The starving masses of the third world, the importation and subsequent expulsion of 'guest workers' by the industrialized countries, and the flight of capital to low wage regions, are simply manifestations of this fact. AS

#### Reading

Coontz, Sydney H. 1957: *Population Theories and the Economic Interpretation*.

Mandel, Ernest 1976: 'Introduction' to Karl Marx, *Capital I*.

**revisionism** Revisionism can be understood in a narrow or a wide sense. At its widest it is integral to Marxist theory and practice, predicated as that must be on a social ontology which has 'self creation through labour as the fundamental characteristic of being human' (Gould 1978, p. xiv), and on an epistemology which has the knowing subject in a dialectical relationship of analysis

and action with the object known (see DIALECTICS; KNOWLEDGE, THEORY OF). A body of inherited truths, frozen beyond revision by the pedigree of its authorship, ought to be wholly incompatible with such a tradition of scholarship and political practice; and particularly so under capitalism, where that system's unique propensity to institutionalize perpetual change, and to create in the proletariat the agency of its own destruction, means that neither Marxist theory nor its associated political practice can afford to atrophy into a set of timeless axioms. It ought not to surprise us, therefore, that ever since 1883 the imperatives of a changing class structure and the ambiguous legacy of Marx himself have combined to make each major Marxist a revisionist by default. Lenin revised Marx. So did Luxemburg, Trotsky and Mao. Even Engels has been castigated as 'the first revisionist' by those who see in his interpretation of Marx's writings the theoretical roots of a non-revolutionary political degeneration (Elliott 1967; Levine 1975).

Yet this serves to remind us that revisionism is rarely understood in so wide and so positive a way. Instead, as later Marxists became adept at legitimizing their own innovations by denying them and tracing instead a direct line of descent for them from Marx's own writings, Marxism became canonized and revisionism gained a narrower, negative and shifting connotation. Before 1914, in the first general use of the term, revisionism became synonymous with 'those writers and political figures who, while starting from Marxist premises, came by degrees to call in question various elements of the doctrine, especially Marx's predictions as to the development of capitalism and the inevitability of socialist revolution' (Kolakowski 1978, vol. II, p. 98). After 1945, in contrast, revisionism became a term of abuse used by Communist Parties to criticize the practices of other communist parties and to denigrate critics of their own policy, programme or doctrines. It is important to differentiate these two phases of the revisionist controversy, not least because in the first the term was used to protect the revolutionary current in the European labour movement from the rising tide of conservatism, while in the second it has