Book Review

David Harvey: *The New Imperialism*, Oxford University Press, Oxford, 2003
ISBN 0-19-926431-7

David Harvey sets himself the task of explaining why the world has entered a new more economically speculative and militaristic phase of imperialism, headed by the USA. Harvey’s main argument is clearly expounded and can be quickly stated, it is that the USA, as the current global hegemonic imperialist power, is currently in a state of economic decline, the possible reversal of which could only be halted by a full reversal of the current guiding orthodoxy of neo-liberalism and the overthrow of the political elite who support it. While neo-liberalism remains, the drift towards direct military expansionism (in part to hinder the future potential emergence of a new imperialist hegemony represented by China) and internal economic decline remains set to continue. However, to fully grasp this argument requires some descriptive commentary on Harvey’s larger political economy of capitalist development, which he lays out in detail in this book. This will be followed by some critical commentary on what I take to be some of the key limitations of Harvey’s political economy, and, therefore, Harvey’s key assumptions as to future trends in capitalist development.

Harvey argues that the broader development of capitalist political economy occurs within the context of two logics: a territorial and political logic and the logic of ‘the molecular processes of endless capital accumulation’. The latter is familiar to us as the incessant and ‘pure’ dialectic of capital accumulation of surplus value examined by Marx in *Capital*. The former refers to the geographical footprint of the latter and the political regulatory framework set up to protect it in the form of imperialism (p. 27). The relationship between the two logics shift and turn from one of compliment to conflict, mainly due to the fact that the territorial logic is inherently fixed in space and time, as epitomised by the expanding territory of the Imperialist state and its political elite, while the capital logic is one of ‘endless accumulation’, whereby fixity is anathema and the fluid expansion of capital on a global scale is its alpha omega. The territorial logic, argues Harvey, is one in which the imperialist state is run in the overall interests of a political elite acting in their collective interests, which for the most part concur with capitalist interests, but who will also act against the latter if the logic of accumulation of capital threatens the system as a whole or their controlling place within it (pp. 36–37). The territorial logic, therefore sets limits to
capital accumulation but also brings to capitalism the ability to rule as a collective; an ability that Harvey argues capitalists operating within the logic of capital are prevented from actualising because of the intense conflicts of interest between them, which is set in motion by competitive accumulation. In summary, the collective rule consolidating the territorial logic offers the political elite the basis for its own hegemonic control and also provides the conditions for capital accumulation as well as the temporal and spatial context for dealing with crises of over-accumulation, which are as inevitable as accumulation itself. However, this still leaves unexplained the dynamic between the two logics and how this dynamic shapes imperialism.

Harvey theorises the dynamic in the following way. Capital accumulation creates a space economy amenable to more capital accumulation. A space economy refers to the formation of fixed capital in a specific geographical area in terms of political, economic and social infrastructure (p. 94). While the over-accumulation of capital threatens endless accumulation and so poses the question of capitalism’s limits as a system, the territorial logic provides a spatial fix in the sense that the surplus capital and surplus labour, which is really what one is talking about when referring to over-accumulation of capital, can be redirected from present production (where it is surplus to requirements due to declining profit rates) to be absorbed by the tertiary sector through investments in long term capital projects such as those of research and development, the development of roads, rail, education and housing, and so forth. The latter provides a temporal fix to over-accumulation, which allows surplus capital in the present (which threatens continued accumulation) to become the breeding ground for renewed accumulation in the future). A spatial fix is also provided when surplus capital is siphoned from production into the financial sector, where it can, through its circulation as money or monetary assets extend investments beyond the territorial logic within which it was created to other regions or territories. If successful the temporal and spatial fix offered by the territorial logic serves to expand the political power of the latter as well as capital. However, outcomes are always uncertain and the effects of the spatial fix are only ever short term and in fact can compound the underlying and ultimately irresolvable problem, for capital, of over-accumulation.

As mentioned above, the manner in which the two logics relate to each other varies over time, depending on whether conditions are conducive or present barriers to the capacity for capital to endlessly accumulate. Internal limits to the endless expansion of capital manifest in periodic over-accumulations of surplus capital and surplus labour, which beset capitalist development over a long cycle of up to six decades or more. These internal limits are either compounded or smoothed out and eventually resolved depending on how the political logic responds. When smoothed out, social reforms have managed to bring surplus capital and labour back within the laws of capital accumulation under the current controlling influence of the existing political logic (imperialist hegemony).

For example, Harvey argues that ‘Over-accumulation within the secondary and tertiary circuits often triggers a more general crises’ (pp. 61–65), of which the
capitalist downturn of the mid- to late 1970s, provides the classic case. Here the initial siphoning of surplus capital into the tertiary and financial circuits of capital, in response to the generalisation of falling rates of profit experienced by productive capital, quickly became transformed into property speculations and an asset price boom and bust, which was eventually to culminate in ‘stagflation’. In such a situation, surplus capital and surplus labour can find no easy outlet and this then puts into question the current relation between the two logics of imperialism: territorial and capital. The options in terms of redefining this dynamic between the two logics are limited to either a radical shake up or a gradual shift in the balance of forces between both logics. As a radical shift could also endanger the rule of the political elite—implying the self-negation of the existing political elite that had come to dominate US imperialism—then a shift in the form of the existing relationship was the eventual outcome. Hence the response during the mid 1970s, to be more dramatically imposed post-1980, was characteristic of a gradual shift in capital accumulation form Keynesian regulation towards neo-liberal forms of accumulation, which would allow the existing political elite their continued hegemonic status, while rearticulating surplus labour with surplus capital.

For Harvey (p. 72), neo-liberalism represents a short-term palliative for capital that has assisted in resolving partially the stand off between a growing surplus capital and labour, but at the expense of embarking on a political economy characteristic of ‘primitive accumulation’, which ultimately must lead to the ruin of capitalism. For Marx, primitive accumulation referred specifically to the accumulation of exploitable labour power through the enclosure movement, state laws on vagrancy and forcing labour in to the capitalist factories emerging in town and cities thrown up in the heat (and blood) of the capitalist agricultural and industrial revolutions. Harvey broadens this definition out to include any resource he views as external to the laws of capital accumulation within contemporary capitalism. For example, the privatisation and deregulation of the welfare state and its recommodification are, for Harvey, to be seen in terms of a neo-liberal political economy of primitive accumulation. The stripping of public assets and their re-insertion back into circulating capital and the new forms of flexploitation of labour power (driven more intensely by the erosion of collective labour resistance), provides a platform in the short term for absorbing capital surpluses, while it also soaks up surplus labour into more poorly paid and insecure jobs and/or makes this surplus less of a financial burden (due to the declining value of welfare payments (or else invisible) as workfare discipline forces the unemployed off the official radar (pp. 142–147). Internationally primitive accumulation becomes ‘accumulation by dispossession’ through IMF and World Bank imposed privatisations, free trade ‘agreements’, under the euphemism of ‘structural adjustment strategies’ (pp. 157–161). In the US, this form of political economy has reached its dreadful apex; the UK is not so far behind, with Europe being gradually pulled under its orbit. Harvey’s point though is that this kind of smoothing out of the barriers to endless accumulation can only be short term expedients, which sooner rather than later (if the hegemony is not to slide into the status of a rogue state) must be more
decisively resolved, and this ultimately may require the defeat or decline of the old Imperialist hegemony and its replacement by a new political power. The void between the short and long term resolution, however, is one of increasing global conflicts and impending capitalist instability and transition, and the longer it goes on, the more barbaric capitalism becomes.

The above overview of Harvey’s broader political economy provides the basis for Harvey’s approach to the ‘New’ US imperialism.

The ‘new’ imperialism Harvey refers to is the new phase of US imperialism driven by the increasing inability of the US political elite to ensure territorial and political dominance in the context of the US economy’s economic decline, driven apace by neo-liberalism. Although for Harvey the decline can be arrested, this would take a switch from the current neo-liberal form of capital accumulation, which prioritises finance capital, to one that prioritises productive capital: a switch which looks unlikely because it calls for the self-negation of the political elite now in power. The result of this stalemate has served to shift US imperialism from an emphasis on economic imperialism to more overt and direct political and military intervention. The latter shift is made all the more decisive by internal pressures, which threaten the rule of the political elite (pp. 12–13). On the one hand, there is the need to contain the political fallout from the economic downturn since 2000, which has led to dramatic falls in the values of stocks and shares and working class savings, and exposed financial fraud on a grand scale. This erosion of political power from within is partly being contained, suggests Harvey, by deflecting attention to external threats, both real and fictional, hence the renewed emphasis on a more militaristic face of US imperialism. Militarism is, therefore, driven by relationship between internal and external pressures both of which are instrumental to the current shift in the nature of US imperialist expansionism (p. 17).

While this shift is underpinned by the broader dynamics of the capital and political logics described above, the US political elite required a justification for the shift and found it in the events of 9/11 and thereafter. Specifically, the fictional threat posed by Iraq was given renewed impetus by the threat of terrorism post-11 September 2001. However, for Harvey it was the real threat posed by oil that galvanised US imperialism (pp. 18–25). Control over oil, both the present and future supply of it and how and to whom it would be distributed had always been a priority issue for US imperialism, so what is new? For Harvey, control of the world oil spigots had become more crucial than ever because of the question mark over long-term oil reserves. However, for Harvey, this is not the most crucial reason. The most important reason linking oil and the ‘new’ US imperialism is that control of the oil spigot has increasingly become a means of offsetting the declining economic might of the US with a political and military might to be deployed in containing the threats posed by the expanding Chinese economy to shift the centre of gravity of capital accumulation eastwards. So Harvey is not claiming that oil is the main issue driving the new imperialism, but rather that oil becomes crucial within the wider context of the economic decline of the USA and the way in which the political elite attempt to arrest
this decline. Equally, by decline Harvey has in mind the decline of a particular configuration of capitalism and not capitalism per se, which does not rule out (in fact it presupposes) a new global configuration of capital around China.

Harvey presents an engaging and forthright critique of capitalism, which does not pull its punches and this is to be commended. It is to his credit that the political economy he evinces does not fall into the trap of reducing the ‘new’ imperialism to oil. However, in my view, the main weakness of Harvey’s political economy is the unnecessary contrivance of two logics the economic and the political as a means of understanding capitalist development. The invention of two logics creates unnecessary externalities to the laws of capitalist development and by implication one then needs to invent a relationship between them. For Harvey the relation is ‘dialectical’. However, what sort of dialectic is this? It is clearly not the dialectic between capital and labour referred to by Marx, and from which springs the essential contradictions driving forward capital and labour. Harvey posits his contradiction as operative between two different facets of capital; or, in Marx’s terms, within one side of the contradiction between capital and labour (which is to say, only from within capital itself). One searches in vain within Harvey’s analysis of the ‘new’ imperialism for any sense of a struggle between the classes, but given the latter, this omission is no accident. Devoid of the major contradiction between capital and labour and so the driving essence of class struggle, then Harvey must conceive of another driving contradiction, between two logics within capital.

This theoretical one-sidedness has practical ramifications because once one moves away from considering the contradiction stemming from the two contending classes, one has no ground—political economy-wise—to conceive capitalist decline in any more fundamental terms than one of a possible decline of one imperialist hegemony (the USA) and a transition (open-ended) towards the possibility of another hegemony (China). It also means that Harvey’s ideas about capitalist development are ultimately ideas about cycles and waves of the same unending capital relation. There are no really radical escape routes for Harvey. Harvey argues for a changing of the capitalist guards in the form of a ‘new deal’ that would see the back of neoliberalism for a reformed Keynesianism. He comes to this conclusion because for him continued primitive accumulation/accumulation by dispossession may lead to a rapid expansion of China on the back of the super-exploitation of the Chinese working class, which would inevitably lead to a reverse ‘structural adjustment programme’ directed towards the US working class, which would destabilise the world economy. My point is where is Harvey’s class analysis in terms of the power of the working class to challenge capital?

The capitalist press would also have us believe that China is the next big capital economic adventure, but is it? For it to be so it would have to defy the law of value or help the West in defeating the entire western working class on a scale unthinkable, and even then accumulation would be very difficult if not impossible on a scale necessary to lift the world economy. In calling for a ‘new deal’, Harvey seems to have accepted this defeat before the battle has begun in earnest. The law of value informs
us that profitable accumulation depends on the ratio between capital and labour, as well as the relationship between what is produced and what can be sold. On both counts profitable accumulation would be a problem in the case of China. If China develops it can do so in two ways, through western capital investment and through internal means. To develop internally means pulling the plug on the transfer of capital to the US economy, which would mean a run on the dollar and the entire knock on effects implied for accelerating US decline. Currently the USA requires capital inflows of roughly $1.5 billion per day (!) to curb the growing balance of payments now standing at about $147 billion. It would also pose the problem of where to sell the commodities produced on such a scale as to realise profits? If the USA dips into recession so too will the EU and the rest of the developed world.

On the other hand, if western capital is used to expand the China economy, as it presently is on a much smaller scale, then, given the scale of investment required, the expansion of capital into China could only come on the basis of a major flight of capital currently invested in the West. However, this would mean de-industrialisation on a scale which would dwarf that which took place in the 1980s and early 1990s in the UK, the USA and Europe, and so would mean taking on the working class to a degree that is unrealistic. To entice capital to remain, the ruling class would need to force the working class to accept conditions of super-exploitation common elsewhere. Even a partial attempt to achieve this would mean high and sustained levels of unemployment, workfare regimes and a massive fall in living standards, as capital flows alternated between China and the West. It is unimaginable that the western working class would allow such a fall in living standards. It is also unlikely, contra Harvey that the ruling class (regardless of which elite takes over) would countenance a revival of full employment within a ‘new deal’, because history reveals this is a short path towards their eventual over-throw by a re-politicised working class. So both China and the USA remain in transition within the broader political economy of capitalist decline. And what this means, short of working class mobilisation, is that financial parasitism and the continuation of chipping away at the living standards of the working class globally. US imperialism leads this decline politically, pulling the rest of the West in its wake, through military force abroad and militarization at ‘home’. Harvey is absolutely right on this point.

Harvey’s cyclical account of decline (which is in reality no theory of decline at all) also underpins his inflated use of the concept of ‘primitive accumulation’ (explained above). If one takes a closer look at some areas defined as ‘primitive accumulation’ by Harvey, namely the privatisation and deregulation of the welfare state, then this is not ‘primitive accumulation’ as Marx would recognise the term. What we have with privatisation and the development of a workfare state, is not so much the development of ways of absorbing capital and labour surpluses according to the logic of ‘endless accumulation’ and so the law of value, but rather the development of the state’s role in absorbing surplus capital and labour in ways that do not add to capital accumulation (or, if they do, it is an after-effect). For here, under Harvey’s designated ‘primitive acts of accumulation’, one has the state attempted planning of
the declining influence over surplus capital and labour on the course of capitalist accumulation. So what we have is a situation in which the most powerful organising force within capitalism—finance capital—is working along with the state to administer a surplus capital and a surplus labour that goes increasingly beyond the requirements of capital in decline. However, this decline is not cyclical but one based on the capital labour dynamic, wherein the tendency for the rate of profit to fall and the ensuing surpluses of capital and labour cannot be offset in the West, even if this could be achieved without even more serious social disruptions, which, as I have argued above, it cannot.

PETER KENNEDY