

## **CONTESTING CAPITALISM IN THE LIGHT OF THE CRISIS: A CONVERSATION WITH DAVID HARVEY**

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*This interview, conducted by David Primrose in New York on 15 November, 2012, explores four major themes arising from Professor Harvey's work: neoliberalism, Marxism, spatial political economy and praxis.*

### **The Contemporary State of Neoliberalism**

**DP:** In light of the global financial crisis, many academics and political figures proclaimed the death of neoliberalism. Yet, almost six years later, it remains institutionalised at both the national and global levels. Could you please, first, explain how you understand neoliberalism?

**DH:** My take is grounded in the idea that neoliberalism is a project of class power. It has been concerned with disempowering labour relative to capital, adopting policy measures such as privatisation in order to enable further capital accumulation and institutionalising wealth, privilege and power within the upper-classes without cease. Simultaneously, of course, there has been a lot of rhetoric surrounding this project. In the latter sense, freedom and individual liberty have regularly been espoused by various think-tanks and politicians as the high-point of civilization which, in turn, must be enabled through an institutional structure

encouraging individual institutive and personal responsibility, comprising free markets, strong private property rights and free trade. Importantly, though, these have been simply the ideological masks of what was, all along, a class project to restore and consolidate class wealth and power which was under threat by the 1970s. In spite of the current crisis, framed in these class-based terms, it has been a very successful project.

**DP: So, this conception relates to the distinction you have often drawn between neoliberalism in-theory and in-practice?**

**DH:** That's right.

**DP: Is this distinction based on a fundamental dichotomy between ideas and reality, or do you see the neoliberal ideas you mentioned, relating to free markets and so forth, as being more constitutive of material practices?**

**DH:** The first thing to say is that there is a lot of theoretical masking that has gone on and many of the policies promoted by the institutions of neoliberalism have not really been justifiable according to the theory. For example, a true-blue neoliberal theorist would not argue that the IMF is justified. In espousing the virtues of free markets, deregulation and so forth, what justification can you give for the IMF as an institution that goes around and interferes in things? The state is not supposed to do that and yet it does. This is what I mean about the idea that there is a big difference between a theoretical mask and reality ó between the rhetoric and what goes on in practice. By the same token, you can't justify predatory practices under neoliberal theory. Yet, as we've seen during the recent mortgage crisis and the increasing prominence of Ponzi schemes, there have been a lot of predatory practices over the last 20-30 years. These have no justification in neoliberal theory and yet they have been critical to the consolidation and further accumulation of class power.

**DP: So why do the practices associated with neoliberalism remain as the prevailing institutional forms of contemporary capitalism? The ideas of neoliberalism were certainly scrutinised – at least to some degree – in both policy-making and academic circles in light of the crisis. Yet, in the years following the height of the crisis, neoliberal measures have continued to prevail as the dominant political responses to the crisis. Can you explain why this might be the case?**

**DH:** This is a complex question. A key component of the problem relates to the distinction between the ideas and material practices of

neoliberalism that we've just been discussing. Most populist attacks have missed the mark by framing the problem in terms of the prevailing state-market dichotomy assumed to characterise neoliberalism, rather than examining the nature of its underlying class relations. Part of the answer, then, must lie in the fact that the class-based nature of neoliberalism has proved to be very durable in the face of the crisis, in spite of the varied attacks on its theoretical foundations. Fundamentally, this means that the strategies for accumulation of capital and power by the owners of capital are now premised on the resilience and extension of neoliberal forms of regulation. In this sense, neoliberalism has never been about the question of more or less state 'intervention', but rather has been concerned with the creation and consolidation of wealth and power in the hands of a concentrated section of society. In turn, in the absence of a significant shift in the balance of social forces, these same interests have significant political power to continue to promote and institutionalise these interests.

Thus, both academically and politically, too little attention has been given to challenging the underlying social relations of neoliberalism to promote a fundamental shift in institutional logics. There has been no break in the growing social inequalities which exist in, say, the United States and those parts of the world that are dedicated to the neoliberal project. The result has been that, throughout this crisis, the rich have grown astonishingly richer. In fact, the crisis has been an excuse for even more draconian measures to suck-out the wealth from much of the world for a very small group. For instance, while President Obama's healthcare reforms were promoted as an attempt to overturn the prevailing neoliberal institutions of healthcare, in effect this has simply extended public subsidisation of private health insurance providers. Similarly, the nationalisations of financial institutions in both the UK and US were designed to prop-up the viability of the system of capital accumulation, rather than being utilised for broader social objectives such as enabling massive investment in those communities most affected by housing foreclosures or the promotion of full employment. So, while appearing to depart from common sense notions of neoliberal policy, such measures have not countered the power of capital.

Simultaneously, mobilisations by some labour movements against further neoliberalisation have been mostly ineffective in countering these prevailing social relations. Take the example of Greece, for instance. In spite of the pervasive and militant social movements raging against neoliberal responses to the sovereign debt crisis, successive Greek

governments have agreed bailout packages conditional on austerity programs including massive cuts to public-sector wages, social services and extensive privatisations. Taken together, I think these examples point to at least one important explanation for the continued dominance of neoliberalism: that is, the durability and inability to effectively challenge the class relations underpinning the neoliberal project.

**DP:** So, can this situation be viewed as one in which neoliberalism has trumped democracy, or is this too simplistic an explanation? As you outline in *A Brief History of Neoliberalism*, democracy was violently undermined in establishing the social structures of Pinochet's Chile and Thatcher's Britain. Yet, particularly in the USA, as opposed to the scenes of protest we are witnessing in Europe, there appears to be a fair amount of public support for rolling-back the state in order to trim the deficit. Can this be attributed to some sort of 'false consciousness' on the part of the American people, or is democracy also a necessary part of the neoliberal project?

**DH:** What I call 'The Party of Wall Street' controls politics. It controls the media. It controls the courts. It increasingly controls education, particularly since state education has become less state-funded and increasingly subject to corporate donations or research projects. So, in a way, all the cards are stacked against. In this sense, in addition to the class-based project we have just been discussing, neoliberalism has been an ideological assault as well, there can be no question. It is one that has been going on for the last 35 years under the notion of personal responsibility. So, for instance, of the many people who lost their houses in the crisis, most surveys would show that most would see this as being their own fault. They are unable to see a systemic question here and blame themselves, which is what the neoliberal ethic says you should do. So, it is not false consciousness in the sense that people are stupid, but rather that there has been an ideological assault and voices that want to refute this have no space.

Since the onset of the crisis, we have seen numerous right-wing explanations of the crisis which explain it in terms of personal greed, both in Wall Street and those who borrowed money to buy houses. So they attempt to blame the crisis on the victims. In turn, one of the central tasks of critical political economists must be to refute such explanations and to work to create a consolidated, more systemic explanation of this

crisis, framed as a class event in which a certain structure of exploitation broke down and is about to be displaced by an even deeper structure of exploitation. As I say, it is very important that this alternative explanation of the crisis is discussed and conveyed publicly. Yet, my own personal experience, for instance, is that I have not been able to get into the mainstream media at all ó occasionally, I have been able to get onto local, regional or national public radio, so it is a sewn-up job and it is impossible to really find a good way to get out of it. The institutionally entrenched logic and interests of neoliberalism in key centres of power affords it enormous inertia.

Moreover, in those countries where there are residual institutions, such as strong union movements in certain countries of Europe, there are certainly movements against austerity. Yet, these are strikes primarily *against* something rather than putting forward an alternative. That is, they are not going out and demanding that the system be revolutionised in favour of something else. It is primarily about protest, rather than an alternative vision of, for instance, a socialist world informed by alternative conceptions of income distribution, equality and so forth.

**DP: With that in mind, it seems particularly apposite at the moment to discuss the result of the recent US elections. In *Rebel Cities*, you posit that 'The Party of Wall Street has one universal principle of rule: that there shall be no serious challenge to the absolute power of money to rule absolutely.' What is the interaction between this Party of Wall Street and the traditional parties in the US, Republican and Democrat? Do you think the outcome of the Presidential election will have any impact on this relationship?**

**DH:** No, it doesn't have a basic effect. What was a little bit encouraging about the last election was the vast amount of money invested by the Party of Wall Street in the Republicans, and yet they still lost. In other words, intuitively I think there was a populist resistance to the way money power was being used and, as things go on, there may be more evidence of popular backlash by groups against tactics used by the right-wing ó attempts at voter suppression backfired, for instance, and was a source of great angst amongst voters on the day and in the media ó there was some recognition that attempts to stop people voting highlighted just how much was at stake. At the same time, there was an over-reach of totally negative advertising by money power and people simply

switched-off after a while. However, I think next time they will have learnt this lesson and be more sophisticated.

This does not, of course, mean that large sections of the Democratic Party are not also captive to Wall Street. In fact, one of the things we've seen in the week since the election is a call for Obama to get closer to Wall Street and stop any, admittedly very weak, rhetoric relating to class struggle and get back to negotiating. Having lost the election, Wall Street will be looking to cuddle-up to the President and Democratic majority in the Senate.

## **Marxism**

**DP: Could we now take a brief conceptual detour to consider your vast contribution to Marxism. Can you please elaborate why you draw on the conceptual currents of, primarily classical, Marxism that you do, rather than post-classical or post-Marxism?**

**DH:** It is a bit of an accident really. I've always felt that if people were going to be acolytes or critics of Marx, then they should read him and read *all* of him carefully. So, I have spent much of my time teaching Marx's *Capital*. Through doing this, my own understanding of Marx has come back further to trying to understand why Marx was trying to do in *Capital*, *Theories of Surplus Value* and the *Grundrisse*. Indeed, I've even found it less and less interesting to go back to Lenin. In turn, I seemed to be getting further in my own interpretation of processes of urbanisation or what occurred in second empire Paris by using Marx's own text, rather than a lot of the later Marxist works, so I keep going with this. It occurred to me that there is so much discussion about Marx, but I've increasingly found that much of the discussion ó even that by Marxists ó has been very ill-informed about what Marx actually said. So I've increasingly thought it important to continue lecturing on his work and placing the lectures online, as well as writing the *Companion* volumes. You do what you can do. So I thought, given my experience in teaching it over the years, I could probably do this as well as anybody could and at least it would encourage people to go back and look at the original texts. In turn, over the course of it, you can see that there are some very significant misinterpretations of what Marx said simply by going back to the original texts.

**DP:** That is one of the most interesting things about your own contribution – particularly in *The Limits to Capital* and *A Companion to Marx's Capital*, where you emphasise the great insights to be drawn from Marx while not losing sight of the limitations of his conceptual oeuvre. Does this have any implications for how you see the state of play in contemporary Marxist political economic thought? Particularly in light of the global financial crisis, do you see the plethora of works utilising Marx's insights as moving in the right direction – both conceptually and politically – or are you concerned that it has stagnated somewhat? For instance, do you feel that contemporary works are going around in circles about what Marx really meant in particular passages or in attempting to make Marx respectable to a mainstream audience, such as in Howard Nicholas' *Marx's Theory of Price and its Modern Rivals*?

**DH:** I find it difficult to comment on that. Maybe it's partly an age-factor, but I don't really go out and read all of the latest works being produced. I do what I can do and hope that people will get something out of it. My impression is that there has been quite a positive reception to the online video and companion books. I do get some impression, though, if I go to a conference such as Historical Materialism. One of the impressions I have got recently, and it is not a very favourable one, is that people seem to be increasingly interested in making Marx even more complicated than he already is. Without oversimplifying, I think we should be trying to develop clearer presentations of what his work is about, while also not evading the revolutionary impulses and significance of his political economy: trying to identify what the revolutionary project should be focussed on.

At the same time, I have also found that many Marxists can be very conservative, locking themselves into a particular conception of Marx. For instance, there is currently a very large body of work focussing almost solely on Marx's notion of the 'tendency of the rate of profit to fall', as if this is the only thing Marx ever wrote. I think this is crazy. In turn, this form of conservatism carries over into some strange reactions to some of my own work. For instance, when I began discussing the notion of 'accumulation by dispossession', many Marxists reacted quite poorly and suggested that I was doing nothing more than a semantic job on the existing notion of 'primitive accumulation'. In part, this is true, though I wanted to emphasise that the notion is an evolving one with distinct forms in contemporary capitalism. If I go out in Iowa, for

instance and speak to farmers about the notion of 'accumulation by dispossession', they know exactly what I am talking about. On the other hand, if I go and posit the notion of 'primitive accumulation, they do not know what I am talking about. So why be fixated on not changing the language to something that common people can understand and relate to? Consider the recent crisis in the housing market and all the associated predatory practices therein: why refer to this as primitive accumulation when it can be conceptualised as accumulation by dispossession and people can understand it? This is the sort of conservatism that worries me in Marxist circles.

Having said that, though, the third point I would make is that there have been scholars who have been developing Marx's project in various, often useful and positive ways. I admire the way they're done this. People such as Peter Gowan and Giovanni Arrighi have already made contributions to the way we should understand Marxian theory. At the same time, while I disagree with certain aspects of it, the more recent work on finance by Costas Lapavistas and Leo Panitch, as well as the work by David McNally, have contributed to revitalising the interest in Marx and, at the same time, advance certain arguments that are apposite for understanding the current conjuncture. So there is a lot to be admired.

**DP: Is this why, for instance, in *The Enigma of Capital*, you develop the concept of a crisis of overaccumulation in order to understand the present conjuncture rather than, for instance, taking Marx *ex cathedra* and drawing on his concept of the 'tendency of the rate of profit to fall'?**

**DH:** Well, it is always a question of absorption of surpluses and I think that is terribly important. However, there are various ways you can talk about this. So, in *Engima*, I wanted to discuss how capital does not *solve* its crises but simply moves them around from one sector to another, or even geographically. It is important to be sensitive to this. For example, in May this year, I spent some time in Istanbul, which is a boom-town in Turkey and growing rapidly. In contrast, flying a few hours to Athens I found a complete contrast. So how do we create a theory of political economy to account for the contrast between Istanbul and Athens? Do we suggest that these differences are something that are annoying and push them to the background? Or do we regard them as fundamental to the capitalist dynamic, as I argue in discussing uneven geographical development? In the latter case, this requires developing a theory to

explain why Turkey, which was in crisis in 2001, is now not; why Argentina, which was in crisis in 2001, is now not (even if it is now sliding back in); and why these same tendencies are not uniform in other parts of the world. So, the most important argument about crisis theory is to come up with a conceptualisation of how crises move around and what they are about in different places and what the political responses are in these places and questioning whether these ameliorate or exacerbate the crisis tendencies. These are the sorts of issues that need to be addressed.

**DP: This obviously has implications for your understanding of the current crisis. Coupled with the problematic assumption that deregulation is the cause of our current economic woes is the belief perpetuated in much mainstream and progressive circles that finance is simply a parasite on the real economy. What you argue, however, in both *The Limits to Capital* and *The Enigma of Capital* is that, although part of finance is obviously speculative, finance actually plays a crucial role for accumulation in general. Can you explain why?**

**DH:** Finance is what I might call a form of 'butterfly capital': based on an analogy of motion, I see finance as fluttering around the world, landing and then taking off again when it likes. In contrast, commodities crawl around like a caterpillar and production tends to be stuck in place. So you have different mobilities for capital in different forms. Clearly, you would not get an equalisation of profit if the butterfly form of capital did not exist and could not flutter from one place where profits are low to where they are higher. So it becomes, as Marx depicts it in Volume 3 of *Capital*, really the centre of where the common capital of class operates in the way of coordinating and managing the total global capital. So, without this, you wouldn't have globalisation as we know it, nor the equalisation of the rate of profit going on. So, without finance and credit, we would have to hoard so much capital to deal with the temporality of fixed capital and reinvestments and so on, that everything would be slowdown and be hoarded. So you liberate capital and free it up by turning it into the butterfly form so it can flutter around, which in turn opens up possibilities. For instance, by fluttering from a location where it is difficult to produce surplus value to somewhere else where it is easier, it is (at least indirectly) redirecting capital to those sites where you can increase the surplus value production. So while it is not *directly* contributing to the production of surplus value itself, it does direct capital to that place where greater surplus value can be produced.

## Geography and Spatial Political Economy

**DP: On that point, could you please elaborate why you place great emphasis on the spatial dimensions of neoliberalism and contemporary capitalism? Moreover, why do you utilise Marxism in order to conceptualise this significance?**

**DH:** Marx is talking about the circulation process, which is necessarily a *temporal* process. He suggests that a commodity is not complete until it is brought to the market. To do this, it must travel across space. The optimum for capital is when circulation time is zero, which means that any time which is taken to cover space is a deduction in surplus value. So there is a tremendous incentive in capital to reduce spatial barriers, meaning that it is necessary to produce space in order to remove space. It is necessary to make airports, highways, railways and so on, which are all fixed in space, in order to get the motion. It is necessary to construct a landscape which is optimal from the standpoint of reducing circulation time. This becomes absolutely critical...

**DP: So, in this sense, you could suggest that the production of space is inherently tied-up with innovation processes under capitalism?**

**DH:** Exactly. I ask you, what have been the major innovations in the history of capitalism? How many of them have been about precisely reducing spatial barriers? Railroads. Canals. The automobile. Telecommunications. Looking at the history of innovation, most social scientists seem to come to the conclusion that these developments have occurred because capitalism is interested in progress. On the other hand, I would posit that such developments were necessary in order to lower the barriers to circulation time. There is an impulsion within capitalism to, as Marx said in the *Grundrisse*, annihilate space through time. So, this means that it is necessary to produce a geography of a certain kind. This production absorbs vast amounts of capital ó often fixed capital ó which is vulnerable to devaluation. Then ask the question: what triggered many of the crises in the 19<sup>th</sup> century? Railroads and over-speculation in their production. What caused the most recent crisis? Over-speculation in the property market! So, to discuss the production of space and consider it as a site of contradictions and crisis production is terribly important. Only if you imagine that all economic activity occurs on the head of a pin, can you develop a non-geographical theory about what is actually going on in contemporary capitalism.

**DP: So it is for you, then, both a question of ontology and praxis?**

**DH:** Precisely.

**DP: In *Rebel Cities*, you talk about monopoly rent and the contradictions inherent in that process. Could you please explain those contradictions and their significance for your analysis?**

**DH:** I use the term 'monopoly rent' in a locational sense. All spatial competition is monopolistic competition. There is always something monopolistic about space: I am monopolising the chair I am sitting in now, you are monopolising your chair, so you and I can't be in your chair at the same time. Thus, there is a monopoly relationship. All spatial competition is monopoly competition which is why most economists don't like to deal with spatial questions: their model of an economy is a space-less one on the head of a pin. Yet, capitalists ó who are supposedly great fans of competition ó prefer monopoly. So, they try to gain a monopoly position and utilise locational strategies to gain advantage. If I locate my factory at the right intersections of the railroads and highway system, I will have easier access to the market than my competitor on the other side of town, so I can gain a monopoly rent out of this.

The second aspect is that I may try to gain a monopoly rent by taking a particular quality of a space and market it as non-replicable. Thus, we are increasingly seeing cities brand themselves, for example: positing that there is no other city like their own. In turn, within this marketing of qualities, we are increasingly seeing the embedding of a notion of cultural specificity, so that history and culture are increasingly being marketed as part of an experience unique to that city. Yet, in marketing it, the city and its history and culture are becoming commodified as a brand, which is then placed alongside other brands from which consumers are supposed to choose. This is a phenomena that can be seen in the production of commodities more generally: why should a shoe with the Nike 'tick' cost more than something else? Because of the symbolism and cultural value attached to possessing a Nike shoe, enabling Nike to charge a monopoly price, differentiating it from other shoes. Capitalists are constantly seeking to establish some brand monopoly and gain a monopoly price out of it.

**DP: How have neoliberalised urbanization processes destroyed the city as a social, political and liveable commons? In particular, how have these affected unrest among lower-income people who live in cities?**

**DH:** It gets destroyed in a number of ways. Partly through the transformation of spatial organisation. The neoliberalisation of the city has been concerned with the reoccupation of central city sites through gentrification, which has meant expelling low-income groups from, often, favoured locations. It has also been about 'Disney-fication' and commercialisation; the introduction of box-stores, which have destroyed the power of local neighbourhood shops. In other words, the irony is that while neoliberalism is supposed to be about competition, it has in reality been more about monopolising these spaces.

At the same time, neoliberalism has also been concerned with dividing the city into gated communities, so we were supposed to desegregate the city 40 or 50 years ago, yet it has become increasingly segregated by building gated communities which are socially-segregated structures. Thus, the city as a body-politic disappears and everybody withdraws into their fragments: people in gated communities are concerned about their own immediate community rather than the city as a whole. The notion of obligation, based on the responsibility of different sections of the city to others begins to fade. It is only occasionally resurrected, such as occurred after Hurricane Sandy in which inhabitants in those parts of New York not greatly affected have taken the time to help those without power and food. It is this sense of obligation that has also been expressed by the Occupy Movement. Indeed, it is all the members of the Occupy Movement who were out on the streets of New York prior to the Red Cross and FEMA to help those in need. It is this sense of obligation *across* the city that has been much weakened under neoliberalism, as has the notion of social solidarity across the city. One of the projects I am currently interested in is what forms of institutions and social movements could be instrumental in helping to re-establish this sense of mutual-obligation in the city as a whole: can we organise a whole city and, if so, how would the organisation of the whole city work in transforming it from a fragmented to collective entity?

**DP:** This is presumably a project that relates to the concept you have repeatedly espoused throughout your work on the 'right to the city'?

**DH:** Yes, that's right.

**DP:** That is very interesting because, in the context of neoliberalism, complemented by a resurgence of interest in Henri LeFebvre's work, the 'right to the city' is a phrase regularly promoted in progressive academic and political circles. Yet, in *Rebel Cities*, you describe the

**concept as largely an empty slogan. Does this mean that you see the concept as largely symbolic in the contemporary context?**

**DH:** No, rights are always what I would call an 'empty signifier'. The only interesting question is who fills them with meaning. Marx, for instance, discusses the dialogue that takes place between capital and the worker: the capitalist suggests that they have a right to employ the worker for 100 hours in the week, to which the workers replies that this is not the case. Marx argues that both are, in fact, equally correct ó between equal rights, force decides. This is true of claiming the right to the city which, here in New York, is currently held by developers and a mayor who is a billionaire. Yet, what about those on Staten Island who have been smashed by Hurricane Sandy ó do they not also have a right to the city? The point here is that the notion of a right to the city is certainly important, though it is necessary to ensure that it is the groups like those on Staten Island who have a voice and a right to the city, rather than simply the well-off groups who currently hold power. Thus, once again, it is the case that between equal rights, force decides. If different factions of the city have equal rights to the city, then we must examine the power relations between those who currently dominate and claim the right the city and those who do not have power and wish to claim it back.

## **Praxis**

**DP:** Your work has always utilised theory in order to make visible the temporal, spatial and environmental dynamics of capitalism. In the introduction to *The Urban Experience*, you state that 'Theories provide cognitive maps for finding our way in a complex and changeable ... [world]'. Likewise, in the Afterword to *The Limits of Capital*, you maintain that 'the aim is ... to create frameworks of understanding, an elaborated conceptual apparatus, with which to grasp the most significant relationships at work within the intricate dynamics of social transformation'. Yet, no-one could accuse you of engaging in pure conceptualisation divorced from real world experience. Given you earlier emphasised the necessity to maintain the revolutionary impulses of Marx's political economy, can you please explain why theory is so important to your work?

**DH:** The odd thing here is that my primary interest all along has not been in Marxian theory *per se*, but rather understanding urbanisation and

uneven geographical development, social inequality and production of the landscape of equality and so on. Historically, I found that I could *describe* all this inequality, yet I could not *explain* it without the aid of developing theory. I tried various theoretical frameworks, none of which worked adequately, until I got into Marx. So, all along, it has been a dialogue between my understanding of Marx's theory, which in turn has been very much shaped by that theory being in dialogue with trying to understand particular political economic developments ó whether this be what happened in Second Empire Paris or Baltimore since the 1970s. Thus, I felt that I needed to get away from just describing the inequalities because there is a great deal of academic work available that, for me, is the equivalent of moral masturbation: scholars patronisingly suggesting that other scholars go out and look at all the poor people. It is, of course, necessary to document such empirical, but the flip-side of the coin is to understand *why*: what are the processes creating this situation? Otherwise, we are just dealing with symptoms all the time rather than the guts of the problem.

I felt that Marxist theory was helping me get to the nature of the problem and I still feel this way ó perhaps more so now than ever. Thus, as I put it back in the theory I wrote about in *Revolutionary and Counter Revolutionary Theory in Geography and the Problem of Ghetto Formation*, it is necessary to move to a situation whereby rather than *describing* the problem, we need to *understand* the problem and our politics needs to respond by changing those processes that give rise these problems. For me, these processes are fundamentally the processes of capital accumulation, requiring that we go after capital accumulation. Of course, most academics writing about urbanisation and the right to the city don't want to do that because it means confronting political economic power. Yet, it is necessary to consider these issues and, in order to do so, it is necessary to have a theory to really justify the understanding that says certain inequalities have been produced by particular processes. If the accumulation of capital gives rise to the problem, the solution cannot be supporting further capital accumulation and more markets.

I have been around for a long time and have heard many, many anti-poverty programmes. In all cases, the focus has been on more development defined in terms of more growth and more capital accumulation. Yet, it was only toward the middle of my life that I realised that accumulation was creating the problem. Thus, we must find

another answer to the problem. In order to make this switch, however, I needed a theoretical understanding of how capitalism works and it is this what I get from Marx.

**DP: This is a particularly striking issue in the current crisis-ridden context, because it seems that much contemporary critical social science has reduced questions of praxis to the elaboration of better theories and political solutions as stemming from a contest of rational ideas. Yet you emphasise the capacity of knowledge to enter into the constitution of the world it seeks to describe and thus to change the world rather than simply represent it. What role, if any, do you see for political economic ideas in informing progressive politics in the current conjuncture?**

**DH:** That is a difficult question. This is an area in which I have a problem with some Marxists who seem to think, ‘yes! It’s a crisis; the contradictions of capitalism will now be solved!’ Yet, this is not a moment for triumphalism; rather it is a time for problematising. The first point I would make is that I think there are, in fact, problems with the way Marx set up those problems. While they are terrific at understanding some other things, Marxists are not very good at understanding many of the critical ingredients of the current conjuncture, such as the state-financial-complex or urbanisation. Thus, we now have to rethink our theoretical posture and political possibilities.

Secondly, and relatedly, dealing with the current crisis requires a lot of theoretical re-thinking to be combined with practical action. How we understand the crisis is inevitably tied up with the opportunities we see for political action. So, as I have regularly argued, I understand the crisis as necessitating a reimagining of how we reconfigure urbanisation. The high rate of foreclosures here in the US must be understood not just as a financial crisis, but rather as an urban crisis: as a financial crisis of urbanisation. In turn, this requires solutions addressing the specifically urban: as a means of addressing the foreclosure crisis, for instance, the creation of a national redevelopment bank imbued with the stimulus funds approved by Congress could have been linked to municipalities to deal with neighbourhoods hardest hit by the foreclosure wave, with the aim of bringing back the ‘primarily poor’ people who used to live in those communities and re-housing them on a different basis of residency rights, tenure and with a different kind of financing. Similarly, to do anything on global warming we must totally reconfigure how American

cities work; to conceptualise a completely new pattern of urbanisation, with new patterns of living and working.

Finally, it is important to emphasise that I am not against marginal, incremental theoretical transformations which can mitigate or assuage some of the worst aspects of the problem. I would never say this is a waste of time. If we can make life better for 5% of the population, we should seize every opportunity to do so. Yet, at the end of the day, what separates me from this line of thinking is that, given my understanding of Marx, I would say that it is also necessary to go beyond capital through a form of revolutionary program. Thus, while I will always look at and promote incremental changes, I would like to think that there is an end-point that could be called a 'revolutionary reform': a reform that would edge things to the end-product where the point of the completed reform is to open the revolutionary program. Thus, rather than thinking about the reform itself, I always think in terms of the revolutionary transformation and how it might be scaled. So, while I would certainly enter into alliance with reformists at various points throughout history, I would like to redirect their reforms toward a different dynamic in the future.

**DP:** With that in mind, I'm interested in your discussions about strategy. As you argue in *Justice, Nature and the Geography of Difference*, the traditional conception that the left has had of the industrial working class as the sole revolutionary subject, the agent of change, is not one that we can cling to in the West. Yet, while recognising the importance of adopting a plurality of strategies, you also argue that it is important not to descend into a form of post-modern identity politics. Can you explain how you re-conceive of the revolutionary subject and who might constitute that now?

**DH:** The first thing to say is that I would emphasise is that it is up to the social movements themselves to discern and identify the strategies and policies they would embrace. As academics, we must not view ourselves as ever having some missionary role in relation to social movements; we should, instead, develop a dialogue and discuss how we view the nature of the problem. Thus, for me, the core problem in any capitalist economy is how you are going to absorb capitalist surpluses in a productive and profitable way. Social movements must coalesce around the pursuit of increased control over the surplus product. While this does not mean a return to the 'Keynesian' model that prevailed in the 1960s, this period did exhibit far greater social and political control over the production,

utilisation and distribution of the surplus, which was invested into the building of schools, hospitals and infrastructure. Indeed, this was what angered the capitalist class and led to a counter-movement toward the end of the 1960s ó that they did not possess sufficient control over the surplus. Yet, at least here in the US, examination of the data suggests that the proportion of the surplus absorbed by the state has not shifted much since around 1970. So, the effect of this counter-movement was for the capitalist class to effectively stop the further socialisation of the surplus.

The question of which groups may take a leading role in this struggle to regain control over the surplus is a more complex matter. It is difficult to discern which groups may constitute the agents of change in the current conjuncture, particularly as so much political energy has recently been expended on re-establishing the legitimacy of the system. In addition, this will obviously vary in different parts of the world. At the height of the crisis in the US, for instance, many people were made redundant in the financial services ó even having their mortgages foreclosed in some instances. Consequently, there were ó and, indeed, remain ó at least some signs that elements of the managerial class, who had lived off the earnings of finance capital for years, had become annoyed and may become somewhat more radical. In the present context, though, it is more difficult to discern what, if anything, may come of this.

In my case, since I've always been interested in urbanisation, and have always worked far more experientially with urban social movements than labour movements, I have often had to confront the commentary from Marxist colleagues that I am not really working with the revolutionary proletariat. Over time, I have always said that there is as much revolutionary potential in an urban social movement concerned with affordable housing as there is in a labour union ó I don't see one as more revolutionary than the other. In turn, I have increasingly come to agitate in terms of questions of the role of the city and redefining the proletariat in terms of all those people who produce and reproduce urban life. Under these circumstances, we would be in a position to explain the significance of something like the Paris Commune, the significance of the movements arising in Buenos Aires and so forth. Indeed, if you look back at the urban history of capitalism in the USA, you will see urban riots frequently taking place. So, why not look on such movements as part of a rebel history which can be recuperated and articulated by the left as being at the centre of its political concerns, rather than being marginalised so that a dichotomy is drawn between urban social

movements and the revolutionary vanguard of the proletariat? This is an unfortunate way of thinking about things ó in the US, much of the revolutionary vanguard has disappeared over to China and so is diminished in terms of its power and significance. In the current context, as I alluded to in answering your previous question, we need to begin to exercise our right to the city. And the only way in which we are really going to be able to exert the right to the city is to take control of the capitalist surplus absorption problem. The capital surplus needs to be socialised and we must transcend the problem of 3% accumulation forever.

So, for me, labour ó particularly organised labour ó is only one part of the whole problem, and is only going to have a partial role in addressing the current conjuncture. The reason for this harks back to Marx's shortcomings in how he established the political economic problem to be resolved. Consider, for instance, how the development of what I call a 'state-finance nexus' constitutes a core element in shaping the dynamics of capitalism. Now consider what social forces have been at work in establishing or contesting these institutional arrangements ó labour has never been at the forefront of that struggle. Rather, it has been at the forefront in struggles over the labour process and in labour market. Of course, these are critical moments in the circulation process; yet most of the struggles which have gone on over the state-finance nexus are populist struggles in which labour has only been partially present. The most obvious example, of course, is that many of the current struggles taking place in Latin America are more populist than labour led ó those contesting the privatisation of natural resources and corporate control of agriculture, for instance. Obviously, this is not to dismiss the importance of labour, which always has a very important role to play in achieving transformational political economic change. However, the conventional view of the proletariat being the vanguard of struggle is not very helpful in the current context when it is the architecture of the state-finance nexus ó as the central nervous system of capital accumulation ó that is the central issue. There may be contexts in which proletarian movements may be highly significant, such as in China where I envisage them playing a fundamental role which I do not see being replicated in countries such as the US.

**DP: Finally, I wanted to ask you about the role you see for the state in addressing the ongoing crisis. There is a divide in contemporary progressive political economy between those positing that the state is**

necessary as a political counter to the economic drive of neoliberalism, while others see the state as the root of the current impasse and call for greater political decentralisation. As you argue in *A Brief History of Neoliberalism*, the former focuses on neoliberalism at the level of theory and fails to recognise the political force central to the neoliberal project. In the case of the latter, you note in *Rebel Cities* that 'Decentralization and autonomy are primary vehicles for producing greater inequality through neoliberalization.' What role, therefore, do you see for the state in promoting progressive alternatives – both to contemporary neoliberalism and the systemic contradictions of capitalism?

DH: I think you're right. In particular, many thinkers on the left assume that capturing state power has little significance in achieving political transformations. I think this is a crazy position. Here in the US, in particular, there is quite a marked anarchist political thread running through the left and, while sympathetic to many anarchist views, I feel that their seemingly perennial complaints about and refusal to utilise the state is more obstructive than productive as a political project. Great power is located in the state as an institution and it cannot simply be ignored as though it doesn't matter. In particular, I am quite sceptical of the increasingly pervasive belief that civil society organisations and NGOs are likely to change the world – not because these institutions are powerless or worthless, but rather, as we've just discussed, because it is necessary to adopt a different form of political movement and conception of the nature of power relations in contemporary capitalism if we are going to have any impact on the ongoing crisis.

So, the first step we need to take is to disaggregate what constitutes 'the state'. It is not a monolithic institution. There is a core of the state which is foundational to capitalism and how it works – that is, the 'state-finance nexus'. Right now, the Federal Reserve and the Treasury constitute this nexus in the USA. Consider, for instance, how following the collapse of Lehmann Brothers, it was Ben Bernanke and Hank Paulson who appeared on television to explain to the world what had happened and what needed to be done moving forward, rather than the President. More broadly, sovereignty over and management of the money supply is crucial to capital. One of the great powers of the state is its monopoly over money. The state has two great forms of monopolistic power, as Max Weber discussed: that over violence and over currency. When monopoly over currency is challenged, as occurred in Russia, for

instance, large sections of the economy operated on barter, the Ruble disappeared and state power vanished. This was a good way to make the state wither away: shift to a barter economy! In turn, there was a great struggle to regain control over the money supply. So, this aspect of the state is so tightly bound with capital that it seems to have no progressive capacities within it ó if you want to smash elements of the state, this is what should be targeted.

On the other hand, there are other aspects of the state which are managing important things. Consider the air traffic control system. Would you want to smash this? What about municipal sewer or water systems ó should these be smashed? In other words, there are elements of the state that deliver important use-values to people. It is a collective way of delivering these use-values which, in the past, has not been neoliberalised ó part of the neoliberal project has been to subsume greater chunks of the state, so that public services education, healthcare and water provision have become privatised. In turn, I think that there are aspects of the state such as these that I would like to see turned back into public utilities at worst and, at best, publicly-supplied free goods to the population. I think education and health-care should be freely provided. Even Hardt and Negri suggest that everyone should have a guaranteed minimum income. In fact, they provide an interesting example, as their works simultaneously call for smashing the state *as well* as its provision of public services.

In turn, when discussing the state, my point is that we are discussing different potentialities in different parts of the state apparatus in terms of what could be taken-over, recuperated and utilised for more public purposes. Even in a situation where the anarchist vision of communes were set up, some form of institution would be established concerned with elaborating on territorial-administrative structures which would resemble a state. Thus, there is no avoiding an institution of this kind. My approach to the state, in turn, is consequently rather pragmatic in that I argue that there exists a certain core of the state that is totally embedded in the processes of capital accumulation ó the 'state-financial nexus' that I referred to earlier. Many other aspects of the state are also embedded in capital accumulation, such as the military-industrial-complex, that should be challenged. Other aspects relating to the state's monopoly on violence must also be addressed, such as the increasingly omnipresent systems of surveillance and recently augmented police power. Yet, there are other aspects of the state concerned with public provision of goods to the

community as a whole that I would like to see preserved and enhanced, because you can see what happens when these goods are not delivered ó particularly in the context of the aftermath of Hurricane Sandy here in New York, where electricity, water and sewage have not been readily available. Thus, I do not think it is helpful to get into questions about whether one is for *or* against the state: it is more important to consider those pieces that should be preserved and utilised and those that should be abolished because they are at the heart of endless processes of capital accumulation.

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