David Harvey

Comment on Commentaries

It is always tempting to take up the cudgels of comradely criticism and wage warfare within the labyrinthine trenches of Marxian theory when given the opportunity. I will try not to do that in what follows, but I cannot resist beginning with one picky theoretical point. Contra Ben Fine, I actually believe that far more theoretical mileage is to be had out of Marx’s undeveloped notion of monopoly rent than any amount of fiddling around with his theory of absolute rent. And, yes, this does derive from my particular views on value theory and the transformation problem. However, when Fine dubs my use of Marx’s monopoly rent concept a ‘SOP’ he takes things too far. I developed this idea in several talks given in art institutions and at major cultural events (Noel Castree will be pleased to know). At issue was how to understand the role of cultural producers in a world where cultural industries were becoming more and more important to urban development (from Sheffield to Shanghai). I wanted to show how the corporate capitalist interest in authenticity, originality and uniqueness (‘sponsored by . . .’) had everything to do with extracting monopoly rents from commodifying cultural forms, local histories and creativities. The cultural producers got the idea
straight away and it gave a sharp anti-corporate focus to the discussion. Had I used the concept of absolute rent, even if theoretically correct, I doubt anyone would have understood. In this case, however, theoretical consistency and the communicative imperative happily coincided. We have an obligation not only to theoretical rigour but also to communicability.

Consider, from this perspective, my use of the term ‘accumulation by dispossession’. People who know nothing of Marxian theory sense immediately what I mean. I only have to mention pension rights, the illegitimate use of eminent domain, the privatisation of water, credit crunches and loss of health-care rights to get most people to sit up and listen. Eyes glaze over if I insist on ‘primitive accumulation’ as the correct formulation. Now, I do think it theoretically reasonable to refer to what occurred in the originating stages of capitalism as ‘primitive accumulation’ (and it may be perfectly reasonable to use this term in the case of contemporary China). I would argue, however, that the on-going cannibalistic and predatory practices occurring even within the advanced capitalist countries under the guise of privatisation, market reforms, welfare withdrawals and neoliberalisation are better described as ‘accumulation by dispossession’. They are qualitatively different, theoretically, from what happened at the origins of capitalism. I am not arguing that we drop all Marxian theorising and pander to popular understandings, but when an easy shift in language can be far more politically effective why not use it? ‘Account must be taken of the audience’, Ben Fine correctly advises, before expressing his preference for primitive accumulation as the correct term to use.

This idea of accumulation by dispossession does require, as almost everyone observed, critical scrutiny. The term has almost instantaneously been taken up (almost certainly because it is so evocative) and I worry about the indiscriminate way in which it might be (and already has been!) used. I had a similar experience in the past with the concept of ‘time-space compression’. As with that conception, some of my initial caveats have been ignored. In *The New Imperialism*¹ I did not argue that all dispossessions are wrong and should be resisted. Everything depends on the class character of dispossession, and I am certainly in favour of dispossessing the bourgeoisie! To the degree that progressive development of any kind entails some degree of creative destruction, I argued that we should not wax nostalgic for some lost past

¹ See Harvey 2003.
either. I recognised that the innumerable conflicts and political struggles against accumulation by dispossession could be cross-cutting and incoherent and that some of them might be reactionary. I agree entirely that much more work needs to be done to specify in what ways the term might best be used and to what effect. I cannot take up this matter in any detail here (I hope to do so elsewhere) but I found the critical engagements of my interlocutors, particularly those of Sam Ashman and Alex Callinicos, very helpful. I am hopeful that we can push both the analysis and the politics along in progressive ways.

Ellen Meiksins Wood’s commentary, however, troubled me more generally. I had not realised how important the ‘formal separation’ of the ‘political’ and ‘economic’ within capitalism was for her. I had read it as tactical rather than fundamental. It produces a weak theory of the contemporary state that I cannot accept. The state is far more than a mere territorialised institutional support for what capital requires. This view is, in any case inconsistent with what Wood herself describes. If contemporary imperialism is about perpetual war (actual or possible as the case may be) then it is states that wage or threaten such wars. The formal distinction between extra-economic and economic power does not work in practice either. We are surrounded at every turn with ‘public-private partnerships’ and an incredible interpenetration of state and capital practices (institutionally, politically and even ideologically). How, for example, do we understand the powers of the Federal Reserve, the IMF, the WTO and other more shadowy state-like institutions such as the Bank of International Settlements? And if capital has liberated itself from territorial logic to the point where it can operate freely across a politically supine world of nation states, then why is US political and military power so important, as Wood herself asserts? In Wood’s account of perpetual war, it is the political and military hegemony of the US (i.e. territorial logic) that is central.

Wood’s distinction between extra-economic and economic power leads her into a serious misunderstanding of accumulation by dispossession. She understands it as a manifestation of ‘extra-economic’ power. But, in my account, it is most importantly exercised through the credit system and financial power. I construe this as primarily economic rather than extra-economic. But, once again, the only way I can make sense of events is by keeping the dialectical intersection of territorial and capitalistic logics at the centre of the analysis. My theory of the state (which needs some work) does not appeal to some
precapitalist form but sees a radical transformation in that form as the
dialectical relation of the state with capitalistic logic comes to dominate from
the mid-nineteenth century onwards. Consider, for example, what happened
in Argentina in the crisis of 2001. Fears were mounting that the peso-dollar
parity was going to collapse as foreign portfolio capital (capitalistic logic
at work) rapidly withdrew. Massive bank withdrawals of dollars occurred
(truckloads of dollars were taken to the airport and shipped to places like
Miami). Bank accounts were then frozen by state edict (a territorial-based
action) and shortly thereafter the peso was devalued to one third its former
value. This amounted to a $12 billion write-down of the dollar value of bank
deposits within the territory of Argentina. Those who had taken their dollars
to Miami could now bring them back into the country at three times their
value. This was bank robbery by the political élites. This is an example of
what I mean by accumulation by dispossession. It is impossible to separate
‘formally’ where state power ends and capitalistic logic begins, even though
state edicts and money flows are identifiable and separable moments in this
process. This dialectical formulation works and Wood’s formal separation
does not.

I now understand more clearly why Wood, in her account of *The New
Imperialism*, makes no mention of the formation (as opposed to the existence)
of the European Union, NAFTA, Mercosur, the G7 (now G8) and the incredible
powers that have been assembled in international financial and regulatory
institutions in recent times. Since none of these fit with the picture of supine
nation-states doing the bidding of capital (US-based? Or is it of the US political
and military hegemon?), they are simply air-brushed out of the frame of
what makes contemporary imperial practices so new. I can well understand,
and indeed to some degree share, Wood’s objection to the simplicity of Arendt’s
formulation that an accumulation of economic power requires a parallel
accumulation of political power. Yet I thought Arendt’s formulation provided
a good entry point to look at the emergent institutional and political
arrangements through which the politics of global capitalism and hence
contemporary imperialist practices are increasingly being articulated. If some
states have indeed been reduced to supine adjuncts of capital, then perhaps
structural adjustment by the IMF has had something to do with it. So while
I share Wood’s view, *contra* that of Hardt and Negri and John Holloway, that
we should in no way abandon the struggle to command state power, I think
the struggle against the IMF (‘Fifty Years is Enough’) as well as more localised
struggles are also very relevant.
This brings me to the issue of geographical scale. I find it astonishing that Ben Fine can look at the successive maps of Baltimore and not see any real difference apart from scale, as if scale does not matter. This is the kind of thinking that says the concept of democracy forged at the scale of the Athenian agora applies to contemporary Sao Paulo or Tokyo-Yokohama. The dynamics of capitalism have played a critical role in re-shaping spatial and temporal relations (yes, that pesky concept of time-space compression, properly understood, has deep relevance) and we avoid the implications of such transformations at our peril. I therefore find bizarre Fine’s assertion that specific examination of space and time is irrelevant because they are universal ontological categories confronting those of value analysis that have already moved beyond this stage. I am persistently astonished at the way in which Marxists, with their abstract commitments to dialectical materialism, resist open discussion of the dialectics of ‘space-time’. Fine will doubtless be shocked at my formulation of the spatio-temporality of Marxian value theory in Spaces of Global Capitalism. He also thinks it senseless to talk of the dialectics of territorial and capitalistic power because the former is an ontological universal and the latter is historically specific. For me, territorial logics (including the formation of the state itself) are as much a social and historical construction as is capital. While it is true that time and space are ontologically primary in a way that, say, gender and ethnicity are not, that does not mean they are fixed. Relative and relational views of space-time, as opposed to absolute Newtonian and Kantian constructions, are specifically about the malleability of space-time metrics in relation to processes. In the contemporary world, the circulation and accumulation of capital (particularly in its finance form) has great salience as a primary process through which the metrics and scalars of space and time are shifting.

It is, in my view, impossible to understand the confluence of concepts like globalisation, neoliberalisation and imperialism without confronting the radical shifts in spatio-temporal dynamics forged through the dynamics of capital accumulation over the last thirty years or so. The dual capitalistic imperative to diminish turnover times and to reduce or eliminate spatial barriers to movement has been worked out through technological shifts (everything from computerised design and production networks to the internet) and institutional transformations of great moment. One effect is to change the spatial context in which territorial powers are exercised. Contrary to Wood’s formulation,

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2 See Harvey 2006.
territorially based power is no longer if it ever was confined to the territory of its base. When the FAA in the US changes its regulations, every airline that flies into the US must obey those rules, so that de facto the FAA is the global regulator for the whole airline industry (with the exception of, say, local flights in the Caucasus where smoking is still permitted). The only country where an internet country address is not required is the US.

Here arises contestation over signs of hegemonic power. Chinese regulation of the internet is one example and, more recently, the US demand that all airlines flying passengers into the US collect and communicate personal information about their passengers (including even health records) has been rejected by the European Court as illegal, posing the technical possibility that all trans-Atlantic flights will shortly be suspended (imagine what that would do to the capitalistic logic of power!!). The broader question of where hegemonic power is now located is therefore of great moment and Hardt and Negri are not entirely wrong to note the decentring, the re-territorialisation and the reconfigurations going on in how the political and territorial logic of power is now working. But, again, I think this needs careful analysis of material processes (how the circulation and accumulation of capital reshapes space-time and reterritorialises power) rather than metaphorical hyperbole (of the sort that Arendt did indeed engage).

Behind all this lies a simple theory and one that I probably need to re-state. The fundamental problem (or contradiction, if you will) for capitalism is a tendency towards overaccumulation (I am neither an underconsumptionist nor a LTFRP advocate, as Ben Fine alternatively proposes). Capitalism is always about the production and appropriation of surplus-value (and the purpose of introducing accumulation by dispossession is to emphasise that appropriation can sometimes try to do without production). Capitalists then need to find ways to profitably absorb the surpluses they produce but they can only do so by producing more surpluses. The role of geographical expansion and restructuring in all of this is vital and this is what the recent bout of globalisation and the whole history of capitalist imperialism has basically been about. Sutcliffe gets my theory entirely wrong when he makes it seem as if I say China merely absorbs overaccumulated capital. The whole point of my theory is to say that, if surplus capital moves from A to B in a desperate search for profitable outlets, then at some point B will become a producer of surplus capital. China is both an absorber and a producer of surplus capital. This is what I documented in the cases of South Korea and Taiwan, both of
which absorbed surplus capital until the 1980s and then, in addition to having
to export commodities had to move into capital exports, generated their own
distinctive forms of sub-imperialism (under the umbrella of US free-trade
imperialism). China is now doing the same.

I agree, of course, with Bob Sutcliffe that the question of China deserves far
more extensive treatment than I was able to construct but I have subsequently
tried to rectify that in A Brief History of Neoliberalism.\(^3\) I also agree that there
is much that is uncertain in how matters will evolve there, particularly since
the changes are so rapid and so radical that almost anything one can say is
almost instantaneously out of date. The volatility we now see not only in
China but throughout global capitalism is itself a problem, particularly since
it so often functions as a mask for something else.

Bob Brenner’s generous and thoughtful comments came in rather late, so
I will confine myself to a few remarks. I agree that the US obsession with oil
has little to do with profitability of US corporations or with the aggregate
state of the US economy (though Rupert Murdoch plainly accords great
significance to the latter). And in a situation of outright war, the US would
have no problem interdicting China’s foreign supplies. But in between these
two extremes there is now an on-going geopolitical struggle, that stretches
from Kazakhstan to the Sudan, Nigeria, Angola and, perhaps even more
significantly, Iran and Venezuela, primarily though not only between Chinese
and American interests for control over oil resources. This struggle cannot be
ignored (look at the UN and the politics over Darfur). Unfortunately, the
tendency is to say either that oil is everything or to ignore it altogether. Both
positions are dangerously wrong. It is in this broader context, and against
the background of the long-standing interests (since 1945) of successive US
administrations in having a military presence in the Middle East, that we
need to situate the Iraq venture.

Brenner mainly focuses on relations between the territorial and capitalistic
logics of power. I fear he misreads, as does Wood, my dialectical formulation
through positivist lenses. I never argued, for example, that the contemporary
state could ever possess interests ‘clearly distinct from, let alone in conflict
with, the interest of capital’, because, under the theory of internal relations
with which I typically work, such a logical independence is impossible. But
interests become intertwined between state and capital and, at certain points,

\(^3\) See Harvey 2005.
the threads get tangled in conflict. While the capitalist logic as expressed by corporate leaders in wartime said the world should be kept open for capital as much as possible after World War II, for example, the transformation of that idea into containment as the rock-solid principle of US geopolitical policy until the end of the Cold War was another matter. That principle, once set in concrete, had implications to which capital accumulation had to adapt (many US corporations chafed at the bit for years with respect to political restrictions on trade with the Communist bloc). It is hard to understand Vietnam without that simple translation of a capitalistic wish into an objective realist foreign policy at the hands of the political establishment. The other twist to my argument concerns the inner-outer dialectic of any state political formation. Politicians have to get re-elected in ways that corporate leaders do not and that public discipline puts constraints upon their actions (look at how they now wriggle around on the immigration issue in both the US and Europe) but also impels them to support others, such as the invasion of Iraq, through, for example, nationalist concerns and security fears.

I profoundly disagree, however, with Brenner’s assertion that the study of capital cannot account for the current form of the state and that ‘abstractly speaking, a single state governing global capital is perfectly feasible and probably most appropriate from the standpoint of capital’. Part of what I tried to do in the second part of *The New Imperialism* is to explain how it is that capital produces territorial/regional configurations that call for certain structures of competitive governance. I argue that, if states did not exist, then capital would have to create them. To be sure, the current pattern of states bears many marks of feudal residuals (particularly in Europe), but fragmentations of political power and competition between the fragments are precisely what keeps capital in the saddle in relation to state power. Deterritorialisation and reterritorialisation of political structures that have occurred over the last few decades have also to be understood in relation to changing scales of capitalist accumulation.

Brenner gets me wrong when he attributes a ‘profit-squeeze’ theory of crisis to me (as opposed to Ben Fine who has me alternately as an underconsumptionist or a falling-rate-of-profit theorist). I am, in fact, a surplus-capital/overaccumulation theorist. But there are contingent circumstances when profit-squeeze pressures play a role. Whether that was the case at the end of the 1960s and into the early 1970s (particularly in Europe) can be debated (it certainly is not the case now) but my chief point about that period was the political threat to ruling
classes in Europe (the rise of Eurocommunism, the revolution in Portugal), socialist revolutions in Africa, troubles in Latin America (Allende) and even in the US (remember all that anti-corporate regulation of the early 1970s that established the EPA, consumer protections, and the like). The political future of the capitalist class was threatened as well as profitability because of conditions of overaccumulation registered at the time as chronic stagflation. From the standpoint of the capitalist classes, something had to be done to deal with a threatening situation. And it is in this context that we have to understand the turn towards neoliberalism and the new imperialism. I have since filled in the neoliberal part of that connection in much greater detail.

The role of accumulation by dispossession in all of this is crucial. Brenner is probably right to complain that I inflate the idea somewhat. We agree on relations with precapitalist forms (like the ejidos in Mexico). The dispossession of family farms in the US may be better understood in terms of the normal transfers of wealth and power that occur through the concentration and centralisation of capital. I am not so sure, however, when it comes to the use of eminent domain to take over housing in high-value locations for the benefit of developers and the big chain stores. I think Brenner underestimates the importance of predatory and cannibalistic forms of accumulation that are on-going in the heartlands of capitalism and their imbrication with the dynamics of class struggle. Those public sectors (coal, steel, automobiles, gas, electricity, telecommunications, water) in Britain that were created through years of class struggle were rapidly undone by Thatcher and pushed into the private domain with all manner of consequences. And Thatcher was prepared to open the way for Japanese capital (at the expense of British) in the auto industry precisely to permit the growth of an auto industry on greenfield sites manned by workers who had to accept an entirely different régime of industrial relations. This was deliberate state-led policy in which accumulation by dispossession was crucially involved. I do not think this political project can be absorbed under the rubric of the ‘normal’ processes of capital accumulation in the way that Brenner proposes. And, while the loss of pension rights (in, say, the US airline industry) can be treated as part of the usual class attack upon workers’ standard of living, I think it poses analytical problems of a different kind to those usually treated of in classical class-struggle theories. That the US has used its power and influence to push privatisation world-wide as part of its imperialist strategy is also undeniable. Brenner is wrong to say that the privatisations of state-run industries throughout
the world are best understood in terms of domestic economic developments and internal political conflicts. To be sure, there are always internal elements at work (and we neglect these at our peril), but the wave of privatisations in Mexico under Salinas (that opened the way for an immense accumulation of riches for a few, like Carlos Slim) occurred with a good deal of help from the US Treasury, the IMF and the World Bank. The subsequent takeover of Mexican banking by foreigners in the wake of the peso crisis of 1995 was not a mere aberration either. Again, Brenner is correct to insist that there was an internal element at work in the Asian crisis of 1997–8 but to make it seem as if portfolio capital and the operations of the hedge funds and of the international banks and the IMF had nothing to do with it and that the immense benefits that flowed to Wall Street were purely contingent is terribly off the mark.

The difficulty here in part derives from Marx’s inclusion of finance, credit and debt as crucial elements in the primitive accumulation scenario. It is the continuity and, in many respects, the deepening and widening of these mechanisms for extraction of wealth that impresses me. When the leading hedge-fund managers took home $250 million each on average as remuneration last year then we have to ask serious questions as to how that happens and with what implications. And, politically, as I have already remarked, the idea of accumulation by dispossession is very telling in ways that may override its analytical power. But there is much more to be said on this matter and Brenner’s comments, as well as those of everyone else, provide important caveats as well as further insights on how we might best proceed.

References