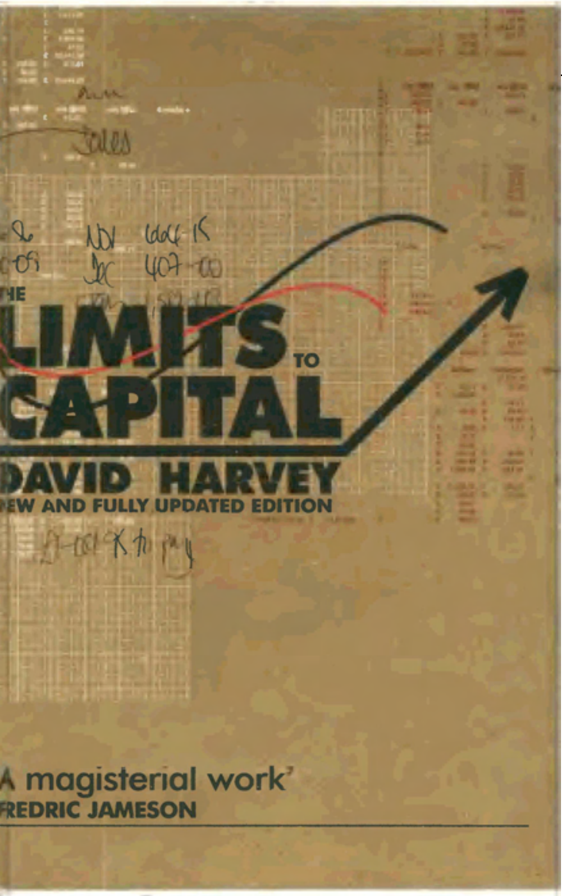
IMITS TO
CAPITAL
DAVID HARVEY
EW AND FULLY UPDATED EDITION
A magisterial work'
REDRIC JAMESON

# *The Limits to Capital*

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# Contents

# *Introduction to the 2006 Verso Edition*

*The Limits to Capital* was written in an attempt to make Marx's political–economic thought more accessible and more relevant to the specific problems of the time. The time was the 1970s when words like 'globalization', 'financial derivatives', and 'hedge funds' were not part of our vocabulary, when the euro and organizations such as the WTO and NAFTA were mere daydreams and when organized labour and substantively (as opposed to nominally) left political parties still strongly influenced politics within the seemingly solid framework of particular nation states. *Limits* was written before Thatcher and Reagan came to power, before China began its astonishing surge of capitalistic development, before the financialization of everything seemed normal, before outsourcing and global capital mobility had seriously begun to challenge the sovereign powers of nation states to regulate certain aspects of their own affairs. It was written when the capitalist class assault against working-class power, the welfare state and all forms of state regulation was incipient and patchy rather than accomplished and widely diffused. It was also written well before the end of the Cold War, the 'marketization' of formerly Communist economies, the general discrediting of Communism, and the widespread rejection of Keynesian theories of social-democratic state interventionism. It was, in short, written before the neoliberal counter-revolution had taken hold.

*Limits* turns out, however, to have been a prescient text. In some respects it is even more relevant now because it charts a theoretical way to come to grips with the contradictions inherent in how a neoliberalizing capitalism works. Its contemporary relevance arises for a number of reasons. First, Marx's major works in political economy took the form of a critique of classical liberal theory (Adam Smith and Ricardo in particular). This critical method applies equally to a free-market neoliberalism that mainly derives from eighteenth-century liberalism modified according to the precepts of neo-classical economics (which abandoned the labour theory of value in favour of marginalist principles, paving the way for endless elaborations of the theory of how markets work). Marx's critical apparatus is far more applicable to neoliberalism than it was to the 'embedded liberalism' and Keynesianism that dominated in the advanced capitalist world up until the mid-1970s.

The second reason arose rather fortuitously. In order to understand the urban processes that were then the immediate focus of my interest, I needed to expand upon some of Marx's undeveloped categories. Fixed capital (particularly that embedded in built environments), finance, credit, rent, space relations and state expenditures all had to be brought together in such a way as to better comprehend urban processes, property markets and uneven geographical developments. The theoretical apparatus that emerged from this was well-suited to confront the dramatic general changes that subsequently occurred. I had, it turned out, constructed a robust theoretical foundation for the critical exploration of what a finance-led process of globalization might be all about. *Limits* was – and continues to be – the only text I know that seeks to integrate the financial (temporal) and geographical (global and spatial) aspects to accumulation within the overall framework of Marx's argument in a holistic and dialectical rather than segmented and analytical way. It provides a systematic link between the underlying theory (for which there are many excellent and competing expositions) and the expression of those forces on the ground.

The third reason is more directly political. The 1970s were troubled years. The global crisis of capital accumulation then unfolding was the worst since the 1930s. The strong state interventionism that had prevailed in most of the advanced capitalist countries after 1945 and delivered high rates of growth was in difficulty. The oil embargo subsequent to the Arab–Israeli war in 1973 masked the onset of recession and posed the problem of how the petrodollars flowing into the Gulf States were going to be recycled into the global economy through the financial system. Property crashes worldwide and the simultaneous collapse of several financial institutions in early 1973, coupled with the unravelling of the international Bretton Woods financial arrangements posed perplexing problems. Financial deregulation and budgetary austerity were already being touted as solutions (particularly in the US with an urban event – the fiscal disciplining of New York City in 1975 – leading the way). The UK was disciplined by the International Monetary Fund in 1975–6 and Chile went neoliberal in the wake of Pinochet's coup against Allende in 1973. Labour unrest was everywhere rampant and political movements of the Left were gaining ground both in Europe as well as in many areas of the developing world. Even in the United States the combination of an anti-war movement, a civil rights movement and a student movement was roiling the political system and threatening political–economic elites and corporate and state legitimacy. There was, in short, a generalized crisis of capital accumulation coupled with a serious challenge to capitalist class power.

The solutions that emerged victorious (though very unevenly) from the confusions of the 1970s were broadly along neoliberal, or so-called 'free-market' lines, in which finance capital (in part because of the petrodollar problem) led the way. This victory was by no means inevitable and, as is now becoming abundantly clear, is not without its own internal contradictions and instabilities, both political and economic. But one consequence of neoliberalization has been all too predictable. In volume 1 of *Capital*, Marx shows that the closer a society conforms to a deregulated, free-market economy, the more the asymmetry of power between those who own and those excluded from ownership of the means of production will produce an 'accumulation of wealth at one pole' and an 'accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole' (*Capital*, vol. 1, p. 645). Three decades of neoliberalization have produced precisely such an unequal outcome. A plausible argument can be constructed, as I sought to show in *A Brief History of Neoliberalism*, that this was what the neoliberalizing agenda of leading factions of the capitalist class was about from the very outset. Elite elements of the capitalist class emerged from the turmoil of the 1970s having restored, consolidated and in some instances reconstituted their power worldwide.

This political shift – the restoration and reconstitution of class power – is of such significance that it bears some more detailed commentary. Class power is, in itself, evasive because it is a social relation that eludes direct measurement. But one visible and necessary (though by no means sufficient) condition for its exercise is the accumulation of income and wealth in a few hands. The existence of such accumulations and concentrations was being widely noted in UN reports by the mid-1990s. The net worth of the 358 richest people in the world was then found to be 'equal to the combined income of the poorest 45 per cent of the world's population – 2.3 billion people.' The world's 200 richest people 'more than doubled their net worth in the four years to 1998, to more than $1 trillion,' so that 'the assets of the world's top three billionaires were more than the combined GNP of all least developed countries and their 600 million people.' These trends have accelerated, albeit unevenly. The share of the national income taken by the top 1 per cent of income earners in the US more than doubled between 1980 and 2000 while that of the top 0.1 per cent more than tripled. 'The income of the 99th percentile rose 87 percent' between 1972 and 2001 while that of 'the 99.9th percentile rose 497 percent.' In 1985 the combined wealth of the *Forbes* 400 richest people in the US 'was $238 billion' with 'an average net worth of $600 million,' adjusted for inflation. By 2005, their average net worth was $2.8 billion and their collective assets amounted to $1.13 trillion –'more than the gross domestic product of Canada.' Much of this shift has been due to rapidly rising rates of executive compensation. 'In 1980, the average chief executive made about $1.6 million a year in today's dollars' but by 2004 this had risen to $7.6 million. The tax policies of the Bush administration scandalously increase these disparities. Most of the benefits of tax cuts go to the top 1 per cent of income earners and the most recent tax bill delivers tax relief of approximately '$20 to those at the center of the income distribution' while 'the top tenth of 1 percent, whose average income is $5.3 million, would save an average of $82,415.'[1]

Such trends are not confined to the United States. Wherever and whenever neoliberal policies have taken hold – and the geographical spread has been very uneven – massive disparities in income and wealth ensue. In the wake of the wave of privatizations and economic restructuring in Mexico after 1988, twenty-four Mexican billionaires appeared on the *Forbes* 1994 list of the world's wealthiest with Carlos Slim ranked twenty-fourth. In 2005, Mexico, with all of its massive poverty, claimed more billionaires than Saudi Arabia. Within a few years of 'shock therapy' market reforms in Russia, seven oligarchs controlled nearly half of the economy. Similar surges in inequality were recorded in Eastern and Central Europe in the wake of market reforms. While firm and conclusive data is very hard to come by, abundant signs exist in China of the accumulation of huge private fortunes since 1980 (particularly in real estate development). Margaret Thatcher's neoliberal reforms in Britain contributed to the top 1 per cent of income earners doubling their share of the national income by 2000. The so-called 'developmental states' of East and Southeast Asia that initially managed (like South Korea) to combine strong growth with a reasonable equity of distribution have experienced a 45 per cent increase in inequality since 1990, mostly after the fierce financial attack upon their economies in 1997–8. The vast fortunes of a few trading moguls in Indonesia escaped unscathed from this trauma which left some 15 million Indonesians unemployed.

The global labour force, meanwhile, has been put under intense pressure. Reports rolled in from all around the world in the mid-1990s graphically describing the desperate conditions of workers in, for example, Nike factories in Vietnam, Gap workers in El Salvador and garment workers in Dacca. An eminent US TV personality, Kathy Lee Gifford, lover of children, was scandalized to learn that the line of clothing she was selling through Wal-Mart was made either by thirteen-year-olds in Honduras paid a mere pittance or by sweated women workers in New York who had not been paid for months (to her credit, she then joined the anti-sweatshop campaign). Scandals over child-labour in Pakistan in the manufacture of carpets and soccer balls became common grist in the media and Michael Jordan's $30 million retainer for Nike was set against press accounts of the appalling conditions of Nike workers in Indonesia and Vietnam. In more recent times deeply disturbing accounts have emerged of labour conditions and practices in China, as migrant workers have poured off the land into burgeoning industrialized cities (see the work of Pun Ngai). The mainstream media has abundantly documented labour conditions and practices that could be inserted into Marx's chapter on 'The Working Day' in *Capital* without anyone noticing. A billion or so people, it is said, are struggling to survive on less than a dollar a day and 2 billion on two dollars a day, while the rich are piling up fortunes across the globe at an astonishing rate.

Why, then, has the world not erupted into revolutionary revolt against this capitalist restoration and its burgeoning inequalities and its lack of concern for distributive justice? In countries like China and India, highly fragmented and sometimes putatively revolutionary unrest is everywhere apparent. In Latin America, the revolt against neoliberalism has taken a populist rather than a more directly socialistic turn and, so far, leaders like Chávez have warded off US-backed military coups of the sort that killed Allende in Chile. Street protests in France caused the government to rescind legislation that would further neoliberalize labour markets. A global justice movement has sprung to life, most spectacularly in the streets of Seattle, Genoa, Quebec City, Bangkok and Melbourne and is now most coherently represented by the World Social Forum and its innumerable regional offshoots. Many now believe that 'another world is possible'. But there is very little agreement as to what this world might be like and traditional socialist ideals are now in a minority as social movements articulated through the institutions of civil society (with NGOs in the lead) move into an avant-garde position while insisting that networks rather than hierarchies must be the primary organizational form. Nor is there any general agreement as to what the main problems are that need to be addressed.

The difficulties are partly ideological. The widespread acceptance of the benefits to be had from the individualism and freedoms that a free market supposedly confers, and the acceptance of personal responsibility for one's own well-being together constitute a serious ideological barrier to the creation of oppositional solidarities. They point to modes of opposition based on human rights and voluntary associations (such as NGOs) rather than to social solidarities, political parties and the capture of state power. There is a sense, therefore, in which we have all become neoliberals. But the more traditional forms of opposition are difficult to articulate given the incredible volatility of contemporary capitalism, the evident diminution of sovereignty of individual states over their economic affairs and the redefinition of state action around the necessity to cultivate a good business climate to court investment. It is, furthermore, increasingly difficult to identify the enemy and where he or she is to be located. Far away events in, say, China or Bangalore (if you live in the US or Britain) or in Washington (if you live in Shanghai or Buenos Aires or Johannesburg) often have far-reaching local ramifications. And the fact that success measured as strong capital accumulation and even poverty reduction is to be had for a time somewhere (like Taiwan, Bavaria or Bangalore) or in some sector (like informatics) masks the fact that neoliberalization is failing to stimulate aggregate accumulation, let alone improve aggregate social well-being.

But neoliberalization has been a huge success from the standpoint of the upper classes. It has either restored class power to ruling elites (as in the US and Britain), created conditions for capitalist class consolidation (as in Mexico, India and South Africa) or opened the way to capitalist class formation (as in China and Russia). With the media dominated by upper-class interests, the myth could be propagated that states failed economically because they were not competitive, i.e. not neoliberal enough. Increased social inequality within a territory was construed as necessary to encourage the entrepreneurial risk and innovation that conferred competitive power and stimulated growth. If conditions among the lower classes deteriorated it was because, it is said, they failed, usually for personal or cultural reasons, to enhance their own human capital (through dedication to education, the Protestant work ethic, submission to labour discipline). Particular problems arose in Indonesia, Argentina, or wherever, because of lack of competitive strength or because of personal, cultural or political failings. In a Darwinian neoliberal world, the argument goes, only the fittest should and do survive.

The massive financial and debt crisis that first swamped East and Southeast Asia in 1997–8 and then cascaded all over the place, including Russia (1998) and Argentina (2001), led some to argue, however, that capitalists were also vulnerable (powerful *chaebols* in South Korea went bankrupt) and that, from the standpoint of workers, degraded jobs were better than none. The bursting of the stock market 'asset bubble' at the end of the 1990s, the onset of recession in 2001, the events of 9/11 and the launching of an imperialist war against Iraq, all successfully masked the fact that concentrations of wealth and income were continuing apace. Money was being made and class power was being consolidated not only in spite of but also because of financial crises and an imperialist war.

But neoliberalism is deeply fissured through its own internal contradictions. There is, therefore, a crying need for an analysis of these contradictions and this requires the deployment of strong theoretical tools such as those that Marx pioneered. The task is not to regurgitate Marx's texts but to extend, revise and adapt them in ways that can address the complexities of our times. Marx himself clearly understood there was much to do. In the *Grundrisse*, for example, he outlined the different 'moments' that needed to be integrated into the general theory of capital:

> (1) the general, abstract determinants which obtain in more or less all forms of society . . . (2) The categories which make up the inner structure of bourgeois society and on which the fundamental classes rest. Capital, wage labour, landed property. Their interrelation. Town and country. The three great social classes. Exchange between them. Circulation, Credit system (private). (3) Concentration of bourgeois society in the form of the state. Viewed in relation to itself. The 'unproductive' classes. Taxes. State debt. Public credit. The population. The colonies. Emigration. (4) The international relations of production. International division of labour. International exchange. Export and import. Rate of exchange. (5) The world market and crises. (*Grundrisse*, p. 108)

In *Limits*, I excavated only part of this rich terrain of topics from within Marx's texts. In assembling the fragments of Marx's thinking on certain of these topics, however, I was mindful that what Marx called 'the mutual interaction' that 'takes places between the different moments' within any 'organic whole' could only be woven into some semblance of unity by the proper application of dialectical method. On this point, I followed Marx's practice rather than abstract formulations largely derived from an analysis of Marx's indebtedness to Hegel. 'Every historical social form,' writes Marx in *Capital*, must be captured 'as in fluid movement' and this is what dialectics has to do.[2] Marx's practice is a subtle process-based dialectics that exquisitely captures the flows of capital in space and time. I increasingly see Marx as a magisterial exponent of a process-based philosophy rather than a mere practitioner (albeit 'right side up with feet upon the ground') of Hegel's *Logic*.

*Limits*, though prescient, only partially succeeds in extending and adapting Marx's understandings to our own time. While the innovations it lays out have indeed moved centre stage, much needs to be done to articulate how uneven geographical development, financial systems, rentier behaviour, different modes of appropriation and exploitation as well as different modes of class formation and dissolution are actually working. The social and so-called natural world in which we have our being is being savagely restructured and we need to know how and why and what can be done about it.

The disadvantage of working within the frame of Marx's thought is that it sometimes inhibits reformulations. I still find, of course, that Marx's sketchy arguments concerning 'fictitious capital' formation, finance and the circulation of credit (which I take up in chapters 9 and 10) as brilliantly insightful and relevant as ever. At the time of writing there was very little additional Marxian work to call upon. The pages of journals such as the *Socialist Register* and *Historical Materialism* are now full of theoretical arguments and historical materialist enquiries into the nature, functions and contradictions of money and finance and these cry out for deeper synthesis. The financial innovations of the last thirty years cannot be ignored and the probability of monetary and financial crises obviously must, in the light of recent history, be at the forefront of our theoretical concerns. But there is an unfortunate if understandable tendency to see financial and monetary problems in isolation from the totality of Marxian theory. The connection between the credit system and the differential turnover times of different capitals (particularly fixed-capital circulation in the built environment) is, for example, of profound importance. In the wake of the stock-market decline at the end of the 1990s investments in property assets took up much of the slack of surplus-capital absorption, not only in the US, but unevenly throughout much of the capitalist world (from London and Madrid to Shanghai, Hong Kong and Sydney). Real-estate investment trusts (REITS) have once more become the darling of the stock market. This aspect of the theory advanced in *Limits* has unfortunately received too little attention at a time when we could well see a repeat of the global property-market crash of 1973 (when many of the high-flying REITS went bankrupt).

Far from the 'euthanasia of the rentier' that Keynes envisaged, class power is increasingly articulated through rental payments. While the chapter on rent remains adequate in some respects, re-evaluations are called for. Oil states like Venezuela, as Coronil points out in *The Magical State*, have organized themselves around rent extraction through natural resource exploitation. Not only does this problematize how nature is valued under capitalism (in ways that are only briefly touched upon in chapter 11) but it also poses the problem of understanding how such rental monies circulate (even under Chávez). Organizations such as OPEC tap monopoly rents rather than the absolute or differential rents that were the main focus of Marx's attention. The emergence of a global property market and urbanization as an expanding conduit for capital accumulation has allowed certain dynamic centres of capitalism, such as Hong Kong, to survive as much on the basis of property development and rent extractions (both monopoly and differential) as anything else. The incredible burst of interest in cultural activities (including the selling of cities as unique and authentic commodities for tourism), the emphasis upon knowledge and information industries, the organization of spectacular events like the Olympics (to say nothing of the role of signature architecture like Bilbao's Guggenheim Museum) all fall within the purview of contemporary forms of monopoly rent-seeking (see my essay on 'The Art of Rent'). Even more sinister is the contemporary emphasis on intellectual property rights, such as the patenting of genetic materials and life forms. The enforcement of licensing, patenting and royalty agreements became a central question in the WTO negotiations, turning the so-called TRIPS agreement guaranteeing such intellectual property rights into a major vehicle for the sustenance of corporate and capitalist class power worldwide. Patents and monopoly rents go hand in hand.

There is, then, the fraught question as to how to analyse what happens when capitalism turns cannibalistic (an issue raised below, e.g. p. 437). This tendency is more widespread and more complicated than I had acknowledged. The wave of privatization that swept around the world after 1980, in some instances forced by the power of international institutions (with the IMF in the lead) but in other instances effected by local class alliances, has entailed a new round of enclosure of the commons. Luxemburg, in her seminal work on *The Accumulation of Capital*, pointed to a marked difference between the exploitation of living labour in production (where the class relation between capital and labour is key) and accumulation through force, fraud, predation and the looting of assets typically associated with Marx's account of primitive accumulation. Marx tended to relegate this latter form of accumulation to capitalism's prehistory but, for Luxemburg, these two aspects of accumulation are 'organically linked' and on-going, such that 'the historical career of capitalism can only be appreciated by taking them together.' The predatory side was associated, in her view, with the imperialist plunder of non-capitalistic social formations. In *The New Imperialism*, however, I argue that this predatory activity has become internalized within capitalism (through, for example, privatization, deindustrialization or the erosion of pension and welfare rights orchestrated largely through the credit system and the deployment of state powers). Since this is an on-going internalized process, I prefer to call it 'accumulation by dispossession' rather than primitive accumulation. This category is crucial to the interpretation of neoliberal capitalism and contemporary forms of imperialism. But it then follows that resistance to capitalism and imperialism necessarily exhibits a dual character. Struggles against dispossession (of land rights, of welfare, pension and health care rights, of environmental qualities, of life itself) are of a different character to struggles around the labour process that have long dominated Marxist politics. A core political task is not only to establish the organic link between the two forms of accumulation in contemporary capitalism but also to understand the organic link between the two forms of class struggle that they engender. Struggles against dispossession dominate much of the alternative globalization movement that assembles at the World Social Forum, for instance.

The role of the state in accumulation by dispossession also poses an analytic challenge. *Limits*, as I point out in the Afterword, does not propose a specific theory of the capitalist state, even though state involvements are omnipresent throughout the text. I left this as 'unfinished business' in part because of a reluctance to engage with the intense, intimidating and wide-ranging debate on the nature of the capitalist state that raged in Marxian circles during the 1970s. Much of that debate now appears *passé* though it did raise issues that continue to be of crucial importance. It has been replaced by an even more wide-ranging debate (in which Marxists, with the exception of Jessop, have a subdued role) on how to understand the contemporary state and its powers. The only consensus seems to be that the meaning of the state has shifted dramatically over the last thirty years and that the main forcing agent in that shift has been something called 'globalization' (whatever that may mean). Some, on both the Left and the Right, now proclaim the state as irrelevant and some oppositional social movements are openly sceptical as to the political worth of seizing state power. I cannot possibly deal with the complexities of these arguments here. But I side with those that consider the state to be a vital 'moment' in the contradictory dialectics and dynamics of capital accumulation at the same time as I readily concede that state powers have morphed into quite different structures to those that dominated in the 1970s. Institutional 'state-like' arrangements at different spatial scales (from local to global) now play key coordinating roles. Quite different state forms (corporatist, developmental, neoliberal, neoconservative, etc.) co-exist uneasily within the contemporary state system. But, on this point too, *Limits* has something interesting, though incomplete, to say not only because it indicates how capital accumulation necessarily produces and transforms spatialities and territorial structures (showing that if something like states did not exist capitalists would have to create them) but because it also highlights likely points of state intervention within a neoliberalizing capitalism. It is not hard, therefore, to derive from *Limits* (in ways spelled out in the Afterword) some sense of what a distinctively neoliberal state has to be about.[3]

The insistence on the inherent spatiality of capital accumulation in the third part of *Limits* was one of its most innovative but, at the same time, one of its most incomplete contributions to the further extension of Marxian theory. Some way had to be found, I then felt, to weave theories of imperialism back into the fabric of Marxian models of crisis formation specified in purely temporal and a-spatial terms. I did this largely through a simplified theory of 'the spatial fix' (understood as geographical expansions and restructurings) as a temporary solution to crises understood (see chapter 7) in terms of the overaccumulation of capital. Capital surpluses that otherwise stood to be devalued, could be absorbed through geographical expansions and spatio-temporal displacements. I also sought to articulate how space and uneven geographical development were produced through long-term and usually debt-financed capital investments embedded in the land (e.g. transport and communications networks and built environments). The immobility of such fixed investments was in contradiction to the fluid and geographically mobile capitals seeking spatial solutions to overaccumulation. The geographical landscape created by capitalism was bound, therefore, to be the site of instability and contradiction and the locus of class struggles. That all of this would also entail the production of spatial configurations and 'regions' of activity (through, for example, capital assets being embedded in the built environments of cities, through territorial divisions of labour, etc.) and that regional class alliances and forms of territorial organization and governance would emerge around such spatial structures – all of this then seemed fairly obvious, as did the rise of geopolitical conflicts over accumulation and devaluation that could and would be articulated mainly, though not exclusively, through the state system. It is against this background that a theory of a distinctively capitalist form of imperialism emerges.

I later reformulated this theory in *The New Imperialism* as 'a contradictory fusion' of the politics of state and empire and the molecular processes of capital accumulation in space and time. Territorial and capitalistic logics of power differ from and are not reducible to each other. This theory of imperialism requires a careful reconstruction of how the two logics weave together, particularly in relation to the dynamics of accumulation by dispossession and through expanded reproduction. In *A Brief History of Neoliberalism*, I sought to integrate the changing role of the state and the state system since 1980 into the reconstitution of class power through uneven geographical developments, interstate competition, accumulation by dispossession and the rise of financial, credit-based and rentier capitalist forms. The prospects for crisis formation and devaluation have, I argue, in some respects deepened. If crises always originate as place- or region-specific devaluations, then their generalization depends upon spatial processes of entrainment or contagion. The cascading financial and credit crises that have rocked the capitalist world over the last thirty years cry out for deeper analysis as does the role of international institutions that seek to contain them.

I here need to re-emphasize one very important warning set out in the original introduction. The linearity of the narrative in *Limits* makes it seem as though capital has some spectral existence all to itself before it tangibly comes to earth in space and time. It seems as if the crisis tendencies of capitalism can be set up sequentially, moving from the general (e.g. the falling rate of profit) to the temporal (financial) to the spatial (uneven geographical development and geopolitics). It is wrong, however, to see the three cuts at crisis theory set out in *Limits* as sequential. They should be understood as simultaneous aspects to crisis formation and resolution within the organic unity of capitalism.

I offer two supportive arguments for this position. To begin with, materialism of any sort demands that the triumvirate of space–time–process be considered as a unity at the ontological level. All questions about nature (including human activity), Whitehead once observed, can in the end be reduced to questions about space and time. There is, unfortunately, very little reflection within the Marxist tradition on the nature of space and time. This is a serious defect because historical materialism, or as I prefer to name it, historical–geographical materialism, cannot exist without a solid appreciation of the dialectics of spatio-temporality. There is, it turns out, an underlying spatio-temporal frame to Marx's theorizing and it rests on a dialectical fusion of three fundamental ways of understanding spatio-temporality. Under the absolute theory, mainly associated with the names of Newton, Descartes and Kant, space is a fixed and unchanging grid, quite separate from time, within which material things, events and processes can clearly be individuated and described. Spatial ordering is the domain of geographical knowledge and temporal unfolding is that of history. This is, in the first instance, the primary domain of use values in Marxian theory. It is the space that defines private property rights in land, the boundaries of the state, the physical layout of the factory, the material form of the commodity and the individuated body of the labourer. Under the relative theory, mainly associated with the name of Einstein, a world of motion defines space–time structures that are neither fixed nor Euclidean. Transport relations generate different metrics based on physical distance, cost and time, and shifting topological spaces (airline hubs and networks, for example) define the circulation of commodities, capital, money, people, information, and the like. The distance between New York and London is relative not fixed. Relative space–time is the privileged domain of exchange value, of commodities and moneys in motion. The relational view, mainly associated with the name of Leibniz, asserts that space–time has no independent existence, that it is inherent in and created through matter and process. The universe, for example, did not originate in space and time. The big bang created space–time through matter in motion. Capital creates space–time. Relational space–time is the primary domain of Marx's value theory. Marx held (somewhat surprisingly) that value is immaterial but objective. 'Not an atom of matter enters into the objectivity of commodities as values.' As a consequence, value does not 'stalk about with a label describing what it is' but hides its relationality within the fetishism of commodities. Value is a social relation in relational space–time. The only way we can tangibly grasp it is through its objective effects, but that pitches us into that peculiar world in which material relations are established between people (we relate to each other via what we produce and trade) and social relations are constructed between things (monetary prices are set for what we produce and trade). If value is a social relation and this is always immaterial but objective (try measuring any social relation of power directly and you always fail), then this renders moot if not misplaced all those attempts to come up with some direct and essentialist measure of it. But what kind of social relation is presupposed here? Value is an internal relation within the commodity. It internalizes the whole historical geography of labour processes, commodity production and realization, and capital accumulation in the space–time of the world market.

These three spatio-temporal frames – absolute, relative and relational – must be kept in dialectical tension with each other in exactly the same way that use value, exchange value and value dialectically intertwine within the Marxian theory. There could, for example, be no value in relational space–time without concrete labours constructed in innumerable places (factories) in absolute spaces and times. Nor would value emerge as an immaterial but objective power without the innumerable acts of exchange, the continuous circulation processes, which weld together the global market in relative space–time. The spinner embeds value (i.e. abstract labour as a relational determination that has no material measure) in the cloth by performing concrete labour in an absolute space and time. In order for value to be realized, the commodity must move into the relative space–time of exchange relations. The objective power of the value relation is registered when the spinner is forced to give up making the cloth and the factory falls silent because conditions in the world market are such as to make this activity in that particular absolute space and time valueless. While all of this may seem obvious, the failure to acknowledge the interplay entailed between the different spatio-temporal frames in Marxian theory often produces conceptual confusion. Much discussion of so-called 'global-local relations' has become a conceptual muddle, for example, because of the inability to understand the different spatio-temporalities involved. We cannot say that the value relation causes the factory to close down as if it is some external abstract force. The changing concrete conditions of labour in China when mediated through exchange processes in relative space–time transform value as an abstract social relation in the world market in such a way as to bring the concrete labour process in Mexico to closure. A popular term like 'globalization' functions relationally in a similar way, though, of course, it conveniently disguises class relations. If we look for globalization in absolute space and time, then we cannot find it.

Insights of this sort later permitted me to formulate ideas of 'time–space compression' in *The Condition of Postmodernity* and 'the social production of space and time' in *Justice, Nature and the Geography of Difference.* Most recently, in *The Global Spaces of Capitalism: Towards a Theory of Uneven Geographical Development,* I extend the argument even further by cross-relating absolute, relative and relational concepts of space–time with Lefebvre's distinctions between material social practices (experienced space), representations of space (space as conceived) and spaces of representation (space as it is lived). A more adequate accounting of the spatio-temporality of Marxian theory is desperately needed, I hold, not only because it is an ontological necessity but also because many of the failures of socialist and communist projects derive from a failure to appreciate the complexities of spatio-temporal relations in human affairs.

While all of this may sound very abstract, reading Marx through a spatio-temporal lens turns out to be very revealing with respect to the spatiality of power and command over space as a productive force and a political asset in class struggle. *The Communist Manifesto* makes it clear, for example, that the bourgeoisie came to power in part through a geographical strategy of using trade and mobility (operating in relative space-time) to undermine the absolute spaces of land-based feudal powers. While merchant's capital and interest-bearing capital are now derivative forms, they appeared before the modern primary form of production capital precisely because of their superior command over space (*Capital*, vol. 1, p. 165). The rise of the money form has always been critically dependent upon historical and geographical movements and connections. Money is perpetually internalizing effects of the spatio-temporal world which its circulation creates and in which its valuations are occurring. Money – the central accounting measure for capital – is nothing without credit, trust, and trade linkages within a space economy that is perpetually in flux and flow. Contemporary work suggests that credit and social relations of trust may have preceded the rise of the money form and the value that it represents. Bourgeois power is, furthermore, always about geopolitical positioning in the world market and here, too, it is not surprising to find that imperialist forms of domination played a formative role in the rise of capitalism even as capitalism radically reconfigured what imperialist practices must be about (as Wood has recently argued[4]). Immediately after describing how money necessarily bursts through all temporal and spatial barriers, for example, Marx refers to the possibilities of crises in which 'all the antitheses and contradictions which are immanent in commodities assert themselves' (*Capital*, vol. 1, p. 114). The implication is that crises have no existence outside of the spatio-temporalities that capitalism creates. Contemporary finance capital, with the aid of information technology, has radically reconfigured spatio-temporality over the last forty years in ways that have disrupted other forms of capital circulation as well as daily life.

Breaking the rigidities of an existing spatio-temporal form through speed-up and foreign direct investment (to note two obvious forces at work in recent times) becomes a crucial aspect of what crises are about. The difficulties in East and Southeast Asia in 1997–8 had much to do, for example, with changing spatio-temporalities. The three 'cuts' at understanding crisis formation in *Limits* must, I emphasize, be read as distinguishable but simultaneously co-present moments within the internal contradictions of capitalism.

In writing *Limits*, I could not, of course, avoid confronting the question of how to interpret the crisis of the 1970s. What brought the urban and the general together so dramatically was the so-called fiscal crisis of New York in 1975–7, which, with the benefit of hindsight, I now interpret as a crucial opening shot in the neoliberal counter-revolution and the restoration of class power. How to understand crisis formation remains, however, by far the most contentious issue in Marxian political economy. Not only are there several different schools of thought on the matter, but differing interpretations have long underpinned different political strategies.

Marx insisted that we should understand crises through an examination of the internal dynamics of capitalism. This led him, erroneously in many people's eyes, to play down the idea that environmental or population constraints were fundamental. In Marx's time, these constraints were largely expressed in terms of Ricardian diminishing returns in agriculture or in Malthusian population dynamics. Marx was scathingly critical of both ('when faced with a crisis,' he said of Ricardo, 'he takes refuge in organic chemistry'). Over the last thirty years or so, a substantial literature has arisen from within the Marxian fold that argues that Marx's position on this cannot and should not be sustained. It is, many on the Left now argue, the environmental crisis that defines the crisis of our times and our politics should evolve accordingly (see e.g. John Bellamy Foster and James O'Connor). I disagree with that position, particularly when it is couched in an apocryphal language concerning 'the end of nature' or some kind of 'environmental collapse'. I do, however, take environmental issues such as ozone holes and global warming, habitat destruction and loss of biodiversity, resource exhaustion, deforestation and desertification, the possibility of pandemics and of ecological catastrophes, very seriously indeed. The role of rent and the valuation of nature need to be brought back into the centre of analysis. I also understand very well that issues of environmental justice are deeply relevant to contemporary politics. Nor do I ignore issues of population dynamics. I take all such issues just as seriously as I do geopolitical, geo-economic and cultural conditions and rivalries that have produced and continue to underpin trade wars, imperialism, neocolonialism and military conflicts.

But something crucial is lost when we refuse to confront the internal contradictions of capitalism as the crux of our problems. I believe, even more than I did twenty-five years ago, that a politics that evades central contradictions can only ever address symptoms. I reject entirely the politics of those who have sought to remove an understanding of political–economic contradictions (or even the concept of capitalism) from our purview. If the primary contradictions are revealed, as Marx held, in the course of crises, then it is to crisis theory that we must turn to get a political handle on what long-term strategies to pursue.

I examine three broad schools of thought about Marx's crisis theory in chapter 6. The first, often characterized as a 'profit-squeeze' theory, sees labour organization and labour scarcity as driving down the rate of accumulation to the point of crisis for the capitalist class and hence for the capitalist system as a whole (surely not a problem in the present conjuncture though there was evidence for it in the 1970s). The second sees a deficiency of effective demand, or 'underconsumption', as the crucial problem since capitalists are reinvesting and workers are by definition consuming less value than they produce. Malthus considered foreign trade and consumption on the part of the 'unproductive classes' to be the answer to the effective demand problem while Luxemburg argued that the organized imperialist pillage of non-capitalist societies was the only option. Underconsumption theories have their bourgeois counterpart in Keynesian theory. Various schools of Marxian–Keynesian theorizing see state fiscal and monetary management as the answer. While underconsumption seemed to be a serious problem in the 1930s, there was not much evidence for it in the 1970s. The falling rate of profit theory rests on the idea that the competitive search for labour-saving innovations displaces living labour (the source of all value and surplus value in Marxian theory) from production. Other things (such as the rate of exploitation of labour power) remaining equal, this produces a secular trend towards a falling rate of profit. Marx himself attached so many caveats, conditionalities and compensating circumstances to this theory (see chapter 6), that it is difficult to sustain it as a general theory of crisis even though it does focus on the crucial question of the potentially destabilizing effects of technological changes upon capitalist dynamics. I concluded that each theory revealed something important about the contradictory dynamics of capitalism, but that they were all surface manifestations of something else.

The deeper problem, I argue in chapter 7, is the tendency towards overaccumulation. Crises arise when the ever-increasing quantities of surplus value that capitalists produce cannot profitably be absorbed. The operative word here is 'profitably' (and I should make clear that this has nothing directly to do with the supposed law of falling profits). The evidence for this 'capital surplus' line of argument is, I believe, overwhelming. Capitalism arose out of surpluses piled up by localized groups of traders and merchants who pillaged the rest of the world at will from the sixteenth century onwards. The industrial form of capitalism that arose in the late eighteenth century in Britain successfully absorbed these surpluses at the same time as it expanded them. Based on wage labour and factory production, the capacity for surplus-value absorption and production was internalized, systematized and enhanced in part by structuring the capitalist world more clearly and expansively around the capital-labour social relation. This entailed the successful internalization of the forces of technological change and rising productivity to generate ever larger surpluses. Where could these surpluses be profitably deployed? 'Crisis' is the name for phases of devaluation and destruction of the capital surpluses that cannot profitably be absorbed.

Surplus capital can take many forms. There can be a glut of commodities on the market (hence the appearance of underconsumption). It can sometimes appear as a money surplus or as an excess of credit (hence the appearance of financial and monetary crises and of inflation). Or it can appear as surpluses of productive capacity (idle factories and machinery characteristic of deflationary phases of devaluation). It can appear as an excess of capital invested in built environments (property-market crashes), in other assets (speculative surges and crashes in stocks and bonds, commodity-or currency-futures, etc.) or as a fiscal crisis of the state (excess expenditures on social infrastructures and welfare state functions – perhaps forced through by the power of organized labour). The form the capital surplus takes is not determinant in advance but each gives a specific character to the crisis. However, switching from one form to another sometimes relieves pressures (an excess of credit can be passed on to consumers who relieve problems of underconsumption and bring depressed factories back into operation). Furthermore, of course, there is the fact that the where and the when of capital surpluses for all of these theories are specified in a temporal but a-spatial way. The two grand innovations of *Limits* were to introduce the idea of temporal displacements of surpluses (orchestrated through the credit system and state debt-financed expenditures) into long-term capital investments (like, say, the Channel Tunnel) and spatial displacements accomplished through geographical expansions – the creation of the world market, foreign direct and portfolio investment, capital and commodity exports, and, more brutally, the deepening and widening of colonialism, imperialism and neo-colonialism. The coupling of temporal and spatial displacements (e.g. credit-financed foreign direct investment) offers mechanisms for broad-based and highly significant, even though in the very long-run temporary, answers to the capital surplus absorption problem. The integration of uneven geographical development into our understanding of the historical geography of capitalism then follows. The effect is to open up the possibility of localized crises, of highly-localized place-based devaluations of capital (de-industrialization here and a financial crisis there), as one way to defuse the global problem of surplus absorption/devaluation. It also follows that much of what we see in the way of the production of environmental stresses and degradations is a manifestation of the pursuit of solutions to the capital-surplus absorption problem.

Surplus absorption is, then, the central problem. Crises of devaluation result when the capacity for that absorption breaks down. In *A Brief History of Neoliberalism*, I take up the story of how these mechanisms have operated in the global economy since the 1970s. Let me reformulate the argument in capital-surplus terms. The 1970s was a phase of chronic capital surplus, much of which was transferred to the oil states after 1973 and then recycled as money capital through the New York investment banks. Profitable uses for the surplus were hard to find because the existing outlets – speculation in property markets, surging state expenditures on the war, burgeoning expenditures on the welfare state – were either saturated or organized in ways that made profiteering difficult. A chronic crisis of stagflation set in.

The subsequent turn to neoliberalization entailed breaking down every possible barrier to the profitable deployment of the surplus. If the working class was strong enough to constitute a barrier to profitability then it had to be disciplined, its wages and benefits reduced and all sign of its capacity to exert a profit squeeze removed. This aim was accomplished through violence in Chile, by bankruptcy in New York, and politically by Reagan and Thatcher in the name of fighting inflation. If all of this was not enough, the corporations were able to take matters into their own hands and relocate abroad to wherever labour was cheaper and more docile. But in order for this to happen, all barriers to foreign trade had to be battered down. Tariffs had to be reduced, anti-protectionist trade agreements constructed and an international order opened up that permitted the relatively free flow of capital worldwide. If this could not be accomplished peacefully then financial coercion (orchestrated through the IMF) or covert operations (organized by the CIA) were brought to bear. The search for multiple spatial fixes was on and uneven geographical development surged. The end of the Cold War added even more opportunities for profitable foreign ventures and expansions. But capital had to find a facilitative regime plus adequate opportunities to deploy its surpluses in the countries it thus penetrated. Waves of privatization opened up whole new sectors for the profitable deployment of capital from Britain to Mexico to Russia, India and China. Low corporate-tax regimes (set up to attract foreign investment), state-funded infrastructures, easy access to natural resources, a facilitative regulatory environment, a good business climate, all of these elements had to be supplied if the capital surpluses were to be profitably absorbed. If all of this meant that people had to be dispossessed of their assets and their birthrights then so be it. And this is what neoliberalization accomplished. Behind this, institutional arrangements had to be constructed to facilitate global financial transactions and to guarantee their security. This required the deployment of hegemonic state powers backed by military, political and economic coercive force to secure the international financial regime. US imperial power backed – in collusion with Europe and Japan – the powers of the IMF, the WTO, the World Bank, the International Bank of Settlements and a range of other institutions that would regulate the global system to ensure an ever-expanding terrain for the profitable absorption of the ever-increasing quantities of surplus capital produced.

But all is not well with this system. The incredible expansion in capitalist surplus-value absorption coupled with yet another destabilizing round of