

# Why Marx Still Matters

**Karl Marx was born on this day in 1818. His work remains as relevant as ever.**



Buried at London's East Highgate cemetery in 1883, Marx's ideas are finding a new audience today. (Photo by English Heritage/Heritage Images/Getty Images.)

On the second centenary of Karl Marx's birth, global capitalism is stumbling from crisis to crisis. In the wake of the financial crash, interest in Marx's ideas has blossomed once again. This should come as no surprise: they remain vital to understanding not only the dynamics of capitalism itself but the manner in which it structures our modern world.

David Harvey is one of the world's leading scholars of Marx. His course on the three volumes of *Capital* became synonymous with Marx's re-emergence in recent years, and has been viewed by millions online. This course has been condensed into the recently-published *Marx, Capital and the Madness of Economic Reason*, a companion to Marx's magnum opus, which addresses its relevance today.

In this interview, David Harvey speaks with journalist Daniel Denvir about Marx's work, his understanding of capitalism's contradictions, and why his ideas endure so long after his time.

Dan Denvir

You've been teaching *Capital* for quite a long time. Can you lay out a brief overview of each of the three volumes?

David Harvey

Marx is very much into detail, and it's sometimes hard to get a sense of exactly what the whole conception of *Capital* is about. But really, it's simple.

Capitalists start the day with a certain amount of money, take the money into the marketplace and buy commodities like means of production and labour power, and put them to work in a labour process that produces a new commodity. That commodity is sold for money, plus a profit. Then the profit is redistributed in various ways, in the form of rents and interest, which circulates back into money, which starts the production cycle again.

It's a circulation process. And the three volumes of *Capital* deal with different aspects. The first deals with production. The second deals with circulation and what we call 'realisation' — the way the commodity is converted back into money. And the third deals with distribution — how much goes to the landlord, how much goes to the financier, how much goes to the merchant, before it is all turned around and sent back into the circulation process.

That's what I try to teach, so that people understand the relationships between the three volumes of *Capital* and don't get lost entirely in any one volume or parts of them.

Dan Denvir

You differ with other Marx scholars in that you pay a lot of attention to volumes two and three, in addition to volume one. Why is that?

David Harvey

It's clear that in Marx's mind, he had an idea of the totality of the circulation of capital. His plan was to break it down into these three component parts in the three volumes. So I just follow what Marx says he's doing. Now, the problem of course, is that volumes two and three were never completed, and they aren't as satisfactory as volume one, which is a literary masterpiece. So I can understand why, if people want to read Marx with a certain sense of joy and fun, that they would stick with volume one. But I'm saying, 'No, if you really want to understand what his conception of capital is, then you can't understand it as just being about production. It's about circulation. It's about getting it to market and

selling it, then it's about distributing the profits.'

Dan Denvir

One reason that it's important is that we need it to understand this dynamic of constant expansion that drives capitalism.

David Harvey

You get this idea of a 'bad infinity' in volume one. The system has to expand because it's always about profit, creating what Marx called a 'surplus value', and the surplus value then gets reinvested in the creation of more surplus value. So capital is about constant expansion.

And what that does is this: if you grow at 3 percent a year, forever, then you get to the point where the amount of expansion required is absolutely huge. In Marx's time, there's plenty of space in the world to expand into, whereas right now we're talking about 3 percent compound rate of growth on everything that's happening in China and South Asia and Latin America. The problem arises: where are you going to expand into? That's the bad infinity coming into being.

In volume three, Marx says maybe the only way it can expand is by monetary expansion. Because with money there's no limit. If we're talking about using cement or something like that, there's a physical limit to how much you can produce. But with money, you can just add zeros to the global money supply. If you look at what we did after the 2008 crisis, we added zeros to the money supply by something called 'quantitative easing'. That money then flowed back into stock markets, and then asset bubbles, especially in property markets. We've now got a strange situation where, in every metropolitan area of the world that I've visited, there's a huge boom in construction and in property asset prices — all of which is being fuelled by the fact that money is being created and it doesn't know where to go, except into speculation and asset values.

Dan Denvir

You're trained as a geographer, and for you Marx's account of capitalism is fundamentally about dealing with problems of space and time. Why are these two axes of space and time are so critical?

David Harvey

For instance, the interest rate is about discounting into the future. And borrowing is about foreclosing on the future. Debt is a claim on future production. So the future is foreclosed on, because we've got to pay our debts. Ask any student who owes \$200,000: their future is foreclosed, because they've got to pay off that debt. This foreclosure of the future is a terribly important part of what *Capital* is about.

The space stuff comes in because as you start to expand, there's always the possibility that if you can't expand in a given space, you take your capital and go into another space. For instance, Britain was producing a lot of surplus capital in the nineteenth century, so a lot of it was flowing to North America, some through Latin America, some to South Africa. So there's a geographical aspect to this.

The expansion of the system is about getting what I call 'spatial fixes'. You've got a problem: you've got excess capital. What are you going to do with it? Well, you have a spatial fix, which means you go out and build something somewhere else in the world. If you have an 'unsettled' continent like North America in the nineteenth century, then there's vast amounts of space you can expand into. But now North America has been pretty much covered.

The spatial reorganisation is not simply about expansion. It's also about reconstruction. We get deindustrialisation in the United States and Europe, and then the reconfiguration of an area through urban redevelopment, so that cotton mills in Massachusetts get turned into condominiums.

We're running out of both space and time right now. That's one of the big problems of contemporary capitalism.

Dan Denvir

What do mainstream economists miss about all of this?

David Harvey

They hate contradictions. It doesn't fit with their worldview. The economists love to confront what they call problems, and problems have solutions.

Contradictions don't. They exist with you all the time, and therefore you have to manage them.

They get heightened into what Marx called 'absolute contradictions'. How do economists deal with the fact that in the crisis of the 1930s or the 1970s or more recently, surplus capital and surplus labour sit side by side, and nobody seems to have a clue as to how to put them back together so that they can work for socially productive purposes?

Keynes tried to do something about this. But by and large, economists have no idea how to deal with these contradictions. Whereas Marx is saying that this contradiction is in the nature of capital accumulation. And this contradiction then produces these crises periodically, which claim lives and create misery.

Dan Denvir

In terms of that contradiction, you describe in your book 'surplus capital and surplus labour existing side by side with seemingly no way to put them back together.' How has capitalism attempted to resolve this?

David Harvey

The response to the 2007–8 crisis was to, in most of the world — except China — double down into a neoliberal austerity politics. Which made things worse. Since then, we've had more cuts. It hasn't worked very well. Slowly, unemployment has come down in the United States, but of course it's gone shooting up in places like Brazil and Argentina.

The neoliberal argument had a lot of legitimacy in the 1980s and 1990s as being liberatory in some way. But nobody believes that anymore. Everybody realises it's a con job in which the rich get richer and the poor get poorer.

But now we're seeing the emergence of an ethno-nationalist protectionism-autarky, which is a different model. That doesn't sit very well with neoliberal ideals. We could be headed into something which is much less pleasant than neoliberalism, the division of the world into warring and protectionist factions who are fighting each other over trade and everything else.

The argument of somebody like Steve Bannon is that we need to protect the working people of America from competition in the job market by limiting immigration. Instead of blaming capital, you blame the immigrants. The second thing is to say, we can also get support from that population by putting up tariffs and blaming Chinese competition. In effect, you've got a right-wing politics that is gathering a great deal of support by being anti-immigrant and anti-offshoring.

Dan Denvir

You're well known for your scholarly work, but you're perhaps known better as a teacher of Marx. Why do you think it's important for leftists outside of the academy to engage with Marx's work?

David Harvey

When you're involved in political action and activism, you've usually got some very specific target. Let's say, lead paint poisoning in the inner city. You're organising around what to do about the fact that 20 percent of the kids in inner-city Baltimore suffer from lead paint poisoning. You're involved in a legal battle, and in fighting with landlord lobbies and with all kinds of opponents. Most people I know who are involved in activist forms of that kind are so consumed with the details of what they're doing that they often forget where they are in the overall picture — of the struggles in a city, let alone in the world. Often you find that people need assistance from outside. That lead paint thing is much easier to handle if you've got all of the people who are involved in the educational system, who see kids in schools with problems with lead paint poisoning. You start to build alliances. And the more alliances you can build, the more powerful your movement could be.

I try not to lecture people about what they should think, but try to create a

framework of thinking, so that people can see where they are in the totality of complicated relationships that make up contemporary society. Then people can form alliances around the issues they're concerned with, and, at the same time, mobilise their own powers to help other people in their alliances.

I'm into building alliances. In order to build alliances, you have to have a picture of the totality of a capitalist society. To the degree that you can get some of that from studying Marx, I think that it's helpful.