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## **Information Technology during the New Globalization of the Critique of the World**

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### **ABSTRACT**

This article is part of a debate between David Harvey, Michael Hardt and Toni Negri. It takes Marx's bicentenary as occasion for an update of his concept of alienation. The paper asks: how are we to interpret universal alienation and from whence does it come? Marx radically reformulated the concept of alienation in the *Grundrisse*. The humanism of the early Marx can be re-rooted and reconceptualised in the scientific mode proposed in the *Grundrisse*. In the *Grundrisse*, the universality of alienation is specific to capitalism's historical evolution. Today, alienation exists almost everywhere. It exists at work in production, at home in consumption, and it dominates much of politics and daily life. Such trends intensify through the application of information technologies and artificial intelligence. Widespread alienation has resulted in Occupy movements as well as right-wing populism and bigoted nationalist and racist movements. Donald Trump is the President of alienation. The circulation of capital as totality consists of the three key moments of production, circulation and distribution. A lot of contemporary economic struggles are now occurring at the point of realisation rather than at the point of production. Protests are therefore today often expressions of broad-based discontent. Our future is dictated by the need to redeem our debts. Under such conditions democracy becomes a sham. The big question is what forms of social movement can help us get out of the state-finance nexus. The theory of objective alienation along with an understanding of its subjective consequences is one vital key to unlock the door of a progressive politics for the future.

Keywords: Karl Marx, bicentenary, 200th anniversary, alienation, capitalism, Marxist theory

### **1. Introduction**

This article takes Marx's bicentenary as occasion for an update of his concept of alienation.

In *Seventeen Contradictions and the End of Capitalism* I identify three main threats to the future of global capitalism (Harvey 2014). The first is the relation to nature, which concerns climate change, habitat destruction and an increasing pace of ecological degradation. The second is compound growth (endless accumulation of capital) at three percent forever, which becomes

more and more stressful as the exponential growth curve leaps upwards. And the third is universal alienation. This last condition, strongly associated with the first two, typically produces increasingly problematic political and geopolitical instability both within and across the state system. The most obvious manifestation of this is the rise of right wing nationalist parties and authoritarian populism as represented by Erdogan, Modi, Sisi, Orban, Trump and Putin. Universal alienation also underpins many a personal tragedy, such as that of the opioid epidemic along with deaths from chronic alcoholism in many “forgotten” parts of the United States (where life expectancy is, as a result, on the decline). It also is reflected in the suicides of rice farmers in South Korea of peasant cultivators in India, among hill farmers in Britain, Foxconn workers in Shenzhen and unemployed but foreclosed upon homeowners in Greece, just to cite a few examples. So how are we to interpret universal alienation and from whence does it come?

“Universal alienation” is a concept that has a troubled if not peculiar history in Marx’s thought (Mészáros 1970). While alienation is prominent in his early works, such as *The Economic and Philosophic Manuscripts of 1844*, it disappears in the late 1840s as Marx explores principles of historical materialism (e.g. in *The German Ideology*) only to reappear as a central conception in the *Grundrisse* (Marx 1973/1857). It then seemingly fades into the background of *Capital* (Marx 1976/1867) and disappears almost entirely in his later works and notebooks.

Most subsequent critical attempts to resurrect the concept have focused on Marx’s early works. Little attention is paid to the radical reformulation of the concept in the *Grundrisse*. Zhang Yibing’s (2014, 481) reconstruction is a significant exception. The “scientific” presentation of the concept in the *Grundrisse* was, he writes, “fundamentally different from his past use of the humanist alienation conception [...] In fact, these were two completely different conceptions of alienation; the labor alienation in the *1844 Manuscript* was a humanist value postulate; the idealized essence that it formed was at odds with reality. This was a contradiction between imaginary and real [...] The self-alienation of labor was a logical reflection, established in ideas [...] The labor alienation in *Grundrisse*, on the other hand, was fundamentally Marx’s reflection on real history. The objectified results of workers’ past labor actually became the rulers and exploiters of today’s workers. The ‘past’ created by workers becomes the ruler of the ‘present’ [...] Hired labor necessarily created a ruling power transformed out of itself: capital. This is the actual alienation of capital and labor relations that Marx describes”.

## 2. Alienation in the *Grundrisse*

The *Grundrisse* reformulates the concept of alienation through the application of the techniques of historical materialism to the subject matter of *The Economic and Philosophic Manuscripts*. Subsequent attempts, such as that of Rahel Jaeggi, to reconstruct the ideals of self-alienation as set out in Marx’s early work have had to surmount objections to the “essentialism and perfectionism” assumed in the humanist concept of species being. Is it possible, Jaeggi (2014, 32) asks, “to avail ourselves of the critical import of the concept of alienation without relying on the certainty of a final harmony or reconciliation, on the idea of a fully transparent individual, or on the illusion of having oneself and the world completely at one’s disposal or command”. While she answers this question in the affirmative, she does so by ignoring the revolutionary reformulation that occurs in Marx’s *Grundrisse*. While I shall concentrate on the latter, I shall also suggest that the revolution laid out in the *Grundrisse* was not so much an epistemological break as a radical reformulation. The humanism of the early Marx (particularly when re-cast in the manner that Jaeggi proposes) can be re-rooted and reconceptualised in the scientific mode proposed in the *Grundrisse*. To some degree such a reconciliation is implicit in Ollman’s (1971)

work, where Marx's value theory is understood as a theory of alienated labor. This was also my intention in resurrecting the concept of "revolutionary humanism" in the conclusion to *Seventeen Contradictions*.

So what then, would "universal" alienation mean in the light of these contrasting formulations? In the early Marx the universality is rooted in the supposed inherent qualities of our species being. The potentiality for realising those qualities is frustrated by capital. The labourers who produce capital are denied the fruits of their labor (they stand in a relation of alienation to their product, the value they produce and to the labour process in which they engage). Alienation in production is accompanied by the growth of alien but supposedly compensatory consumerism (Gorz 1989). The individual potential to achieve self-perfection (in social relations, in the relation to nature and in the experience of the labour process) is denied. The advantage of such a formulation is that it is forward looking and aspirational. The sensual and existential experiences evoked in the early works remain important issues. The alienation of labour from the product, from its value and from the design of its production is common to *The Economic and Philosophic Manuscripts* and *Capital*. The problem is that in the early works the understanding of alienation is not rooted in the realities of the daily life and labours of workers as constituted within a capitalist mode of production.

In the *Grundrisse*, the universality of alienation arises out of the historical tendency within capital to create the world market, to establish its social (class) and metabolic relations everywhere and to inscribe certain identifiable laws of motion into human history under the rule of the coercive laws of competition. The "universality" is specific to capitalism's historical evolution. The capital which labour creates returns to dominate them in both direct and indirect ways as the laws of value and of capital in motion. The problem from the *Grundrisse* onwards into *Capital* then becomes to identify the laws of motion of capital and of value and to understand how these laws govern the conditions of daily life and labour for the mass of the working population. The political project is to liberate ourselves, in thought as well as in political and economic practices, from the constraints imposed by these laws of value and of motion. Alienation is not confined to labour.

In *Capital* we see that the capitalist is compelled by the coercive laws of competition to (a) increase the length of the working day to its maximum no matter what; (b) to reinvest the surplus rather than to indulge in consumer pleasures; (c) to procure relative surplus value through seeking out and adopting new technologies; (d) to produce increasing social inequality and an industrial reserve army; and much more. These are not free choices. The coercive laws of competition force capitalists to extend the working day and intensify the labour process irrespective of their good or ill will. Capitalists have then to excuse, legitimise or simply live with their own barbaric practices. The persona of many capitalists is profoundly shaped by the practices they have to perform. Unsurprisingly, many acquire a sadistic streak. Others become narcissists believing they have a God-given right to create a world in their own image no matter what the consequences for those they employ. Their wealth and well-being is essential, they suppose, to the wealth and well-being of society. Objective conditions have subjective consequences (Zhang 2011).

The verb to alienate has in fact a variety of meanings. As a legal term it means to transfer a property right to the ownership of another. I alienate a piece of land when I sell it or relinquish the right to use it to another. Exchange always involves alienation (Harvey 2014, 267). This is what is made so much of in the *Grundrisse*. Workers alienate their labour-power when they enter the factory to do whatever the capitalist commands. But alienation has a broader meaning that entails

the loss of trust, fairness or reciprocity often hidden in some exchange. Workers “freely” give of their labour but do so under conditions of coercion or consent that ensure the value they produce is not returned to them but appropriated by capital. The exchange is legal but there is something fraudulent about it when looked at from the standpoint of the totality of daily life under capitalism. The capitalist appropriates the intelligence and skills of the worker, the capacities for cooperation, initiative and innovation and gives only the value of labour-power as a commodity in return. Capitalists have to do this, given the coercive laws of competition. For the labourers, the response is a sense of loss and unfairness, of powerlessness and loss of dignity, which is prone to provoke resentment, anger and frustration. Capital produces alienation in both its objective and subjective garbs.

When Marx was writing capitalist social relations and the laws of motion dominated in only a relatively small corner of the world (Britain, Western Europe and the Eastern sea-board of the United States). Endless accumulation and global climate change were not serious threats. Now the laws and social relations of capital (commodification and monetisation) dominate pretty much everywhere. Endless accumulation and global climate change are serious dangers. But it is, Marx said as early as *The Communist Manifesto* of 1848, in the nature of capital to create the world market, to annihilate space through time, to enter into a spiral of endless accumulation, to revolutionise productive forces, and so on. Capital, unchallenged, inevitably expands geographically and intensifies its hold over us both here and ultimately everywhere. This is not primarily a moral issue but a scientific finding that has moral implications, as becomes abundantly clear from the moral outrage that suffuses the text of the first volume of *Capital*. In our own times, for example, endless accumulation produces environmental degradation which produces the moral outrage of the environmentalists.

Marx recognises, however, the contradictory character of the alienation that capital entails. Capital is not only destructive but a constructive and creative force that transforms the world in positive as well as in negative ways. In the *Grundrisse* Marx (1973, 409-410) acknowledges, without irony, “the great civilizing influence of capital; its production of a stage of society in comparison to which all earlier ones appear as mere *local developments* of humanity and as *nature idolatry* [...] capital drives beyond national barriers and prejudices, as much as beyond nature worship, as well as all traditional, confined, complacent, encrusted satisfactions of present needs, and reproductions of old ways of life. It is destructive of all of this, and constantly revolutionizes it, tearing down all the barriers which hem in the development of the forces of production, the expansion of needs, the all-sided development of production, and the exploitation and exchange of natural and mental forces”.

In passages of this sort Marx accepts individual and in some instances collective alienations as necessary to the achievement of a higher order social system in which improved material conditions can realize the promise of an unalienated life. Marx is not alone in arguing that sacrifices and losses (alienations) of this sort may be necessary to achieve a greater good. Adam Smith, for example, sought to reconcile the conflict between his moral sentiments and the cold calculus of competitive exchange by purporting to show how liberating the hidden hand of the market from state controls can produce a far greater state of material well-being in which everyone might equally share. This still remains the unfulfilled promise of liberalism. Polanyi (1957, 256-258) likewise sees the sacrifice of individual freedoms as essential to the design of collective freedoms (e.g. of a welfare state) that would redound to the benefit of all.

Debates of this sort are still with us. The Republican objection to the health care mandate in Obama's Affordable Care Act in the United States was that it violated sacrosanct individual freedoms while the counter-argument is that all individuals will be better off in a society where everyone has instant access to adequate health care. The transcendence, rather than the rejection of alienation becomes the leitmotif of socialist politics.

### 3. Alienation Today

How individuals and social movements confront such contradictions becomes the big question. The individual psychologized (existential) alienation as articulated in Marx's early manuscripts here connects with a critique of the objective alienations produced through the reproduction of capital on the world market. Workers may accept the alienations of wage labour in return for sufficient access to commodities to fulfil their personal wants, needs and desires. Alienated wage labour may be offset by compensatory consumerism. In the *Grundrisse* and *Capital* Marx notes how endless capital accumulation rests on the endless production and reproduction of new wants, needs and desires backed by ability to pay. In the *The Economic and Philosophic Manuscripts*, Marx (1964, 147-8) notes how "the extension of products and needs falls into contriving and ever-calculating *subservience* to inhuman, unnatural and imaginary appetites [...] This estrangement [...] produces sophistication of needs on the one hand and a bestial barbarization, a complete, unrefined, abstract simplicity of need, on the other".

Such contradictions operate through and across scales (from macro to micro and back again). Alienations felt and experienced by individuals in particular places and times exist in the context of alienations produced by capitalist processes of globalisation, time-space compression, accumulation by dispossession, land seizures, and the wholesale exploitation of billions of workers, men and women drawn from different cultural and geographical settings all around the world (Harvey 2003, Chapter 4).

Reflecting upon the many places I have visited these last few years and the many people I have talked to, I find it impossible not to conclude that alienation exists almost everywhere. There is abundant evidence, for example, of deep alienation with respect to contemporary forms of the labour process. The problem for labour isn't simply that there are not enough good-paying jobs to go around (which is bad enough in most areas of the world), but that there are few meaningful jobs. Widespread deindustrialisation has meant the elimination of jobs that were exploitative but meaningful (the steel worker in a bustling factory) and the rise of jobs that are exploitative but feel meaningless (like security guard in a shopping mall). Frustration at and alienation from the political process (traditional political parties in particular) is everywhere in evidence. Resentments at and frustrations with a state apparatus that fails to reassure or facilitate greater freedoms are on the rise even as they impose excessive burdens on individual rights and actions. Repressive regulatory regimes are, it seems, producing oppositional movements embracing libertarianism or what might be called a widespread non-ideological cultural anarchism. The sheer volume of nonsense paperwork and regulatory impositions has increased exponentially in many sectors and places. Daily life, meanwhile, is becoming increasingly frustrating and nightmarish: fighting extra charges on telephone bills, credit cards and arguing over health insurance reimbursements consume a vast amount of time in the United States. Bureaucratized corporations are every bit as bad if not worse than the state in relation to consumers. Their strategy is to deflect and discourage complaints rather than to deal with them. The aggregate effect is that we have less and less time for ourselves in a context where household time-saving innovations galore are increasingly available. The question looms: Where is the promised transcendence?

There is something grossly wrong with the way the state apparatus is working. Ken Loach's film "I, Daniel Blake" relates the trauma of an elderly person's encounter with the welfare services in Britain. These services, it becomes clear, are not designed to help people in need but to punish people for being needy. The good citizen is not needy. The film evokes obvious parallels in other sectors of social provision. Are the police there to help or to discipline, surveil and repress us? Alienation is everywhere. It exists at work in production, at home in consumption, and it dominates much of politics and daily life (Lefebvre 1981).

So where are all the protest movements? In London the police kill an unarmed black man: a riot ensues and stores are looted and burned. Similar events occur in Stockholm and Paris. In Gezi Park in Istanbul an arbitrary decision to transform a central park into a shopping mall leads people to erupt in anger and to meet with police violence and repression. Within a few days the protest spreads throughout the whole urban system in Turkey: the problem is plainly not only the park but the lack of democracy and consultation about the organisation of daily life. Such struggles are not labour struggles of the classic sort (Keller 2013). They are outbreaks of popular discontent, of all those who are alienated in daily life no matter whether it's in the living space, the workspace, or wherever. Shortly after Gezi Park in the summer of 2013 a street action against rising transport fares spread like wildfire from city to city and to issue after issue in Brazil. Millions take to the streets in mass protests, only to meet with violent police repression and indifference on the part of authority.

The most typical response within a population to conditions of chronic alienation is to remain passive, resentful, morose and depressed (succumbing to drugs and alcohol) but to occasionally erupt in anger, frustration and rage, as happened in the London riots. At such moments people feel compelled to act. They want to tear down and destroy the existing order of things. They want scapegoats to blame. The capitalist class feeds them racial minorities, women, and immigrants as easy targets for blame. That mood was commonplace in many segments of the population around the USA in the summer of 2016. It had been steadily accumulating after the broadly progressive global protests in Seattle in 1999 passing through the short but surprisingly influential Occupy movement of 2011 (which also spread within the United States as well as internationally). This last case was the movement that focused on Wall Street and the "One Percent" as being at the centre of contemporary ills, only to be greeted (almost in an act of unconscious affirmation of the importance of the political point) by fierce police repression mobilized at the behest of "the Party of Wall Street," then followed by the relentless scapegoating of immigrants, racial minorities and women.

In this kind of world, we should not be surprised that right-wing populism and bigoted nationalist and racist movements thrive. With mass alienation, somebody like Trump could come along and blast his way into power. But, why Trump in particular? In the summer of 2016, I thought he had a very simple winning argument to persuade the alienated to vote for him. Trump would say: "I'm a highly successful business man. I've made a lot of money. And I'm spending my money on running for an election so I can give voice to your discontent". How many times during the campaign did he say to adoring audiences: "I am your voice!!" But then he would point to his opponent. "She went into politics to make money. Look at that money she made from Goldman Sachs - 250K for one lecture". Those forgotten guys sitting on barstools in Ohio would say: "Yes, the Clintons are on the make. They have always been out to get rich. I don't trust them but I can trust Trump because it is his money he is spending to represent us. Besides he is rude to the elites, tough on immigrants and minorities, and I can relate to that". For alienated, disempowered,

frustrated and angry people, such arguments would be compelling. Trump is the President of alienation.

But where does this alienation come from and why does it seem to be intensifying and proliferating? To begin with, transformations in the organisation of production and manufacturing – deindustrialization – over the last forty years have played a critical role. Meaningful jobs and the more or less solidarity-filled communities that arose to support them (in cities like Detroit and Sheffield) have been disappearing in droves. A car plant in East Oxford and its working class community (Blackbird Leys) employed more than 20,000 workers in the 1960s but is reduced to 2,000 by the mid-1990s. Deprived of the opportunity of making cars, alienated youth in Blackbird Leys took to joy-riding cars and participating in street riots against the police in 1991-2 (Hayter and Harvey 1993). Interestingly the shift of objective experience from the factory to the street was accompanied by an ideological shift from socialist to cultural anarchist aspirations. Anarchist elements were prominent in the Brazilian uprisings of 2013 as well as in the Occupy movement of 2011. Changing objective conditions produce shifts in political subjectivities.

The increasing industrialisation and capitalisation of agriculture has likewise destroyed the economic basis for a distinctive agrarian way of life. The rice farmers of South Korea commit suicide, peasant ways of life and culture disappear and, just as important, the small rural towns that once profitably serviced agrarian activities decline precipitously. Much of Trump's support and much of the Brexit vote in Britain came from small town and rural areas that were facing catastrophic economic decline, leaving no option for the young except to migrate to already overcrowded and high rent metropolitan areas in the hope of work.

New transport and communications systems have also helped dramatically change the landscapes of production and consumption. It is possible now for sophisticated engineering, design, innovation, and even marketing of a product to be located in the United States, while production occurs somewhere else. An assembly line can be across the Mexican border in Ciudad Juarez while research, design and administration can be in Dallas or Atlanta. This works for the corporation because the skills that exist in the United States can be combined seamlessly with cheap Mexican labour. The effect is to cut out and disempower labour in the USA. The argument that Trump makes about the consequences of NAFTA for workers is to some degree correct. NAFTA is not unique. German corporations do the same with Poland, for example. Such regional configurations are now emerging all over the place (Baldwin 2016). The benefits mainly flow to the corporate elites and their hangers-on while traditional working classes in the advanced capitalist countries are disempowered and diminished economically and politically. The whole social fabric and social cohesion that once existed around factory labour gets torn to shreds. Those guys sitting on bar stools in Ohio or in pubs in Sunderland know this all too well. They also know it in the beer halls in Munich, the cafes in Italy and the bistros in France.

Such trends intensify through the application of information technologies and artificial intelligence. A production line in Mexico can be controlled from an office in Dallas. It will also soon be possible to organise driverless delivery trucks and pilotless planes. The result is an on-going but accelerating reconfiguration of the global workforce and its employment prospects. Two thirds of the job losses over the last forty years are thought to be from technological change. But in addition, work forces in the USA, Europe or Japan now have to compete with the workforces of other nation states. In the 1960s labourers in the advanced capitalist countries were protected against foreign competition and could organise to procure better wages and better living conditions within the boundaries of their nation states. But that privilege got eroded through

neoliberal globalisation and now it has gotten eroded even further by technologies that foster competition between labour forces all around the world. And that of course means that in many places jobs do disappear, never to return (McKinsey Global Institute 2012). To some degree the argument that many go to Mexico or China is correct. Even if they do not go the fear that they might go is a powerful tool for capital to drive wages down. So what are NAFTA and the proposed TPP really about? The idea that these (proposed) agreements are about free trade is nonsense. It is about the U.S. corporate elites trying to create a privileged production and marketing economic block that is antagonistic to and competitive with China and Europe. But the benefits will not accrue to ordinary people. They will go to the capitalist class and urban elites.

What we are seeing is the creation of regional configurations of production and exchange under the control of some dominant class and corporate power. Capitalists create privileged regional spaces of economic activity from which they can exclusively benefit, while the working populations in their backyards gain little or nothing. The working people of the U.S don't benefit from NAFTA any more than the working people of Germany benefit from the European Union. Within each regional power block there is a hegemonic power. German capital has been the primary beneficiary of the construction of the Euro-Zone, and we know perfectly well who has not benefited from it. Greece has had value sucked dry by German and French finance capital. And the U.S tried to set up something like the TPP to do the same in the Pacific. Trump abandons it even though it would have been of great interest to the ruling classes. But who is stepping in to construct something along similar lines? China, of course. These regional reorganisations are occurring everywhere. The effect is to reconfigure how the world's labour force is mobilised for the benefit of capitalist classes and technological elites the world around.

The rate of change is accelerating. Once upon a time the textile mills were in Lowell, Massachusetts and then they went to the Carolinas and then they went to Mexico and then to Bangladesh. It took about 30, 40, 50 years for all of that to happen so adaptation initially could be slow. But what we are now seeing is a speed-up that is hard to adapt to. This speed-up largely derives from the second potentially fatal contradiction of exponential growth. The cotton mills in Baltimore were at their height in the 1920s and did not finally disappear until 1970. But now, recalcitrant populations suddenly find themselves bereft; advantages they thought they had disappeared overnight. Furthermore, the world's wage labour force has expanded dramatically. Since 1980 it has gone from around 2 to 3 billion (McKinsey Global Institute 2012). Most of China's population has come in, all of Indonesia, large segments of India, so we now have manufacturing going on in all these countries and rapid offshoring of manufacturing even from China to Bangladesh, Vietnam, Cambodia and the like.

There is something unusual about this, however. Industrialisation no longer guarantees a move very far up the GDP per capita table (as used to be the case before 1970 or so). It guarantees increasing inequality instead.

There is a very simple reason for this. A US-based corporation like Apple Computer has a high rate of profit, around 28%. Foxconn, which makes the computers in Shenzhen, has a profit rate around 3%, employing a huge labour force (now about to be made redundant by automation). There is a big gap between where value is created, which is in Shenzhen, and where it is realised, which is in the United States. This is how Walmart, the Gap, Ikea, and the like, make their money also. Conditions in this labour force are undergoing a radical reconfiguration. The biggest employers of labour in the USA in the 1960s were General Motors, Ford, and US Steel. Now it is the holding companies of McDonalds, Kentucky Fried Chicken and Walmart. In

these latter fields, the labour supply is increasingly precarious. The culture of young people in relationship to job opportunities is being revolutionised. They work in a coffee bar for six months and then go somewhere else. From a traditional perspective, this looks a terrible situation, but a lot of younger people I know seem to like it. They say: “this is great, I have enough money to trolley around for a few weeks and then I’ll pick up another job somewhere else for a bit.” Younger people, even the college educated, are getting used to a precarious peripatetic lifestyle that matches the evolving structure of job opportunities. For some this appears as a peculiar kind of freedom compared to a structure of labour opportunities that attaches one person to a particular niche in the division of labour for life. It is the perverse realisation of that brief glimpse of a different world that Marx sees in *Capital*. “Large scale industry, by its very nature, necessitates variation of labour, fluidity of functions, and mobility of the worker in all directions [...] The partially developed individual, who is the bearer of one specialized social function, must be replaced by the totally developed individual, for whom the different social functions are different modes of activity he takes up in turn” (Marx 1976, 617-618).

#### 4. The Circulation of Capital as Totality

But how do we put all of this together to get a picture of how capital in general is working in our times? Consider the circulation of capital as a whole, as a totality (see Figure 1). There are three key moments in that process. One is the moment of production where capital is, as Marx put it, “valorised” by the activities of labourers engaged in a labour process of commodity production. Then there is the moment of realisation, where the value created in commodity form in production is monetised through a sale in the market. And then there is the moment of distribution when the realised money is allocated between capital and labour but also between factions of capital (landlords, merchants, financiers as well as industrial producers) and the state. Capital circulates through all of those moments.

I cannot overemphasise the importance of taking this perspective of the totality when considering how far Marx got in reconstructing the laws of motion of capital circulation and accumulation. It is a fantasy, for example, to think that financialisation is a recent feature to capital accumulation. Marx shows in Volume 3 of *Capital* that the separation of interest-bearing capital as a property relation from the circuit of industrial capital by the mid-nineteenth century produced distinctive contradictions. The crises of 1847-8 and 1857 are analysed as commercial and monetary crises with no reference to the falling rate of profit earlier identified as a primary potential source of contradiction. There is an uncanny resemblance between Marx’s descriptions of these crises and what happened in 2007-8 in the United States (see Harvey 2017, 202). Marx even notes how the defective institutionalisation of the Bank of England in 1844 played a role in deepening and extending those crises (much as the European Central Bank played a negative role from 2010 onwards), while the separation of ownership from management also produced critical tensions in the management of accumulation. Only in these terms can we make sense of Giovanni Arrighi’s detailed historical reconstruction of how hegemonic shifts in capitalist power relations on the world stage (such as the shift from the Low Countries to Britain in the eighteenth century) are preceded by and to some degree accomplished through a strong phase of financialisation.



buyers not as workers when they are in the market place (Marx 1973, 419-22). Conflicts at the point of realisation are between buyers and sellers. This is very different from struggles that pit capital against labour. This is what Marx refers to as “profit upon alienation” (profit taken at the point of commodity trading).

If there is a struggle against rising rents or scamming on broadband services, for example, then all kinds of social groups will likely become involved. It is not just workers, but middle class and petty bourgeois factions (shopkeepers and restaurant owners as well as professionals) who are affected. The way property prices and rents are surging in New York City is at the centre of broad-based discontent. A movement against the rising rents and speculation in property markets would draw support from many different groups within the population. The protestors on the streets of Brazilian cities in June of 2013 or those who took part in the Gezi Park protest in Istanbul, were not from the classic working class (though many workers did ultimately join in). They were made up of a complex mix of people including disaffected and alienated middle class groups in the population with a variety of demands and interests. In Brazil the issues were increasing transport costs, investments in spectacular events like the World Cup and the Olympics at the expense of social expenditures on health care, education and housing, to say nothing of rampant corruption. Rising food prices have long been one of the main triggers of the uprisings in North Africa and the Middle East (Walton and Seddon 1994).

In addition, there are all those who have long been seeking to create heterotopic spaces where they could live a relatively unalienated existence albeit in a sea of alienation. Such movements exist all over the place. They can be found in the heart of metropolitan centres as well as on the rural margins. Many of the major protests since 2000 or so have been animated by groups of this sort. Urban movements of discontent are on the rise in particular. They are often movements of populations alienated by the deteriorating conditions of daily life in the city and the lack of any kind of democracy (Lefebvre 1981). They demand empowerment and ways to ameliorate their increasing marginalisation as citizens rather than as workers. These sorts of struggle are qualitatively different to the traditional labour struggles around factory work. As factories disappear in many parts of the world, one cutting edge of anti-capitalist struggles lies in the field of realisation rather than production.

But where do the state expenditures laid out for purposes of demand management come from? If the economy is in a downward spiral then tax receipts will fall. Raising taxes will diminish not augment consumer demand. The state has therefore to create money; it has to borrow and deficit finance to push the economy into an upward spiral. But where can it borrow from? It turns out that there are mediating organisations within the circulation that command surplus money power and have the power to leverage surpluses in effect creating ever more money. This is another source of the energy that propels the capitalist accumulation system onwards and upwards. Those who have surplus funds want to put their money to work to earn a dividend. I have a private pension fund. TIAA has a fiduciary responsibility to me to put my pension money to work and get the highest rate of return. TIAA offers credit. It incentivises people to borrow money and to engage in profit-seeking. My pension fund stands accused of funding land grabs in Latin America.

But what is this debt about? It is a claim on future labour. The state of my pension fund in five years' time ultimately depends upon the value production by labourers over the next five years. Pension funds are just one example out of many institutions that engage with debt creation. There are the stockholders and the bond holders. Then there are the banks themselves that store

other people's money and use it to make profit for themselves. All of these institutions want a rate of return and they are going to push the system of endless accumulation through circulation as much as they can.

Capitalists seeking profit were probably most important in the nineteenth century. In the 1930s that began to break down and so you get the Keynesian turn to demand management centred on the state for a while. Right now, the prime source of energy behind the circulation of capital seems to lie in the field of distribution. It is the agents in distribution who are creating the debt and issuing the credit that has to be redeemed through some form of activity which is going to give me five percent per annum on my pension fund. Value and surplus-value has to be created somewhere within the system in order to redeem it. How is that done? One of the ways is to borrow even more (politely called "rolling over the debt"). In this case, a Ponzi scheme is created powering the endless circulation and accumulation of capital. Is this where the global economy is now headed? There is a good deal of evidence suggesting this is so.

But there is something else important about debt creation. Debt is a claim upon future labour. The future is foreclosed by taking on debt. This has a positive outcome when the borrowed money is put to good future use. But it quickly turns negative as debts weigh down upon the future and it becomes increasingly difficult to find ways to redeem the debts through active value production. Debt thus becomes a key form of social control. Our future is dictated by the need to redeem our debts. What is being produced is a society based on debt peonage ([Hudson 2015](#)). Capitalists understand this very well. When, for example, mortgage finance was set up in the 1930s to encourage working class homeownership as a signal piece of the American Dream, it was noted that "debt-encumbered homeowners don't go on strike." Likewise, debt-encumbered students don't cause trouble. The whole debt structure forms a vast network of social control that curtails basic freedoms and exaggerates those feelings of alienation with which I began.

When Bill Clinton won the Presidency in 1992, he outlined his ambitions for a new economic program to his Treasury Secretary, Robert Rubin (from Goldman Sachs) who reportedly objected to the plans. When Clinton asked "Why?" Rubin said: Wall Street bond holders won't let you. Clinton's famous response was: You mean to say that my whole economic program is held hostage to a bunch of fucking bond traders on Wall Street? And Robert Rubin said "Yes." Clinton came to the Presidency promising universal healthcare and delivered NAFTA, the reform of welfare as we know it, a vicious reform of the criminal justice system that led to the mass incarceration of mainly racial minorities, a reform of housing finance that culminated in the foreclosure disaster of 2007-8, and the repeal of the Glass-Steagall regulatory frameworks that constrained speculative activity on the part of banks. And that is what the bond holders wanted. This poses a big question: who is really in charge, the politicians or the bondholders? The answer is clear in the case of Greece: it is the bondholders.

But it is not only weak and small countries like Greece that are disciplined by bond holder power. The 2017 tax reform in the United States is in effect a bond-holder's charter that delivers immense benefits to the oligarchs while in the long-run dispossessing the people and accelerating debt creation. It opens the path to a competition over accumulation by dispossession on the world-stage. The only way other countries can protect against capital flight, is to reduce their corporate taxes also. Britain and China were the first two major countries to suggest they might reduce corporate tax rates to below those in the USA while offering favourable treatment, against WTO rules, to foreign investors. Meanwhile, the next step in the USA is to cut essential social

programmes, such as Social Security, Medicare and Medicaid, which are crucial for the mass of the population, in order to redeem the debt that has been used to fill the coffers of the oligarchs.

Under such conditions democracy becomes a sham. Everyone knows that most political parties and national governments are under the control of the bondholders and that the equivalent of the Party of Wall Street is what really rules (the Treasury Secretary of the US government has come from Goldman Sachs for most of the time during successive presidencies since 1993). As a result, alienation from politics and distrust of political parties become a norm, as does an acceleration in the growth of indebtedness alongside of the intensification of geopolitical rivalries and competition.

Credit money is, it turns out, the only form of capital that can increase without limit. Other things can, of course, increase dramatically. China in two years consumed 45% more cement than the United States had consumed in 100 years before that. China in 2007 had zero miles of high-speed train network. It now has fifteen thousand miles. What has happened in China in terms of productive activity and the creation of new use-value is astonishing. But why did the Chinese do this? When its export industries crashed in 2008 because the U.S consumer market crashed, the Chinese had to find a way to employ 20 million people who had lost their jobs. By early 2009 they apparently had a net job loss, according to the IMF/ILO (2010) report, of 3 million. This means they created 17 million jobs in about 9 months. How did they do it? They built massive physical infrastructures and whole new cities. They consumed more than half of the world's cement, more than half of the world's steel, about 60% of the world's copper. During this whole period commodity prices rose. Those countries producing raw materials for China, such as Chile, Brazil and Australia, came out of the 2007-2008 collapse pretty fast and well. China said send us the ore, send us the lithium, send us the copper, the iron ore and the soybeans. But there is a physical limit on how much cement can be consumed. The prospect of an endless exponential growth in the use of cement is terrifying (China is experiencing chronic environmental problems as a result). The Chinese also went from a low to high debt to GDP ratio in a very few years to fund this expansion. They became leading participants in the debt-creation game. Fortunately, they are mainly indebted in their own currency so they can avoid the fate of Greece or other heavily indebted countries that were forced by their creditors to implement savage austerity programs to pay off their creditors. But the Chinese debt is now viewed as a serious problem: how might it be redeemed?

This is a key global problem. The IMF reports global debt has been growing exponentially since the 1970s (International Monetary Fund 2016). There was a little blip in 2008 when it went down a bit but it jumped up again shortly thereafter. This is Ponzi finance and escalating debt peonage in action. The experts in the management and manipulation of debt peonage (the hedge funds, the private equity investors and the investment banks) come out on top. They are managing the global economy in their own interest. Trump appoints experts from Goldman Sachs to manage the economy. They typically earned their billions not by making anything but by legally robbing people of their asset values. Trump's Treasury Secretary Mnuchin took over a failing bank heavily invested in real estate and turned it around by forcing evictions and replacing affordable housing by upscale residential accommodations. This is not a labour problem. Manipulators of this sort made out like bandits from the housing foreclosures and evictions that occurred in 2007-8. George Soros legally robbed the British people of more than a billion dollars over seven days by betting against the valuation of the British pound against the German

deutschmark in 1992. Then everyone is surprised at the incredible increase in wealth inequalities in the capitalist world. What impact does all this have on the alienation of populations?

#### 5. Conclusion

This gets me back to the roots of the deep discontent with this system. At some point we are almost certainly going to see a revolt against debt peonage. I'm surprised in some ways that the student debt movement didn't morph into a massive oppositional movement, but it's actually very difficult to get out of it for a number of reasons. A moratorium on debt or a jubilee could wipe out all debt but that would include my pension fund. This cannot be done without guaranteeing future incomes by other means. It is extremely difficult also to get mass solidarity among many individual debtors some of whom have already paid off a significant part of their debt and would resent a younger generation escaping such a burden.

At this point we are all locked in. We have to support the system because if we do not then we are the ones who get screwed. We are all locked into a system of debt peonage. This seems a perfect recipe for the production of mass alienation. The state, as it is currently structured, cannot deal with it, because, as Bill Clinton was so clearly told, governments are dependent entirely on the power of the bondholders. If they go against that power, the state loses its financial base. At the centre of it all lies what I call the state-finance nexus – the alliance between central banks (the pinnacle of the private financial system) and the treasury departments (the arbiter of power within the state). This is the nexus of power that locks all of us into debt peonage and a foreclosed future. The big, big question is how do we escape the clutches of the state-finance nexus? What forms of social movement can help us get out? There are lots of heterotopic spaces emerging where people try and live an alternative life and contract out of the debt economy. They are searching for some other way to live and refuse to get locked in. The belated hope is that somewhere and somehow a parallel form of governing and financing (perhaps with local currencies) will allow more and more people to escape into a world of unalienated social relations and autonomous forms of production and consumption. Such an anarchist strategy is unlikely to succeed. The power of the state-finance nexus has to be confronted directly. The history of the Greek problem illustrates how hard that will be.

But we also have to understand that we are also a key part of the problem. It is not just the dominant capitalist class and their hangers on who are actively engaged in foreclosing our future in order to ensure the perpetual growth of their monetary power. We are all caught in a trap. The unassuming peasant who falls for the trap of microfinance and the pensioner who demands assurances of their own financial future are all caught up in this system of debt peonage. Until we understand that and act consciously to get ourselves out of this trap, then we are not going to be able to do anything other than keep on going with the global Ponzi scheme, where debt and money will be created without limit for the benefit of a financialised capitalist class. Privileged classes will use the circulation process in such a way as to extract as much personal wealth and power as they can and while the opportunity lasts. Since 2007-2008 almost all of the gains from the recovery have gone into the pockets of the top 1%. They are by and large doing just fine. For the rest of us, the objective alienation of whatever wealth we have by the ruling classes leaves behind a bitter residue of subjective alienation from the kind of political economy that capital has constructed.

We have, in short, an amazing situation where the capitalist classes are everywhere doing extremely well, while capital in general is doing rather badly. It is foolish to imagine that the capitalist class will do anything about such a situation. They have no incentive. And many of us

are also in a situation where we do not have an immediate incentive to do anything about it either – I totally lose my pension, my house and property as financial assets if the state-finance nexus, the Bastille of contemporary capitalism, is stormed by angry mobs. This is the political dilemma inherent in the current situation. While our task may be to change the world, it is a prerequisite for revolutionary theory that we first understand it. The theory of objective alienation along with an understanding of its subjective consequences is one vital key to unlock the door of a progressive politics for the future.

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