

## **DIALECTICS AND CLASS IN MARXIAN ECONOMICS: DAVID HARVEY AND BEYOND**

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### **I INTRODUCTION**

The clash of different Marxian theories infusing David Harvey's work reflects a key transitional moment in the development of the Marxian tradition<sup>1</sup>. He draws deeply from the rich accumulated literature of that tradition's 150 years. At the same time, the new directions within Marxism that erupted in the 1960s and 1970s profoundly influenced Harvey. Transition within Marxism, itself the product of social changes, shaped certain transitional qualities of Harvey's work.

In the hundred years after Marx's death in 1883, Marxism spread rapidly. One or more of its tendencies or interpretations eventually entered the life of every country. Everywhere, among intellectuals, academics, periodicals, newspapers, trade unions, and political parties, Marxism found adherents who expanded the tradition by contributing perspectives emerging from their varied social circumstances. Even some governments did so. Not surprisingly, such global growth and dissemination provoked intense and often theoretically creative debates over every aspect of Marx's legacy. On the one hand, such growth helped the Bolsheviks to organize and to take power in 1917. However, in dialectical fashion, the Bolshevik victory also led to a sharp constriction of those debates once Stalin took over and solidified the global status of one Marxist tendency as "classical Marxism." When the Soviet preeminence in defining Marxism began to crumble in the 1960s, formerly marginalized (and often suppressed) Marxist viewpoints re-emerged and new kinds of Marxism arose. They often criticized "classical Marxism" and reignited new debates over the present and future of Marxism. David Harvey's work reflects and embodies a transitional period within the Marxist tradition.

Harvey reformulates classical Marxism - especially its basic economics - in the light of the issues (including the state, economic crisis, and imperialism) of central concern to social theory and political struggles in the 1960s and 1970s. His 1982 *The Limits to Capital* does this while also integrating a Marxist geographer's interest in space and the spatial dimensions of capitalism. Yet already in that book, Harvey recognized that the 1960s and 1970s had also grounded basic issues of epistemology and ontology as central to every social theory, and he explicitly included Marxism (xv). He chose then - in the interests of what he termed "simplicity of exposition" - to ignore the emergence of a critical postmodernism within the modernism that Marxism shared with most other social theories. However, he soon realized that his reformulated Marxism had to come to terms with the postmodern critical perspectives that were sweeping across virtually all disciplines. He undertook that task in his 1990 book *The Condition of Postmodernity*. In both books, Harvey contributed significantly to Marxism's intense period of transition as much as his work drew inspiration from it.

## II INTEGRATING DIALECTICS AND CLASS ANALYSIS

To more precisely situate Harvey's transitional position, we make grateful use of Bruce Norton's (2001) pioneering specification of a basic tension inside Marxism. Norton identifies two basic goals of Marx's work: (1) to articulate a new, non-determinist and class-based way of understanding social structure and dynamic, and (2) to demonstrate how the contradictions of capitalism pushes towards a revolutionary passage into socialism or communism. However well Marx's work may have integrated these goals, Norton shows that most subsequent Marxists focused chiefly on capitalism's revolutionary contradictions; in contrast, they marginalized Marx's distinctively anti-deterministic class-theoretic analysis. The interpretation that won Soviet endorsement and thereby became the most widely known conception of classical Marxism was determinist. In that view, the economic base determines the political and cultural superstructure, the forces determine the relations of production, and so on. That interpretation defined class loosely in terms of property and power: haves against have-nots and rulers against the ruled. It concerned itself neither with the problems of deterministic social analysis including Marx's own critiques of determinism) nor with the possibilities of a systematically non-determinist social theory. Likewise, it did not worry about how property and power concepts of class might clash with Marx's systemic focus on the production and distribution of surplus labor *as an alternative concept of class*.

Harvey is clearly grounded in this classical Marxism, appreciates the profound and powerful insights it achieved, and seeks to extend its reach to new topics. He also does not shrink away from struggling with some of its most important problems. In Norton's terms, Harvey is transitional; he both challenged and took significant steps beyond the determinism of classical Marxism. Harvey is also transitional because he began to see problems in its concepts of class, although he was less able to move beyond them in any systematic way.

In the opening pages of *The Limits to Capital*, Harvey summarizes his approach as a combination of dialectical thinking and simplicity of exposition. The dialectics are necessary, as he argues throughout the book, to build on Marx's persuasive demonstration that "everything relates to everything else" (xiii) and "to keep faith with the intricate integrity of the subject matter" (xv). However, because the effort to render the dialectical complexity "brings me to the brink of obscurantism," Harvey strives for that "simplicity of exposition" mentioned above. By simplicity, Harvey clearly means the sort of explanations of social structure and history in which distinct causes uniquely determine "their" effects such that the dependence of all causes and effects on one another (i.e., the recognition that all causes are also effects and that every cause/effect has an infinity of causes) disappears or else is merely acknowledged tangentially.

Unlike most classical Marxist writers, Harvey is not content, let alone confident, about the determinist simplicity in his work. He says this first in his Introduction: "the striving for simplicity takes me dangerously close to the perils of reductionism" (xv). More importantly, at the end of *The Limits to Capital*, in looking back on its prodigious reworking and extension of Marxist economics, he worries that "This lack of unique determinations makes theorization difficult" (425). With an honest, if somewhat plaintive, voice he pleads: "We have to deal somehow with multiple, simultaneous and joint determinations" (425).

To Harvey's credit, his reformulation of classical Marxian economics in the book takes major strides in breaking the hold of simplistic determinist arguments. For example, his rendition of Marx's concept of value emphatically rejects its classical reduction to some fixed quantum of labor time and proposes instead that it is a "concept that undergoes perpetual modification in its meaning the more we grasp what the socially necessary characteristics of capitalism are" (193). He tries, in short, to open the space theoretically for the multiple determinations of value by everything else in capitalist society. Harvey also inserts contradictions into the core arguments of Marxism. He repeatedly explores how relationships within a capitalist economy that are mutually supportive are likewise and simultaneously mutually destructive (for example, the forces enabling capitalist accumulation, rising profit rates, and rising rental rates are also shown to disable them). Harvey thus follows Marx's lead in his discussion of the tendency for the rate of profit to fall in *Capital*, vol. 3 (chaps. 13-15). There Marx's initial simple determination of the profit rate's fall is immediately followed by the dialectical introduction of many disparate social determinants that contradict and offset that fall. The resulting complexity of profit rates and the uncertainty of their movement is the kind of dialectical argument Harvey takes from Marx (in contrast to most classical Marxist treatments that prefer to stay at the level of the initial simple determinist argument).

From our perspective, Harvey contributes to Marxian economics in the many ways that he questions and displaces simple determinisms in favor of the dialectical complexities that for so long eluded classical Marxism. Thus his rightly famous "three cuts" Marxian theory of crisis (1982, chaps. 7, 10 and 13) reflects the critique of determinist reasoning that erupted within Marxism during the 1960s. While he cites Louis Althusser's *For Marx* and *Reading Capital* in *The Limits to Capital's* list of references, he does not discuss Althusser's critique of classical Marxism's determinism nor his advocacy of the alternative he called "overdetermination". Yet the proof that Harvey had absorbed the force of postmodernism's critiques of the epistemological and ontological foundations of all social theory including Marxism emerges in his *The Condition of Postmodernity*. There, woven into his subtle and persuasive critiques of some parts of postmodernism is likewise an appreciation of what other parts have to offer Marxism as well (1990, especially chaps. 6 and 22). His brilliant exposition of how capitalism's historic "timespace compression" yields both modernism and postmodernism as materially grounded moments of its contradictory evolution stands as one of his greatest contributions and one we have found particularly useful in our work.

Had he absorbed Althusser's articulation of "overdetermination" as a specifically Marxist theoretical tool, Harvey would likely have found it very helpful for his project of making Marxist theory more systematically dialectical. In any case, Harvey's introduction of more dialectical elements into Marxian economics, supplemented by Althusser's interventions, prepared those influenced by both of them, ourselves included, to take major steps forward from the classical past of Marxism. Such steps aim for a Marxism that can theorize society as a dialectical complexity in renditions that are not obscure and that can free revolutionary politics from a reliance on determinisms that has become debilitating both theoretically and politically.

Harvey's conceptualizations of class also show important steps beyond the classical Marxian focus, reductively bi-polar, upon the industrial proletariat and its capitalist employers. His original work on the spatial or locational dimensions of capitalist

accumulation identifies landlords as a class with distinct and important interrelations with the industrial capitalists.

Similarly, his efforts to reformulate the connections among industrial capitalists, financial capitalists, merchant capitalists, landed capitalists, and managers forced him to struggle creatively with the concepts of class, class differences, and related social subgroups such as “fractions,” “factions,” and “strata” (1982, 74 and 286). Like other Marxists of his time, he was moving beyond bi-polar class analysis to a much richer, nuanced framework for class analyses.

Harvey thus proposed many classes, fractions, factions, and strata distinguished by their different positions within the production and circulation of capital. The richness of Harvey’s rendition of Marxian economics, emerging from the complex interplay of his multiple class and other groupings, marks another major contribution to Marxism’s transition from a bi-polar class analytics to a complex class analytics.

As with his contributions to dialectical analysis, Harvey’s class analytics pushed those he influenced to go further. For some this meant raising the question whether Marxian class analytics should be focused on different kinds of capital – Harvey’s procedure – or perhaps more basically upon different social organizations of surpluses. In our work (1987 and 2002), the latter offers an alternative way to move from simple to complex class analysis as individuals are grouped – “classed” – according to whether and how they produce, appropriate, distribute, and/or receive distributions of the surplus. Such an approach, illustrated further below, implies the division of workers and capitalists into different class categories (while Harvey differentiates capitalists into different classes, he never explored the possibility of a parallel move with workers). Such different approaches to the future of Marxian theory typically trace their origins to Marx’s own writings. However, we fully share Harvey’s sense that Marx’s rich legacy of work had ambivalences, loose ends, and contradictions that allow or even provoke diverse interpretations and extensions. We also share his disinterest in quarrels over lineage; what matters is where and how Marxism evolves. The second part of this paper intends to honor Harvey by taking up his works’ contributions and invitation to continue Marxism’s transition toward a fuller integration of dialectics and a more systematically articulated class analytics.

### III EXTENDING HARVEY’S MARXIAN ECONOMICS

To illustrate the radical consequences for a Marxian economics when class as surplus appropriation and dialectics are more fully integrated, we consider three topics: commodity production, space, and the profit rate. The first sentence of *Capital*, vol. 1, reads: “The wealth of societies in which the capitalist mode of production prevails appears as an ‘immense collection of commodities’.” What is this capitalist mode of production Marx places so prominently in the first words of *Capital*? What role does it play in the discourse of *Capital*? Like Norton we believe that how these questions were answered has shaped the development of classical Marxism. For us, capitalism refers specifically and narrowly to one particular mode of producing and appropriating surplus labor in production: what we have elsewhere labeled the capitalist fundamental class process (1987, ch. 3).<sup>2</sup> For us, Marxian economics as a systematic theory begins with class – in this sense of a surplus process. Class is Marxism’s entry point, namely the initial, organizing idea from and with which its theory develops. *Capital*’s thematic focus

is this surplus: how it is produced and appropriated (“pumped out of the workers”) in volume 1 and how it circulates and is distributed in volumes 2 and 3.

Defining class in terms of surplus production and appropriation and affirming the latter as Marxian economics' entry point strikes us as Marx's most important and radical contribution to economics. It enables and foregrounds his argument that the source of capitalists' profits – the surplus value extracted in production – is the exploitation of workers. Class – the process whereby this surplus is produced by workers and appropriated by others (capitalists) – is, for us, the exploitation that is hidden in and by the hegemonic discourses of contemporary capitalist societies. Marxism aims to make such exploitation not only visible but also vulnerable to revolutionary transformation and elimination. Conceiving Marx's opening thesis – and Capital's logical structure – in this way gives class both discursive and political priority<sup>3</sup>.

The role of class as conceptual entry point raises the question of the relation between class processes and all the non-class processes within the economy and society. The process of class might be thought to determine, in the first or last instance, the economy's forces of production, commodity production, profit rate, and perforce the superstructure's processes of property ownership, power, and culture. Similarly, class might be thought to govern the spatial location of all these processes. Classical Marxism reasons in that way: the mode of production structures the economic base and the superstructure. It reduces the evolution of the economy, society, and the physical environment to the fundamentally determining contradictions at its base. This classical economic determinism holds that the contradictions between the base's relations and forces of production govern social changes elsewhere.

Another and very different kind of causal relationality has also informed Marxism. Labeled “overdetermination” and critically appropriated from Freud by Lukacs and then Althusser, it refuses to conceive of processes as either causes or effects.<sup>4</sup> Instead, each and every individual process within society is conceived as a site of different effectivities emanating from all the other social processes. Each process is thus both cause and effect; each partly constitutes and is constituted by all the others. To affirm this kind of relational logic as the distinctively Marxian dialectic implies certain theses. First, no social or physical process can be treated as existing independently from the others, since each is caused literally by the different effectivities emanating from the others. Second, it follows that no one process can be deduced from any one other process. Finally, it follows that no particular process can be deemed to be more or less important in its causation than any other. Indeed, the unique impact of any one process on any and all others is itself a result of how that one process is constituted by them. These three theses necessarily vitiate economic or any other kind of determinism.

#### **a. *Commodity Production***

Let us now return to the opening lines of *Capital* to read our three focal topics – commodity production, space, and profit rate – from and with the entry points of (1) class as surplus labor and (2) the dialectic understood as overdetermination. Commodity production then becomes the first of ever so many non-class processes introduced by Marx and then linked by him to class processes so as to give the interdependent meanings he intends to both class and commodity production. Indeed, the contradictory relationship

of class processes, especially capitalist exploitation, and commodities becomes one of several central themes across the three volumes of *Capital*.

Following this kind of dialectical logic, once Marx introduces commodity production, he immediately explores its relations with other social processes as his way of progressively constructing/enriching the meaning of – quite literally defining – commodity production. Like every other process to which Marx relates it, commodity production is the site of the effectivities of those other social processes. The latter include the many non-class processes cited in the first two hundred pages of *Capital*: wealth produced for sale, wealth possessed of a use value in and to society; wealth produced by concrete labor using a particular technology (the forces of production); wealth exchangeable for a universal equivalent (money); and so forth. Marx's predecessors noted many of these non-class processes (as he acknowledged). What Marx adds that is new and that reworks his predecessors' insights is his connection of commodity production to the capitalist fundamental class process, i.e. to exploitation. Marx reveals the production and appropriation of surplus as a dimension of capitalist commodities. Class processes (surplus production, exploitation, etc.) and commodity production are theorized as conditions of each other's existence, mutually constitutive, components of each other's definitions in an altogether original formulation.

Embracing the notion of overdetermination in this way has profound implications. In adding each of these related and hence constitutive processes, the meaning of a commodity changes continually from what it was when introduced at the beginning of *Capital* to what it becomes as the text proceeds. Hence the meaning of commodity production cannot be conceived as ever fixed, nor can it be reduced to some basic foundational determinant. Rather, it necessarily changes across *Capital*, because the successively introduced social processes across each volume continually reconstitute its qualitative and quantitative meaning. Marx used the words "socially necessary " (in progressively modifying abstract labor time) to capture his dialectical conception of a commodity's meaning as a site of other processes' differing and changing political, cultural, and economic determinations.

Consider, for one example, the difference in the qualitative meaning of a commodity as initially posed in volume 1 of *Capital* from what it has become at the end of that volume. One hundred and fifty pages into the volume, Marx introduces the capitalist fundamental class process as a condition of existence of commodity production. In his manner of relating commodity production and class, Marx changes the very meaning of a commodity. It is made different from his predecessors' definitions and indeed also from what had been developed as its elaborated definition in the first 150 pages. He first showed how commodity production could (and in Europe did) evolve from pre-capitalist forms to enable and yield a specifically capitalist commodity. He then proceeded to explore the feedback effects as capitalist class processes reacted back upon commodities to shape what they became, namely specifically capitalist commodities. "The commodity that emerges from capitalist production is different from the commodity we began with as the element, the precondition of capitalist production" (Marx, 1990, 953). The difference is that it is now a "product of capital", namely a container of surplus value (Ibid. 954).

Theorizing in this way opens new analytical possibilities in social analysis. For example, commodities may emerge from capitalist as differentiated from non-capitalist class structures of production. Thus, *communist commodities* would be products not only of

labor, technology, exchange, and so on, but also of specifically communist class structures of production (where the collective of producers is identically also the appropriator of the surpluses it produces)<sup>5</sup>.

Similarly, feudal, slave, and simple (self-employed labor) commodities become possible components of such aggregate abstractions as “commodity exchange” and “commodity production.” Such qualitative differentiation among commodities – which coexist in varying proportions in many societies – becomes important because the very meanings of commodity, value, price, and so on vary with their different class dimensions (or determinants).

Consider a second example in which the quantitative meaning of a capitalist commodity develops across the volumes of *Capital*. In the first volume's conception of competition, where different capitals (enterprises) compete for profits within one industry; “socially necessary abstract labor time” refers to the weighted average of each individual enterprise's abstract labor time needed per unit of output. Each commodity's value becomes literally the site (the weighted average) of such quantitative differences among the enterprises in the industry producing that commodity. Harvey's (1982, 338) insight is pertinent here: “The abstract labor embodied at particular locations under specific concrete conditions is a social average taken across all locations and conditions.” Hence no commodity's value can be reduced to the technology of any one enterprise. It is rather the (overdetermined) product of all the social processes shaping the individual labor productivities located within the particular set of enterprises comprising the industry generating that commodity. Then, in volume 3, Marx enlarges the scope of the competition faced by each capitalist enterprise to include capitals competing for profits from all other industries. As is well known, a new meaning of value emerges once inter-industry competition is theoretically introduced and integrated into the preceding analysis. Marx gives this new “form” of value the name, “price of production.”

Less well known but logically implied by Marx's dialectical approach is the necessary reconceptualization of value itself required by the theoretical integration of inter-industry competition. Every commodity's value now becomes the product of the living labor required for its production plus the *price of production* the capitalist has to pay for the commodity inputs (raw materials, tools, and equipment) with which the living labor works. In this way, commodity *values* become dependent upon commodity *prices of production* – a new insight flowing from an overdeterminist perspective – as well as prices of production being dependent upon commodity values as has long been thought within Marxism (Wolff, Roberts, and Callari 1982, 1984).

Conceiving of commodities in this dialectical way vitiates the so-called transformation problem and critique that has long bedeviled Marxian economics. The traditional critiques of and offered solutions to Marx's transformation share a common reductionism: they reduce prices to values and the latter to the volume 1 notion of a commodity and competition. In contrast, theorizing value as overdetermined such that successive determinants of value are explored and integrated into its meaning/definition yields a developed notion of value in volume 3 that dissolves the old price-value critique of Marxian value theory originated by Bohm-Bawerk and reiterated by countless critics since<sup>6</sup>. It does so by simultaneously transforming value into prices of production and prices of production into value.

**b. Space**

Harvey (1982, 330-451) offers readers a dense new Marxian approach to the connection between space and production, capital, rent, competition, the state, and imperialism. Many a new Ph.D. dissertation lurks in his provocative approach. Conferring a discursive priority to class-qua-surplus in Marxian economics extends Harvey's innovative work on space to include the spatial dimensions of producing, appropriating, and distributing surplus labor.

Consider the non-obvious point when Harvey first discusses space and production: "The material transformation of nature, the production of social use values, necessarily occurs at a particular place" (388). It follows that surplus production and appropriation also always occur at particular locations but - and this is the key idea - those locations need not be the same. In other words, while exploiting capitalists always immediately appropriate the surplus produced by their employed workers, the two sides need not occupy the same location. Of course, capitalist appropriation may occur where the surplus is produced. Perhaps the early years of capitalist development were marked by this kind of decentralized or localized class exploitation in which surplus appropriating capitalists occupied the same space as did surplus producers. In that space were located particular kinds of producing units - factories, mines, railroads - in which capitalists gathered to receive and then distribute surpluses produced by workers there. Such capitalists likely also occupied other positions beside that of surplus appropriator/distributor: they were often also owners of the enterprise's capital, managers, and perhaps among the enterprise's creditors. In this sense, early capitalists were like those Marx presented in *Capital*, volume 1. Capitalists occupied multiple class and non-class positions in a space shared with their workers.

Yet this locational arrangement of capitalism hardly endured. A developing capitalism increasingly dispersed growing enterprises' producing units across different locations (areas, regions, and nations). At the same time, their surplus appropriation and distribution became centralized in one particular site, itself perhaps different from any of these dispersed, surplus-producing locations. Typically positioned in rapidly growing cities, capitalists literally gathered into one concentrated space - for example, corporate offices in newly constructed towers - the surpluses produced in units located outside that city. In spatial terms, the centralization of surplus appropriation and distribution outpaced that of surplus production.

The rapidly evolving corporation both reflected and facilitated these changing spatial dimensions of capitalist exploitation. The nature of capitalists altered too as their former owning, managing, and credit positions were increasingly dropped and allocated instead to employed corporate officers. Capitalists were left with only the class functions of surplus appropriation and distribution: corporate boards of directors replaced the earlier multi-positioned individual capitalists. Much as the meaning of commodity production evolved across the three volumes of *Capital*, so does the meaning of capitalist (Resnick and Wolff 1987, 141-149).

Boards of directors of capitalist corporations meet a few times a year in corporate offices on the top floors of corporate towers only to receive surpluses, wherever they are produced, and distribute them to likewise geographically dispersed providers of the conditions of capitalist exploitation. Thus, for example, portions are distributed to



maintain and expand a managerial bureaucracy, housed on the tower floors below, as well as located elsewhere across the corporation's dispersed producing units. The boards of directors distribute other portions of their appropriated surplus to creditors, state officials, landlords and other providers of conditions for the corporation's capitalist exploitation - providers located anywhere and everywhere.

In today's capitalism the spatial dimension of the class process has undergone a further and perhaps more dramatic shift. Multinational capitalist enterprises move their units of surplus production from one to another national location around the world, depending on an everchanging set of qualitative and quantitative conditions - varying unit labor and capital costs, taxes, security, degrees of unionization, educational and skill levels, availability of social infrastructure, and so forth. Their fluid, global dispersion of surplus labor production contrasts sharply with their concentrated surplus appropriation in a relatively few national locations. In the apt description of Hardt and Negri (2000) "global cities" arise in which the surpluses produced by the many millions of workers in innumerable production sites situated around the world are appropriated by merely a few thousand members of corporate boards. Such cities also necessarily become sites of surplus distributions in which these relatively few capitalist appropriators allocate their surpluses among shareholders, managers, merchants, states, lenders, and landlords located across the globe. In Harvey's words (1982, 400), "all kinds of geographic redistributions are possible." In other words, the production of surpluses is internationalized in one way and their distribution in another. Together they comprise the class dimensions of globalization.

Building upon Harvey's innovative work on space, we can connect such "global cities" not merely with some abstractly described "globalization of capital" but more concretely with a particularly centralized surplus appropriation. The boards of directors there distribute some of that surplus to those inside their companies (managers, lawyers, clerks, etc.) to secure some of the conditions of existence for their surplus appropriation. These individuals may be located with the boards of directors within the global cities or be dispersed. Likewise, the boards distribute some of the surplus to associated banking, merchant, landowning, legal and accounting enterprises providing other conditions of existence, and these likewise may be located within the cities or elsewhere (perhaps in second-tier global cities or beyond). Competition, state regulation, worker militancy, and countless other factors will shape the spatial dispersion of both surplus appropriators and those to whom they distribute their surpluses.<sup>7</sup>

Once again, the very meaning of "capitalist enterprise" evolves across *Capital's* volumes. We have noted how that meaning moves from the notion of an individual capitalist (who is also his own manager, share owner, etc) to the capitalist board of directors (reduced solely to appropriating and distributing the surplus). The meaning of capitalist enterprise also changes as the competition it faces is first theorized as intra-industry and then as both intra- and interindustry.

What Harvey's work renders visible is the parallel evolution in the meaning of "capitalist enterprise" when the interaction of its class and spatial dimensions is taken into account. The conditions and imperatives of the production, appropriation, and distribution of surpluses shape the locational distribution of enterprises. The distribution of enterprises in turn reacts back upon those class processes in a dialectical interaction shaped as well by its larger social context. Over recent decades, this dialectic has produced both a very

particular kind of “globalization” and a complex political movement against it. Harvey’s work – and our extension of it – focuses on how and why capitalist class processes have interacted with spatial conditions to shape contemporary globalization. It follows that the oppositional movement needs to consider an alternative class structure as one basis for the different kind of globalization it seeks.

*c. The Profit Rate*

Finally, we consider the connection of class and dialectics to a third topic: the profit rate in capitalist economies. Within the Marxian tradition, few arguments have received more attention than Marx’s notion that a tendency for the profit rate to fall characterizes capitalism (Howard and King 1985, 200-205; Howard and King 1989 and 1992, *passim*). Intense debates have long swirled around whether Marxist theory does or does not assert such a tendency, whether it occurs empirically, and whether it is the crucial mechanism plunging capitalism into crises or even collapse. We believe that re-examining this tendency through the lens of a definition of class in surplus labor terms and dialectics in terms of overdetermination – following Cullenberg’s (1994) pioneering effort – can yield valuable insights with important political implications.

In the first place, from the standpoint of overdetermination, the profit rate is conceived to exist in contradiction. It is propelled this way and that by countless different and ever-changing determinations that come together to constitute its existence. Indeed, this standpoint reads Marx’s famous three chapters on the subject in *Capital*, volume 3, as illustrations of the myriad of such determinations.<sup>8</sup> However, various strands within the debates on the profit rate, including Harvey’s, have typically singled out one determinant as being more important, more causally weighty, than all others. This analytical step positions the chosen cause to function as the ultimate or “last instance” determinant of the profit rate’s movement. Most such determinist Marxists have designated the competitive drive to accumulate capital as the key cause. It determines a rise in the organic composition of capital and thereby a falling rate of profit. While this relationship between accumulation and a falling rate of profit may be modified by foreign trade, the intensity of labor, changes in turnover time, cheapened constant and variable capital, and so on, the basic force of accumulation will ultimately prevail and push the profit rate down. The eventually resulting crisis will then mobilize workers to eliminate capitalist exploitation from their lives.

Such theorizing deduces a radical change in the class nature of society from the technical organization of capitalist production and its inexorable inner need to expand by accumulating more capital. Marxist theories that endorse such a need as the essence, the pre-given nature or law of capitalism, thereby vitiate dialectical reasoning.<sup>9</sup> Harvey’s is one such theory even though he otherwise affirms a central theoretical role for dialectics. From an overdeterminist notion of dialectics, no necessary unidirectional causation links capital accumulation to a rising organic composition of capital, nor the latter to a falling rate of profit. Capital accumulation, itself overdetermined by a myriad of causes, is but one factor among the many that overdetermine the organic composition of capital. Indeed, they participate in overdetermining one another, as Marx recognized. Likewise, any change in the organic composition of capital is but one among the many factors shaping the rate of profit. Within the theoretical framework of overdetermination, no reduction to a singular cause and effect relation between capital accumulation and a falling rate of profit is sustainable. Instead, profit rates may fall causing all sorts of

problems for capitalism who then can and likely will take steps to reverse that fall. Whether and how they may succeed, for how long, and with what economic and social consequences will depend on all the overdeterminants shaping the rate of profit at each concrete time and place. Reading Marxian theory's dialectics in such an overdeterminist way has political implications. These include diverting workers, socialists, and their political programs from making determinist presumptions about capitalism's inherent and imminent crises or demise. Stated otherwise, such an overdeterminist dialectics returns capitalism's critics to a primary focus on class and exploitation.

We have elsewhere begun to elaborate the overdetermination of the capitalist profit rate in terms of the definition of class conceived as the production, appropriation, and distribution of the surplus (Resnick and Wolff 1987, 184-191; Resnick 2001). There we show how capitalist net profits (and hence their rate of profit) comprise one portion of the surplus they get from exploiting workers (a point Marx stressed explicitly). Hence net profits and profit rates depend partly on how much surplus is extracted from exploited workers and partly on how capitalists divide their surpluses between profits destined for capital accumulation and its other uses (to pay interest, rent, managers' salaries, and much else).<sup>10</sup> Each of such other uses affects net profits both negatively (by leaving less surplus for profits) and positively (by paying interest, capitalists enhance their creditworthiness; by paying managers, they can extract more surplus from workers; and so on).<sup>11</sup> One cannot know in advance how such contradictory relations will work themselves out in the unique conditions of each time and place.

The political implication of such a dialectical (overdeterminist) view of profits and profit rates is that the critics of capitalism need to unhinge their programs from determinist claims about profit rates necessarily falling or about how falling profit rates signal the end of capitalism. Rising or falling profit rates are merely markers of shifts within and among the processes of producing, appropriating, and distributing surpluses. No one knows or can predict how those shifts will interact with one another and with the larger context of social processes. Because capitalists have settled on profit rates as key indexes of success and failure is hardly a compelling reason for capitalism's critics to follow suit, especially without some critical examination of the implications of doing so. The political issue for Marxists is neither the size of profits nor the direction of rates of profit; it is the existence of exploitation as the source of profits. This is the parallel argument to Marx's in the Communist Manifesto when he explains that communists are distinguished not by their advocacy of higher wages (something they share with many others) but by their demand for an end to the wages system.

Our conclusion is that the profit rate, the relationship between space and class, commodity production - indeed, any other category we might consider - all exist in contradiction. No law orders their behavior other than that of an ever-present swirl of contradictory movements. Thus, for Marxists, the capitalism currently touted as a new world order is fundamentally and irreparably out of control and disorderly. For Marxists, what matters most about exchange, space, and profits are their relations to class and exploitation - that basic economic relation which theorists like Harvey seek to end. Dialectics and class qua surplus enable Marxist social theory to see the complexities and open-endedness of capitalism while simultaneously clarifying thought and action about the class exploitation at its core. Those can be Marxism's contributions to the larger movements to take contemporary societies beyond the injustices, inequities, and

inefficiencies of capitalism. In rethinking and developing Marxism in the ways we have discussed, Harvey took major steps to enable it to make those contributions.

## END NOTES

1 This essay concentrates on two key works articulating Harvey's Marxism: *The Limits to Capital* and *The Condition of Postmodernity*.

2 Alternatives to this surplus notion of class are contending definitions of class in terms of property ownership, power distributions and also conceptualizations that combine all of these in various ways (Resnick and Wolff 2003).

3 This approach counters the traditional criticism that Marx's core notion of class was somehow left undeveloped, appearing mysteriously and peculiarly in a short fragment at the end of *Capital*, vol. 3.

4 As best we can determine, the first modern systematic exposition and use of "overdetermination" occurs in Sigmund Freud's *The Interpretation of Dreams* published in 1900. For evidence that Freud thought this book, including its key logic of overdetermination, was the greatest insight of his life's work, see Jones (1953, 350-364).

First Lukacs and then Althusser appropriated and developed the idea (Lukacs 1971, 13; 1978, 30, 76, 146, and Althusser (1970, 87-128). For a discussion of the evolution of the use of overdetermination, see Resnick and Wolff (1987, chaps. 1 and 2).

5 We have begun to explore the possibilities and actual histories of communist commodities in Resnick and Wolff (2002, chaps. 1 and 2).

6 Roberts (1981, 1987) shows that the traditional transformation problem can be recast in terms of two simultaneous equations in two unknowns: the traditional equation in which the price of production is a function of value and his newly introduced equation in which value is a function of price of production. Roberts is adamant and persuasive in affirming that the dialectical approach (overdetermination) requires both transformations to take place.

7 That dispersion will, in turn, shape the locations of countless other enterprises – with capitalist, self-employed, and perhaps other class structures – who produce commodities for the surplus appropriators and the recipients of their distributions. These include hotels, restaurants, night clubs, transport agencies, cleaning services, protection establishments, repair services, delivery agencies, construction companies, and so forth. In all these ways, capitalist class structures contribute to shaping the kind of globalization that actually occurs.

8 That illustration is the point of Marx's listing of numerous "counteracting influences" and "internal contradictions" (chaps. 14 and 15) to the tendency itself (ch. 13). His list was only a beginning, a pointing toward the overdetermination of the profit rate we seek to make explicit here.

9 Cullenberg (1994) argues that the rate of profit debates arise from two radically different Marxist theories of society. In the theory that he labels the "Hegelian totality," the profit rate's inevitable fall derives from capitalism's inner essence, namely capital accumulation. He shows how this kind of essentialist reasoning enables the pre-given structure of capitalism to determine ultimately the behavior of society's agents, namely capitalists and workers. As a classic example of structuralist logic in economics, the behavior of agents conforms to the rules of that pre-given capitalist structure - as discovered by the theorist. In the alternative Marxist theory he calls the "Cartesian totality," the movement of the profit rate is deduced from independently given choices of rational agents, namely competing capitalists. As in neoclassical economics, this Marxist approach reduces society's behavior to the autonomous choices of pre-given human agents. Both Hegelian and Cartesian approaches have in common the use of an essentialist logic, despite their otherwise different conclusions in regard to the direction of the profit rate. In contrast, the dialectic approach entails an anti-essentialist logic.

10. In our work, we call the various distributions of the appropriated surplus (SV) "subsumed class payments" (Resnick and Wolff 1987, ch. 3). It follows that, more formally,  $\Pi = SV - SSCP$  where capitalists' net profits ( $\Pi$ ) equals surplus value (SV) net of (minus) other subsumed class payments (SSCP) for interest, rent, managers' salaries, and so forth. Net profits equals then managers' subsumed class expenditures on capital accumulation. Clearly, net profits depends both on capitalists' surplus appropriation and their other uses (other subsumed class distributions) of the appropriated surplus.

11 Using footnote 10's equation, a rise in other subsumed class payments (SSCP) lowers both net profits ( $\Pi$ ) and its rate ( $\Pi / C+V$ ) and hence capital accumulation and its rate ( $\_C+_V/C+V$ ). On the other hand, this same rise in SSCP can raise both net profits and capital accumulation to the extent that these other subsumed class payments (SSCP) impact positively on SV and on  $(SV/C+V)$ . Finally, a simultaneous rise both in capital accumulation and these other subsumed class payments impacts  $SV/C+V$  in contradictory ways. Capitalists' competitive drive to accumulate capital and increase the organic composition of capital sends it down. Capitalists' competitive drive to improve management practices, purchase corporate shares of other companies in the same or different industries, rent new technologies and/or acquire them via loan-financed purchases of new machines, shift production locations, devise new product design, and so on propels it up. Some of these SSCP raise the turnover of capital and the intensity of labor; others unintentionally cheapen constant and variable capital; and still others do both. Hence  $SV/C+V$  becomes the site of these contradictory tendencies.

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