

# The economic necessity of imperialism

by Ant. Pannekoek

The following translation is based on a transcription of a 1916 text by Pannekoek in Dutch language, intended to serve as a documentation for the January 2021 article "Er komt een einde aan het kapitalisme. Maar hoe?" at [arbeidersstemmen.wordpress.com](http://arbeidersstemmen.wordpress.com). For this reason, some quotes have been brought forward in extra large print.

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## I

### [The importance of a theory of imperialism]

When it is said that the collapse of the socialist labor movement at the outbreak of the world war was primarily a result of a lack of understanding of imperialism, this seems to be a strong overestimation of the meaning of theoretical insight. But the entire history of the workers' movement shows how closely theoretical insight and practical action are always connected. Of course the theory in the heads is not the primary force which drives the social movements; in the material conditions, the economic structure, the conjuncture, the class relations lies the force which, bubbling up from the unconscious depth of instinctive feeling, drives the masses to action. But a distinction must be made between class and party. The socialist party history is not this history of mass actions itself; it is the conscious part of it; the "party" tries to carry out as a conscious, concerted act of organization what, according to its insight, must be carried out by the class. It then fulfills its task in ideal perfection, when it is always at the forefront, when it shows the way to the masses by its action, and when it does not allow itself to be confused there where they either resign themselves apathetically, or mistakenly believe in winning everything by a single rush, or when they go wrong ways. This would be possible if it were guided by perfectly clear insight. In reality, there is much missing here: the party is also subject to the same unconsciously working influences, and its narrower party interests can bring it in opposition to the great class interests. But in any case: for *its* actions it is clear that theoretical insight is one of the most important primary forces which determine practice.

The chain of causes and consequences in today's catastrophe of the workers' movement is indeed clear enough. Primordial in the mass mood was the disruptive effect of prosperity, which banned all action in the quiet riverbed of parliamentary and orderly professional struggles. This had its rebound on the party as an aversion to greater struggle, belief in continuous improvement and rapprochement with the bourgeoisie. The interest of the party as an organization brought along that it did not endeavor in a live-and-death mass struggle against the state power. In this environment there was now a lack of theoretical insight into imperialism. As a result, the leaders lacked all understanding that they were facing a heavy and inevitable struggle; foolish utopias were propagated as means against militarism; there was no preparation at all; and when the war came, it found the party unprepared to take vigorous action against it. Its powerlessness drove large masses to the side of the bourgeoisie, made its imperialist-minded faction (1) take the lead, and made the defeat a catastrophe and a destruction.

And now again we see the importance of the theory no less strongly. The former social democrats are fiercely opposed to each other; one incites the workers to irreconcilable new struggles against imperialism, the other urges them to cooperate with the bourgeoisie, the third tries to meet their emerging dissatisfaction by a superficial appearance of opposition. Each one tries to win over the masses, that is to say, first of all, only the leaders among the masses, by proving his right; this is only possible by theory. In the theoretical struggle about the meaning and essence of imperialism, the weapons are forged, which are to serve in the struggle of the various tendencies in the workers' movement. A clear theoretical position is necessary in order to show the way for the practical struggle; theoretical discussion is necessary in order to see where the fundamental wrongness of the other positions lies.

However, the curious fact occurs that apparently the borderlines between the practical and the theoretical struggles do not coincide. On the one hand, we see Rosa Luxemburg, who agrees with the extreme social imperialists, whom she fights most fiercely and vigorously, in the theoretical view that imperialism is an economic necessity for capitalism; her former supporter Lensch has therefore become one of the most zealous defenders of war solidarity between the bourgeoisie and the proletariat, alongside the man-of-the-center Cunow. Her theoretical presentation was not only challenged by Otto Bauer, who is closest to Kautsky, but also by the author of this article, who was on her side in the practical fight against imperialism. Such a confusion in the theoretical-practical orientations of struggle proves, of course, that in every tendency there is still a lack of clarity about the theoretical foundations on which it must build its tactics.

## II

### **[Rosa Luxemburg and Marx's reproduction diagrams]**

In her work "The accumulation of capital. A contribution to the economic explanation of imperialism" Rosa Luxemburg starts from the diagrams in which Marx simplified the reproduction process of capital. She had found that there was a mistake in it, a problem which had escaped Marx's notice and the solution of which precisely provided an explanation for the tremendous expansionism of modern capitalism. In a discussion of this work in the "Bremer Bürgerzeitung" of 29-30 January 1913 we have shown extensively, and in the "Neue Zeit" of 28 February we briefly pointed out, that her calculations and reasoning are completely wrong. Shortly afterwards Otto Bauer pointed out the same in the "Neue Zeit" in a slightly different way. We will have to explain the main points here again, and we will not be

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1 [Verbatim: "its imperialist-minded part".]

able to avoid the use of the reproduction diagrams altogether. They do exert the same influence on the common reader as geometrical figures do on the non-mathematician: he takes it as too academic; and especially when pages of calculations are built up on these diagrams, there is no convincing effect of self-understanding, at the most a believing-on-authority. Anyone, however, who takes the trouble to study these diagrams in their simplest form, will see how the most important fundamental laws of capitalism are shown by them. So here we present the simplest diagrams by Marx.

The value of the product of a capitalist company (for instance over a year) can be divided into three parts; one part is the value of the raw materials and the wear and tear of machines, which is reappearing in the value of the product (Marx calls this constant capital,  $c$ ); the remainder, the new value added by labor, can be divided into 1) the value that the workers themselves have used for a living and that the capitalist thus pays them as wages, (Marx calls this variable capital,  $v$ ) and 2) what remains, the surplus value, from which the profit of the capitalist is formed. If the whole of society is capitalist, then both the raw materials and machines (as they wear out) as well as the food for the workers must be for sale as products of capitalist companies. If we assume that the surplus value is completely digested, then consumables are also bought from this. But then, should everything be right, there must also exist a certain proportion between all branches of industry.

If (on average in all companies) e.g. the wear and tear on machines is  $1/6$  of the value of the total product, the value of raw materials half of it, the value of wages and the surplus value each  $1/6$ , then also half of the total production must be production of raw materials, the sixth part production of machines, the third part production of consumables. Then it is possible to buy everything that is needed, and every enterprise can sell its product.

Marx distinguishes two areas: the production of means of production (I) and the production of consumables (II). If the total product is 9,000, the value of raw materials and machines is 6,000, labor is 1,500 and surplus value is 1,500. It must then be possible to buy consumables for 3,000 and means of production for 6,000. So we have: <sup>(2)</sup>

in I 4,000 m.o.pr. + 1,000 wgs. + 1,000 s.v. = 6,000 means of production.

in II 2,000 m.o.pr. + 500 wgs. + 500 s.v. = 3,000 consumables.

The capitalists in I sell to each other for 4,000 means of production, and to the other group for the remaining 2,000, who need them.

The capitalists in II sell for 1,000 of their consumables to the workers in I, for 1,000 to the capitalists in I, for 500 to the workers in II, for 500 to each other. So, in this simple case, this must be the ratio, so that no one gets stuck with their goods unsold and everyone can get what he needs. The capitalist production then is a cycle, an endless repetition, a reproduction always on the same scale of the same process.

Of course this is such an abstractly simple case, that it does not occur in practice. For example, the ratio of the value of the means of production to the wage will not be the same in the two departments; but the figures can easily be changed in such a way that this will be taken into account. More important is the fact that the capitalists do not digest all their surplus value; a part of it is raised in order to expand their business or to invest in new enterprises. As a result, the size of capitalist production becomes ever greater; reproduction takes place on an ever broader basis, the cycle is constantly

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2 [Legend: m.o.pr. = means of production; wgs. = wages; s.v. = surplus value.]

widening. What needs to be changed in the production diagrams? Marx's dealings with this matter <sup>(3)</sup> is imperfect and confusing; but it is easy to see, that in any case the size of I in relation to II must be greater than in our first supposition.

If, in each production area, one knows the ratio of wages and surplus value to the value of the means of production, and one knows, which part of the surplus value each is accumulating, then it can be calculated from this, what the size of both areas should be. Assuming, for example, that in I the wage is 1/4 of the value of the means of production, in II it is half, that in both surplus value = wage, and that the capitalists in I accumulate half, in II 30% of their surplus value, then one finds that the masses of products in I and II should relate as 33 : 16. That this is the case, is shown in the following diagram.

In I 4,400 m.o.pr. + 1,100 wgs. + 1,100 s.v. = 6,600 product.

In II 1,600 m.o.pr. + 800 wgs. + 800 s.v. = 3,200 product.

Of the surplus value 1,100, 550 is digested and 550 accumulated, invested as capital, i.e. 440 is earmarked for means of production and 110 for labor; of the surplus value 800, 560 is digested and 240 accumulated, i.e. 160 is earmarked for the purchase of means of production and 80 for labor. Thus, 4,400 + 440 (in I) + 1600 + 160 (in II) = 6,600 means of production are needed, and 1,100 + 550 + 110 (in I) + 800 + 560 + 80 (in II) = 3,200 consumables: exactly as much as was produced. The next year production takes place on a 10% larger scale: all figures are 10% larger: society has consumed less than it produced.

I 4,840 m.o.pr. + 1,210 wgs. + 1,210 s.v. = 7,260 product.

II 1,760 m.o.pr. + 880 wgs. + 880 s.v. = 3,520 product.

This is the point that triggers Rosa Luxemburg's critique. Probably confused by a miscalculation, she expresses her doubts, whether the will to accumulate is sufficient. "In order for accumulation to really take place, i.e. for production to be extended, a further condition is required: an extension of the solvable demand for commodities. Where does this continually increasing demand come from, which forms the basis of the progressive extension of production in Marx's diagram?" <sup>(4)</sup> Where do the products go, whose value represents the accumulated, that is, the unconsumed part of the surplus value? Department I produces more means of production. Who needs them? The diagram answers: Department II, to produce more consumables. "Who however needs the additional consumables? Department I, of course – replies the diagram – because it now employs a greater number of workers. We are evidently running in circles. From the capitalist point of view it is absurd to produce more consumer goods merely in order to maintain more workers, and to turn out more means of production merely to keep this surplus of workers occupied." In addition, this diagram does not take into account the increasing productivity of labor – Rosa Luxemburg gives a diagram of this kind, where this does not succeed and where on one side there is a deficit and on the other an excess – and all kinds of other factors are not taken into account. In short: the diagrams don't balance and show that somewhere there must be a demand with sufficient purchasing power in order to make them balance.

That is to say: a capitalist society, producing on an ever-increasing scale, cannot exist on its own, alone in the world. The surplus value would not be realized, the capital therefore could not be accumulated,

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3 K. Marx, *Das Kapital*, Vol. II, p. 487. (A.P.) [MEW, Bd. 24, p. 506. For an English translation see the [Marxists Internet Archive](#)]

4 R. Luxemburg, *Die Akkumulation des Kapitals*, p. 104 (A.P.) [1. Abschnitt. Das Problem der Reproduktion; 7. Kapitel. Analyse des Marxschen Schemas der erweiterten Reproduktion. Translated from: *Gesammelte Werke*, Dietz Verlag Berlin, 1985, Bd. 5, S. 102. Compare to the English translation at the [Marxists Internet Archive](#).]

for lack of an ever-expanding demand for goods. *Capitalist production on an expanding scale is unthinkable without a surrounding world in which it sells its products* and which thus constitutes the demand necessary to balance the production diagrams. This is the deepest economic reason for the never-ending expansion of capital; the violent expansion of capitalism throughout the world, meaning the policy of imperialism, finds its economic necessity here. It is thus an absolute, as it were a mechanical necessity, a coercive law of capitalist reproduction, which compels the bourgeoisie to go the way of imperialism.

### III

## [Two mistakes by Luxemburg]

This is the rationale of Rosa Luxemburg's work. It seeks to expose the economic foundations and the economic necessity of imperialism. But it is precisely in this main point – despite meritorious descriptions of details – that it fails. It gives two reasons, why a capitalist society cannot exist on its own. Of these, one rests on a calculation error and the other on a reasoning error. As to the first, it is not true that the diagrams do not balance; if one calculates well, it appears every time that such proportions can be chosen that it works out, including in more complicated cases. In order to demonstrate this, we have, at the time, worked out the case of a slow increase in the productivity of labor in our review in the “Bremer Bürgerzeitung”. (5)

Of course, in its infinite complexity, real capitalism never exactly corresponds to a computational diagram, however broadly designed this may be; in reality, here too much is produced, there too little, and all sorts of commodities remain unsold. But that is of little relevance here; the question is not whether practical coincidences sometimes prevent it from balancing, but whether it is theoretically-necessary *impossible* to balance. And in this, Rosa Luxemburg's affirmative answer turns out to be incorrect.

The second reason why capitalism, in spite of balanced computational diagrams, would not be able to exist by itself, without outward sales, is contained in the quoted sentences from page 104 [see the foregoing]. To this, however, there is an answer: what the author calls an absurdity from the capitalist viewpoint – always producing more consumables in order to provide more workers with livelihood, who can then produce more and more means of production needed to produce the more consumables – only seems to be a purposeless movement circling around, because the driving force of that process is not mentioned. To produce more and more means [to add] more and more surplus value, to make and accumulate more and more profit; but that accumulated profit can only fulfill its purpose if it is constantly thrown back into the maelstrom of production. The goal of capital is profit, the goal of profit is new, bigger capital: that is the driving force in the seemingly aimless cycle. Call it absurdity; but that *is* the life, the essence of capitalism; it clearly shows once more that in capitalism production is not the goal but the means in the service of the higher goal, profit.

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“... there must also be a sufficient reservoir of humans so that, as the number of workers continues to increase, no shortage will

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5 [i.e. Anton Pannekoek: “Rosa Luxemburg, Die Akkumulation des Kapitals : Ein Beitrag zur ökonomischen Erklärung des Imperialismus”, in *Bremer Bürger-Zeitung*, 29-30. Januar 1913, Feuilleton, Nr. 24-25. (German language) Reprinted in: *Proletarier, Zeitschrift für Kommunismus*, 1923 no. 3, p. 13 ff. A facsimile scan in pdf of the latter is available at [aaap.be](http://aaap.be).]

occur. It also goes without saying that a capitalist society, which already includes *all* people, cannot expand any further."

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To the question: who are the buyers of the products in which the accumulated surplus value is contained? the diagram gives an immediate answer: all commodities listed as products after the = sign are listed somewhere before the = sign as necessary elements of production that must be bought. A capitalist society can exist without the need for buyers or markets outside this society. One simply buys everything from each other.

This applies to an ever-increasing production under accumulation as well as to a production that remains at the same size. Of course it is assumed that the *material* conditions for expanding production exist. The raw materials must be available in such unlimited quantities that no shortage can occur, for then further expansion would be impossible; and there must also be a sufficient reservoir of humans so that, as the number of workers continues to increase, no shortage will occur. It also goes without saying that a capitalist society, which already includes *all* people, cannot expand any further. Theoretically, this demands that capitalism expands into a much larger human world, from which it can take the required workers according to need, who previously had nothing to do with capitalism as producers for their own use. These are then included in the cycle, as producers and consumers at the same time. <sup>(6)</sup>

Reality differs from this simple picture in that capitalism is mixed with and surrounded by a large area of small production for the market. While the people producing for their own use mean nothing to capitalism but a reservoir for any workers needed, the small producers are in commodity trade with capitalism. They provide commodities to capitalism (mostly raw materials) and receive commodities (mostly consumables). Capitalism does not satisfy itself. This is not a theoretical, economic necessity, as Rosa Luxemburg thought she could deduce, but simply a practical fact based on the historical emergence and growth of capitalism. In the production diagrams rows must be added for the production and consumption of the small producers: together with them the total of production in each sphere of production must correspond to the total of consumption. If capitalism is constantly expanding (because relatively more means of production are produced and paid for with a part of the surplus value, which is thereby accumulated), then the small-scale production with which it interacts must also expand, – which is partly compensated for by the fact that in all spheres of production capitalist production replaces small-scale production as technically more perfect. That is why the expansion of markets must be worked on constantly; that is why the expansion of markets is such an important basic element in the development.

This expansion of capitalism is not a new phenomenon; the elements of its growth: more raw materials, more workers, more sales among small producers, demanded ceaseless expansion. Capitalism was always expansion, both internally and outwards . Internally by the replacement of own production and small-scale production by industry, by the penetration of capital into agriculture, by concentrating human masses in industrial centers; outwards by world traffic, which supplies and transports raw materials, by the colonization or subjugation of the productive areas in other parts of the world, by the penetration of capital into the production of tropical or mineral raw materials, by the opening up of

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6 Bauer, in his critique of Rosa Luxemburg's work, takes the natural growth of the population as the basis of the expansion of production. In doing so, he unnecessarily and artificially restricts the issue; practically, the expansion of capitalism takes place much faster than the growth of the population. (A.P.)

the large reservoir of colored races of men. All this is therefore also part of modern imperialism. But it is still not imperialism itself.

## IV [Ubiquitous confusion about the necessity of imperialism]

Rosa Luxemburg has thought to give an economic explanation of imperialism in her work. Had her calculations been correct, she would not have explained anything other than the expansion which has been necessary for capitalism throughout its centuries of existence; this necessity for expansion, however, must be interpreted differently, as shown above. With her reflections and conclusions she wanted to show the economic necessity of imperialism. It is therefore only natural that when the social-Utopians of the party center contest and refute her argument, the intention and meaning is *that imperialism is not necessary*. They emphasize that imperialism is the policy of “heavy” industry, which produces means of production, the policy of the gentlemen of the cartels and syndicates, as opposed to all other industry, which produces consumables, needs peaceful markets and is jeopardized by the imperialist policy of violence. Imperialism is therefore, in the opinion of the party center, not necessary for capitalism as a whole, but a one-sided policy of interests of a part, a group, at the expense of the others and therefore unnatural. It must therefore be possible to prevent this policy and to replace it with a “natural” capitalist policy which is in the interests of the other groups, and much more in the interests of the workers. Thus, joining forces with anti-imperialist groups from the bourgeoisie in order to achieve peace and disarmament.

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**About imperialism "the bourgeois imperialists and their supporters among the social democrats say: it is necessary. (...) It is a necessary stage in the development towards socialism; therefore we must not oppose it; it increases the productivity of labor and leads to a higher development of productive forces; therefore it is necessary."**

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So the battle of the tendencies revolves around the question of whether imperialism is necessary. We say with Rosa Luxemburg: it is necessary. Likewise, the bourgeois imperialists and their supporters among the social democrats say: it is necessary. What do we mean and what do they mean? The latter say: It is a necessary stage in the development towards socialism; therefore we must not oppose it; it increases the productivity of labor and leads to a higher development of productive forces; therefore it is necessary. On the other hand, the Kautsky direction says: it is not necessary.

At the end of his articles in “De Nieuwe Tijd” of 1915, S. de Wolf says: “As long as the capitalist class holds political power, the rulers of its main sphere of influence (i.e., the production of the means of production) will be able to carry through its policy of interests against the best development of the productive forces, i.e., against – what is just another word for it – ‘economic necessity’.” Here, as with the social imperialists, the word “necessary” is used in the sense of “desirable”; and the difference lies

only in the fact that he considers a non-imperialist capitalism more desirable and useful with a view to the future.

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**Not "... because capitalism brought about greater productivity: the benefits of this were almost entirely for capital. Nor because of the concentration and education of the workers – no class knowingly imposes on itself heavier burdens, more inhumane conditions, just to become 'better', i.e. more suitable for its future task"**

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The confusion in the use of these terms is an inheritance from the propaganda and thinking of the 2<sup>nd</sup> International. Its great theoretical advance over the petty-bourgeois utopianism of the times of Owen, Louis Blanc and Lassalle lay in the ready recognition of *the necessity of capitalist development, which destroyed small business*. This necessity had several meanings at once: it meant that the demise of small business was inevitable; that it was good because of the tremendous progress in the productivity of labor; that it was necessary as a preparation for socialism, not only because it required a high level of labor productivity, but also because capitalism, by concentrating, organizing, and educating the workers in the struggle, made people such that they could realize socialism. All this was contained in the concept of necessity. When the same word is now used for the new form of development, imperialism, it is understandable that these different meanings were thoughtlessly jumbled together; but it is all the more necessary for us to distinguish them. And then, looking back to that earliest capitalist period, we must say this: if socialism did not want to do anything to help small business against big industry, it was not – even though this was sometimes said in the propaganda and it sometimes seemed so to the socialists in their own consciousness – because capitalism brought about greater productivity: the benefits of this were almost entirely for capital. Nor because of the concentration and education of the workers – no class knowingly imposes on itself heavier burdens, more inhumane conditions, just to become “better”, i.e. more suitable for its future task. It was simple, because this development was inevitable, because wanting to stop it was hopeless and Utopian. One could do *nothing* against it; that was conclusive. Everything else was deliberation, in order to accommodate. If the petty-bourgeois masses of those times had been able to overthrow the rule of the bourgeoisie, they would have done so; a development towards socialism would have come out of it in another way; and the Marxists would have welcomed this: see their attitude towards the Commune. But they could not do this: the bourgeoisie was too powerful. This is expressed by the thesis, that the development of capitalism was necessary. It does not imply an appreciation of value, or a desire for higher productivity, but a necessity, an *inability to do otherwise*.

Thus this confusing ethical use of the concept of necessity is herewith out of the question – also for imperialism. Whether it represents a “higher” mode of production and increases “productivity” is something to which we are indifferent here – we leave that assertion to the social imperialists, and we speak of it only if it is about further consequences and future prospects. From our point of view it is sufficient, but also necessary, that this development is necessary in the sense that it cannot be otherwise. That is what the social Utopians doubt. That is what Rosa Luxemburg wanted to prove. But

if it can be proven in opposition to her that imperialism is not economically necessary – in the sense that without imperialist expansion capitalism could not exist – are then the Social Utopians not right? Or is there another necessity, also a coercive one, which is not such an economic necessity?

## V

### [The 'natural necessity' of socialism and the emphasis on productive forces]

The theoretical question which arises here goes to the heart of the historical materialist way of thinking, it is the source of eternal misunderstanding between Marxists and their opponents, and it has also arisen before on other points of conflict. The general problem of what “necessity” means and can mean in a society of humans had in the past only one example of application: the assertion of the Marxists that socialism “necessarily” (‘naturnotwendig’) had to arise out of capitalism.

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"The question is whether capitalism would become economically impossible by its own forces, thus forcing the people to switch to another mode of production. This line of thought played an important role at the beginning of the parliamentary Marxist period. Thus, in the 'catechism' of social democracy, in Kautsky's work 'Das Erfurter Programm' we find a paragraph entitled 'Chronic overproduction' ..."

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Of course we are not referring to the senseless notion, repeatedly held by bourgeois professorial Marx destructors, that according to Marxists socialism would come “by itself”, without any intervention by the people. The question is whether capitalism would become economically impossible by its own forces, thus forcing the people to switch to another mode of production.

This line of thought played an important role at the beginning of the parliamentary Marxist period. Thus, in the “catechism” of social democracy, in Kautsky's work “Das Erfurter Programm” (?) we find a paragraph entitled “Chronic overproduction”, in which one reads:

*“In addition to the periodic crises ... the permanent (chronic) overproduction and the permanent waste of power are developing ever more strongly ....  
For some time already, the expansion of the market has been far too slow for the needs of capitalist production; it is experiencing ever more obstacles, it is becoming more and more impossible to fully develop its productive forces ....  
The periods of boom are getting ever shorter, the periods of crisis are getting ever longer ....  
As a result, the mass of means of production, which are insufficiently used or not at all, the mass of wealth, which is uselessly wasted, the mass of labor power, which must lie fallow, grow ....*

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7 [The complete title is Karl Kautsky, *Das Erfurter Programm in seinem grundsätzlichen Teil erläutert* (1892). See Ch. III *Die Kapitalistenklasse*, §9. *Die chronische Überproduktion*, p. 98 and following. Found at [marxists.org](http://marxists.org). Original at [Friedrich Ebert Stiftung](http://Friedrich Ebert Stiftung).]

*Capitalist society is beginning to suffocate in its own abundance; it is less and less able to tolerate the full development of the productive forces it has created. More and more productive forces must lie idle, more and more products must be consumed uselessly, if it is not to become confused ....*

*Thus the private ownership of means of production changes its original nature not only for the small producers but for society as a whole into its opposite. From a driving force of social development it becomes a cause of social stagnation and degeneration (Versumpfung), of social bankruptcy.”*

In these sentences as well as in the final conclusion “*must private property drag society into the abyss with it?*” the basic idea is clearly expressed: capitalism is becoming economically impossible. Apart from the consideration that the situation of the proletariat in capitalism is unbearable, there is a much more compelling reason: the wheels of economic life no longer want to turn. Then the machine *must* be replaced by a better one. Socialism is economically necessary, in the sense that the old capitalism cannot continue to exist economically.

Why this pessimistic view, which corresponds so little to our own experience of capitalism? It is simply a reflection of the economic situation in the years 1880 – ‘90. Then the long depression, which had begun in 1875, weighed heavily on society; then capitalism seemed to be at the end of its tether; and the expression of this temporary situation has been elevated to general theory in Kautsky’s work and has been reprinted ever since, up to the latest editions of his book. But meanwhile the situation itself had completely changed. A new golden age dawned in 1894; capitalism suddenly showed a new tremendous vitality. Then also came the new theory, which, turning to the other side, considered this new situation to be the only normal and lasting one: revisionism. Among the theorists of revisionism, therefore, we must look for the opposite theory. Most consistent, consistent to the point of absurdity, we find it with the Russian economist Tugan-Baranovsky.

Tugan relies on the same kind of production diagrams, as we mentioned above. While Kautsky, Cunow, and other Marxists always, when they speak of crises, point to the lack of sufficient new markets – which is apparently derived from practice – Tugan points to the theoretical diagrams which show that capitalism is entirely self-sufficient and needs no foreign markets. (He does not consider the connection with small production). More than that: according to him capitalism can continually expand enormously without the use of consumables increasing, even when this is decreasing. This can be done in such a way that an ever-increasing part of production serves for the production of new means of production, which in turn produce an even more gigantic mass of means of production, which in turn do the same thing, and so on until infinity, i.e. until the supply of iron and coal on earth is exhausted. This absurd idea serves Tugan, to illustrate the thesis: “*The relative decline of the demand for consumer goods does not disturb the productive process of capital and can thus in no way cause the collapse of capitalism and a compulsion to transition to socialism.*” It expresses in an abstract-immoderate form the truth that since 1894 capitalism has expanded enormously, and that this expansion is mainly due to the iron and steel industry, i.e. the production of means of production. Against Kautsky who, in the search for markets and in the crises, sees the dependence of production on foreign markets, Tugan says that production is independent of the demand for consumer goods, and that the crises are merely accidental disturbances of the required correct proportions in production. So he rejects the economic necessity of socialism: “*capitalist production contains no elements that would make it impossible at a certain stage of development.*” He is a socialist in his own way; socialism is an *ethical* necessity for him, because capitalism is in conflict with the foundations

of ethics, that man is his own goal and may not be used as a means to an alien end, and this will increasingly penetrate the consciousness of the people.

Now which of these two views is correct? The radical theory of collapse, that the chronic crisis will make capitalist production impossible, or the revisionist theory of evolution, which expects socialism from the awakening moral consciousness of the people under an ever flourishing capitalism? Neither.

Marxism teaches that the thinking, the will, the actions of the people are determined by the economic conditions under which they live. The general situation in which capitalism places the workers, drives them to struggle for improvement and arouses the idea of a socialist mode of production as the goal of their struggle. It is not their moral consciousness of human value – although here and there it mingles, unconsciously, with the other grievances – but material distress, worry, misery, the uncertainty of life, that compels them to struggle. Capitalist development awakens in the proletariat the desire and the will for socialism, just as it awakens in the bourgeoisie the desire and the will to preserve the existing. Will is opposed to will in the class struggle, and power decides. But this development increases the power of the workers: it concentrates and organizes them, increases their insight, their self-consciousness, their cohesion, their combativeness – and when this power finally exceeds that of the ruling class, the proletariat can conquer political power and realize socialism.

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"... socialism will not be imposed by the fantastic big final crisis, in which capitalist production gets hopelessly stuck forever; it is nevertheless prepared for and built up a bit at a time by the *real* temporary crises, in which this production gets stuck *every time*. Each crisis gives the workers a jolt, makes them feel the unsustainability more strongly, forces them into stronger resistance and arouses a stronger will to fight. These crises are no accidental disturbances, but are part of the very mechanism of capitalist production. If they grow into a long hopeless depression, a revolutionary era with fierce class struggle will begin, which will continue to have an effect on the political transformations of later years."

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Does the economic element of crisis and collapse play no role at all in the advent of socialism? This revisionist view would be wrong. If Tugan in his economic considerations were right, if capitalism could count on an unlimited flowering, in which crises only occurred as accidental disturbances, then the growth of the socialist will and of the power of the proletariat would be very much slower. But his theory of harmony is as false as the theory of the economic final catastrophe, which he contests as Marxist. As socialism will not be imposed by the fantastic big final crisis, in which capitalist production gets hopelessly stuck forever; it is nevertheless prepared for and built up a bit at a time by the *real* temporary crises, in which this production gets stuck *every time*. Each crisis gives the workers a jolt, makes them feel the unsustainability more strongly, forces them into stronger resistance and arouses a stronger will to fight. These crises are no accidental disturbances, but are part of the very mechanism

of capitalist production. If they grow into a long hopeless depression, a revolutionary era with fierce class struggle will begin, which will continue to have an effect on the political transformations of later years.

This exposition of the familiar relations between economics and politics may show what must be understood by “necessity” in social development. Social necessity is quite different from economic compulsion; it is no different from what in the realm of nature is called causality, the connection between cause and effect, the fact that everything happens according to fixed laws. The confusion arises from the fact that the idea of causality, of causal coherence in human society, which is the basis of Marxism, is still so far from being grasped; the old view always surfaces again, that a “must” in the world of man is only known as a compulsion against will.

The people, i.e. the workers, *will want socialism*, not because ethical considerations convince them of it, nor because an economic compulsion compels them to do so in spite of themselves, but simply *because the economic circumstances determine their will*. And they will *realize* socialism because, as a result of economic development, their will ultimately becomes stronger, more powerful, than the will and the power of the possessing class.

Therefore, when we speak of a social necessity, we do not mean an economic necessity that leaves no other choice, but the causal connection that exists between the economic conditions and the will and actions of the people.

## VI

### [Corporate capital unites the bourgeoisie]

This already answers the question as to what we must understand by the necessity of imperialism. In order to demonstrate this necessity to the social-Utopians, it is not at all necessary to argue that capitalism cannot continue to exist without expansion. This expansion, the opening up of other parts of the world as markets, suppliers of raw materials and finally as reservoirs of workers, has existed in all eras of capitalism and is only now assuming an ever more intensely gigantic character. Imperialism is the particular form of expansion of the age in which the production of means of production has become the most important, all-dominating branch of industry. The domination by iron and steel brings with it a different policy than the former domination by the textile industry. Iron ore mining in Morocco requires large-capitalist enterprise, and this requires political domination of the French government in Morocco. Exporting locomotives, rails, and cannons to Turkey requires the construction of railroads and therefore political domination – intermediary or immediate – of German capital in those countries. Also to be able to exclude the competitors. This political domination cannot be obtained or defended in any other way than by the development of power, coercion, armament, militarism, fleet building.

Why is this imperialism necessary? Not because capitalism would be ruined economically, would not be able to continue without imperialism, nor because there are lordly feudal-military cliques. But simply because *the big capitalists want this imperialism*. They want it because it is in their interest; because they earn a colossal amount of money from it. And they can do it, because they are the most powerful and control the whole of capitalism.

Kautsky once said that imperialism was a question of power. This is correct, but not in the sense he meant. He said: a question not of necessity, but of power – and he meant by this that the other

capitalists, who had no interest in imperialism, as soon as they set their power against the imperialists, could suddenly put an end to it. Theoretically this was certainly conceivable; but the fact that it did not happen in practice, that on the contrary imperialism kept gaining ground, already proved that there were flaws in the theory. Again he contrasted two things that belong together here. He said: imperialism is not necessary, but a question of power. We say: *imperialism is a question of power, and therefore necessary*. The development of capitalism has strengthened and increased the power of big capitalism, which wants imperialism, and has steadily reduced resistance among the bourgeoisie – and even among the workers! That is why imperialism is now supreme, i.e. necessary.

For this power and its growth are no accident – nor is the slower and future growth of the power of the proletariat, on which socialism depends. They are rooted in the economic development of modern capitalism. Here lies the main fault of the social-Utopians and pacifists of the party center, that they do not see how the thinking and will of the bourgeoisie is determined by modern economic relations. They have been telling the bourgeoisie year after year that imperialism is so stupid, so impractical, and so unprofitable, that disarmament, social reform, and cooperation with the workers against the iron and steel magnates would be much wiser. The bourgeoisie did not listen, went its own way, and thus proved that the theory was wrong.

We shall not claim that the calculations were wrong and that therefore imperialism is also the most advantageous policy for the bourgeois masses. That is difficult to establish. What is certain, is that powerful economic forces, which are clearly visible, have drawn the majority of this class to the side of imperialism.

In order to highlight the contrast between imperialism and the old free trade policy, one rightly refers to the former as the export policy of the iron and steel magnates. But surely that is too narrow and limited. The producers of consumables also have an interest in this policy. They could, certainly, have their cotton, mirrors and Haarlem oil <sup>(8)</sup> traded on the coasts of Africa for some primitive products of the Negroes. But the purchasing power of these Negroes was extremely small. But when railroads, harbors, plantations and factories are built in their country, these same Negroes are transformed from producers for their own use into commodity producers and laborers who receive money to buy European consumer goods. Their purchasing power increases extraordinarily because they are included in the circuit of capitalism with the penetration of commodity production. If “heavy” industry takes the lion’s share of the millions, the producers of consumer goods will at the same time see their market expand and gain in purchasing power.

However, this is also true of the interior. Under capitalism, the prosperity of each industrial group is closely related to the prosperity of the others: that follows, theoretically, from their cohesion in the production diagrams, that is also proved by their joint rise and fall between crisis and prosperity. When heavy industry is booming, consumer industries are booming too, and vice versa. Every policy which increases the export possibilities of the former will therefore have an advantageous side for the latter, which is all the more striking as the disadvantages – where the interests of both capitalist types conflict – are nevertheless inevitable because of the great political power of the iron magnates.

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8 [Haarlem oil (Dutch: haarlemmerolie), also called medicamentum gratia probatum, is a dietary supplement. The potion is a mixture of sulfur, herbs and terebinth oil. It is produced in Haarlem, Netherlands. It was invented in 1696 by Claes Tilly and was marketed as a cure for many ailments. ([Wikipedia](#)).]

Added to this far-reaching solidarity of interests is the personal connection through the banks. The iron and steel policy would not be so predominantly powerful if it were not also the policy of banking capital. The managers of the iron and steel industry are for the most part also the managers of the large banks; their interests are intertwined in many ways. These banks are the bearers of the policy of capital export, by financing productive enterprises, railroads, ports, plantations, by placing state loans and applying for concessions.

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**"... the real modern development in which all these different capitalists – in spite of mutual strife – are increasingly becoming one all-embracing and all-dependent class. It is only by taking this into account that it becomes clear why the will of the concentrated big capital of banking and steel is also the will of the bourgeois masses"**

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This policy is only the other side of the politics of heavy industry; for capital is exported mainly in the form of iron and steel products. But as a banking policy it has a much larger circle of interested parties. The banks have invested their money and their management in countless industrial enterprises of the most varied kinds, which they link together into a community of interests; all capitalists who are interested in these enterprises are therefore also indirectly interested in how the other affairs of this community are conducted; almost all small entrepreneurs feel themselves dependent in their affairs on the large banking capital which controls the whole of economic life. In addition, the role of the money-owning bourgeoisie – while the banks are increasingly becoming the entrepreneurs and the factory owners increasingly their salaried employees – is increasingly being reduced to that of annuitants and speculators in securities. The shares of all domestic and overseas enterprises, which the banks set up and finance, are put on the market; in this way the large money-owning public is directly interested in the imperialist policy.

The opposition of interests, which some theorists construct between the industry of the means of production and the other industries, as if they were independent of each other, looks very sophisticated on paper, but is based on a completely outdated conception of the structure of capitalism. It takes no account at all of the real modern development in which all these different capitalists – in spite of mutual strife – are increasingly becoming one all-embracing and all-dependent class. It is only by taking this into account that it becomes clear why the will of the concentrated big capital of banking and steel is also the will of the bourgeois masses; why against the power of this big capital, which wants and must want imperialism, there is no other power of any significance in the bourgeois world; therefore, *why imperialism is necessary*.

But then it is also clear – what the social-imperialists do not see – that imperialism is only necessary, i.e. inevitable, as long as the power of the proletariat is not great enough to overcome the power of capital. As soon as the will and the power of the proletariat rise above the power of the bourgeoisie, imperialism is finished, *it is no longer necessary*.

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