

# **Title: Individual and Social Rationality in Rosa Luxemburg's System**

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## **Abstract**

I argue in this paper that Rosa Luxemburg succeeded in the identification of capitalists' individual rationality and capitalism's social rationality. In Marx's system, individual rationality led capitalists to reinvest their surplus just to increase their gains, but social rationality generated values consumed by nobody, but by "capital" itself. Luxemburg made clear that capitalists need to sell their production, and a portion of buyers out of capitalist society is needed. Only precapitalist countries' exploitation and supplantation of their internal productions can provide this market. But in Luxemburg's system, capitalism is not necessarily doomed to failure. We can wait till the cows come home to see how capitalism collapses, as it can stand through imperialism - and profitable wars in underdeveloped countries. Nevertheless, as capitalism has a tendency to become universal, and it needs other systems to maintain itself, the crises' postponement can not be indefinite. Internal contradictions will finally doom capitalism to its destruction as Marx, after all, had foreseen.

Rosa Luxemburg has influenced, not only heterodox, but also orthodox economics. For her Marxist followers, she discovered some of the Marx accumulation of capital model's weaknesses; the relation between capitalism and colonial expansion; and that capitalism can only stand through precapitalist nations' disintegration. To orthodox economics, Luxemburg passed on the incentive to invest problem. In fact, in her translation of "The Accumulation of Capital", Joan Robinson explained the thesis presented by Luxemburg as a "Keynesian - effective demand" problem. A continually accumulative stock of capital can only generate investments if we assure to the ever-growing capitalist production an ever-growing market.