

# Capital's Nature—A Response to Andrew Kliman

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**Does the rate of profit tend to fall under capitalism? If so, what are the political implications?**

New Left Project recently published a two-part critique by Andrew Kliman of leading Marxist geographer David Harvey's objection to Marx's theory of the falling rate of profit. [Part 1](#) disputed Harvey's interpretation of Marx; [Part 2](#) argued that US corporations' long term rate of profit fell after WWII, in accordance with Marx's law.

Below is David Harvey's response.

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I appreciate [Andrew Kliman taking time out to explain his objections](#) to my views on Marx's theory of the falling rate of profit. He has several detailed objections that counter some but by no means all of my problems with Marx's theory. Rather than going over each point in turn, I think it would be useful for readers to understand a fundamental difference between the ways Andrew and I conceptualise and frame our understanding of the nature of capital.

In explaining why his view of the falling rate of profit is not monocausal, Kliman resorts to an interesting and revealing metaphor:

*If I appeal to the universal law of gravitation in order to explain why apples have a tendency to fall off trees, without mentioning other factors that can make them fall, like the blowing of the wind, or counteracting factors like air resistance, I am not assuming that these other things do not exist. Much less am I constructing a mono-causal model that excludes them, and which is therefore severely restricted in applicability.*

It is a clever and beguiling metaphor, all the more powerful since the idea of 'falling' is common to apples falling off trees and to the supposed path of profit rates. In both instances, there are countervailing conditions and circumstances that modify the operation of the fundamental law. In Kliman's view this refutes the charge of monocausality. We could quibble over semantics of what mono-causality means here. If there were no universal law of gravity, no amount of blowing of the wind would send the apple to the ground and the amount of air-resistance would be irrelevant. These conditionalities (or countervailing forces) are relevant only in relation to the universal law. 'Universal', because the laws of gravity can reasonably be assumed to be universal throughout all of nature.

The tendency for profit rates to fall seems to have a similar status in Kliman's world. It is a universal of capital, derived not from the natural world (as it was in Ricardo's version of falling profit rates) but from capital's own nature. Hence Kliman's conclusion: that no matter what remedies are sought out and applied, capital can never escape the tendency for profit rates to fall. This tendency is simply inherent in what capital is, even as the conditions under which it plays out vary widely.

The competitive search for relative surplus value ultimately undermines and destroys the capacity to produce and realise that surplus value. For Kliman, this is the primary contradiction of capital around which a host of secondary contradictions (e.g. those embedded in the credit system or deriving from insufficient aggregate demand) cluster.

No amount of tinkering with the secondary contradictions (e.g. financial reform or basic income redistributions) can abolish the tendency for profit rates to fall and crises to form. Only a revolutionary politics that addresses this primary contradiction will suffice (even though, as Kliman readily concedes, reforms here and there can improve the lot of particular needy groups in the population and that is not a bad thing).

Reasoning with the help of metaphors is profoundly important to the construction and communication of human understandings. It helps us see the unfamiliar and unacceptable in familiar and acceptable terms and also is suggestive of as-yet undiscovered properties of one system by analogy to the known properties of another.

Darwin, for example, faced with all of the confusions of his data, first used the known properties of the plant and animal breeding practices with which he was familiar to make sense of what was happening on 'the tangled bank' of the nature that he was studying. But in nature there is no conscious agent doing the breeding (unless the hand of God is invoked which, unlike contemporary creationists, Darwin was reluctant to do). The insight that allowed everything to fall into place by Darwin's own account came from the social theory of Thomas Malthus. The blind hand of competition and survival of the fittest substituted for the conscious agent. Being married to the daughter of the pottery maker Josiah Wedgwood, Darwin was also deeply familiar with the importance of the rapid proliferation of divisions of labour and specialisations of function within British industrial capitalism. So these, too, entered into his theory of evolution. 'It is remarkable', wrote Marx, an admirer of Darwin, 'how Darwin recognises among beasts and plants his English society with its divisions of labour, competition, opening up of new markets, inventions and Malthusian "struggle for existence"'.<sup>1</sup> These social metaphors underpinned Darwin's theory of natural evolution. They helped him and us to make sense of his data. Social theorists later returned the compliment by running the same metaphor in the opposite direction, conceptualising capital as wholly natural because it seemed consistent with Darwin's scientific theory of natural evolution! The coupling of this social Darwinism with the metaphor of the state as a biological entity in need of living space produced a style of geopolitical thinking that had, however, appalling consequences in the 1930s.

Interestingly, the Russian evolutionists, living in a non-capitalist social world that was mainly characterised by the moral economy of the peasantry, could neither understand nor accept Darwin's resort to the Malthusian metaphor. They emphasised mutual aid as a key property of natural evolution instead. Such a theory was as consistent with the data as the theory of competition but in Britain this idea fell on stony ground, almost certainly for social rather than scientific reasons.<sup>2</sup> But the Russian metaphor also returned to the social world, thanks to the anarchist writings of the evolutionary physical geographer Peter Kropotkin. A wholly natural society, in Kropotkin's view, was one in which mutual aid dominated. In the anarchist world view, it was capital that was unnatural!<sup>3</sup>

I mention this history not only to illustrate the utility of metaphors and analogies but to highlight also their potential dangers and pitfalls. As is well known in the science studies literature, the metaphors invoked to frame our thinking have all manner of consequences.<sup>4</sup> We also know we cannot do without them.

So what, then, is the appropriate metaphor for understanding capital's nature? And how might we best conceptualise capital's laws of motion?

Kliman's thinking, like that of many economists (both Marxist and non-Marxist), seems to appeal to metaphors drawn from physics. Just as falling apples respond to universal laws of gravity (backed, as Kliman points out, by the second law of thermodynamics), so the downward course of profits is a manifestation of the principal law of motion of capital. But how useful and revealing is this metaphor and in what respects might it mislead?

Marx appealed to a variety of metaphors to understand capital. He occasionally resorted to gravity and Newtonian thinking, but in the first chapter of *Capital* he appeals to chemistry. Value, he says, is congealed in commodities as 'crystals of this social substance' we call labour. He then switched to biology: as capital circulates, so it undergoes metamorphoses into the different physical forms of money, commodities, productive activities and the like. Morphogenesis becomes a crucial framing for his thinking. This leads into the metaphor that impresses me most—that of capital as an organic whole, sustained by the internally differentiated circulatory flows of value that absorb from capital's *milieu* the energies of human labor as well as the raw materials to be found in capital's social and natural environment. In the introduction to the *Grundrisse*, Marx elaborates on this way of thinking

directly:

*The conclusion we reach is not that production, distribution, exchange and consumption are identical, but that they all form the members of a totality, distinctions within a unity.... A definite production thus determines a definite consumption, distribution and exchange as well as definite relations between these different moments. Admittedly, however, in its one-sided form, production is itself determined by the other moments. For example if the market, i.e. the sphere of exchange, expands, the production grows in quantity and the divisions between its different branches becomes deeper. A change in distribution changes production, e.g. concentration of capital, different distribution of the population between town and country, etc. Finally, the needs of consumption determine production. Mutual interaction takes place between the different moments. This is the case with every organic whole.*<sup>5</sup>

But what kind of ‘organic whole’ is being envisaged here and with what properties?

Marx, impressed with Darwin, looked to evolutionary biology as his preferred analogy. He does this explicitly in Volume I of *Capital*.<sup>6</sup> ‘Darwin has directed attention to the history of natural technology, i.e. the formation of the organs of plants and animals, which serve as the instruments of production for sustaining their life. Does not the history of the productive organs of man in society, of organs that are the material basis of every particular organization of society, deserve equal attention?’

The organic whole of which he speaks is not a well-defined and bounded entity like the human body. Capital is more like an evolving ecosystem. It is constituted by what Henri Lefebvre pictured as ‘an ensemble’ or Deleuze and Guattari as an ‘assemblage’ of activities and ‘moments’ in interaction with each other. It is far more amenable to dialectical readings of the sort proposed in Levins and Lewontin’s *Dialectical Biology*. These ever expanding and proliferating activities and ‘moments’ are bound together within capital’s ecosystem by flows of value. The production and expansion of surplus value—accumulation for accumulation’s sake and production for production’s sake—is both the aim and object of capital’s endeavour within the ecosystem it constructs. The continuity of flows of value, Marx makes clear, is a necessary condition for the reproduction of capital. Any blockage threatens a crisis.

This organic metaphor leads to a quite different interpretation and understanding of where crises might come from and how they might form. Just as a human body can fall sick and die for all sorts of different reasons other than sheer old age, so there are multiple points of stress and potential failure within the organic whole of capital. A failure at one point, moreover, typically engenders a failure elsewhere. Attempts by the capitalist state or capitalist class to deal with stresses at one point may have unintended consequences elsewhere. The crisis tendencies of capital do not get resolved but they can and do get moved around from one stress point to another.<sup>7</sup>

This is why in my critique of the law of falling profits I emphasised Marx’s statement that,

*The contradictions existing in bourgeois production are reconciled by a process of adjustment, which, at the same time, however, manifests itself as crises, violent fusion of disconnected factors operating independently of one another yet correlated.*<sup>8</sup>

This way of thinking substitutes the teleology of the falling rate of profit with a variety of contingent forces within the organic whole that move one way or another depending on the interplay of multiple but correlated contradictions. The multiple contradictions and crisis tendencies internal to capitalism are perpetually re-created even as they appear in different guises.

The big difference between Andrew and myself, I would suggest, lies in the metaphorical framing we each have of capital’s nature. The chaotic mishmash of possible causes for breakdown and crises that I typically invoke without

any necessary directionality of change contrasts with the mechanical certainties of that Newtonian world in which the clock was wound up at the outset through the extractions of absolute surplus value only to gradually be wound down under the competitive impetus to create relative surplus value. As the ratio of capital to labour employed shifts ineluctably in the former's favour, so the profit rate trends down. To me, this mechanical model appears too deterministic, too unidirectional and too teleological to fit how I see and experience capital evolving as an organic whole.

I am not necessarily right in this and Andrew is not necessarily wrong in conceptualising things the way he does. But I think it is important for readers to realise this key difference in our thinking as to how best to conceptualise capital's nature. In my version, the organic whole constituted by capital could be laid low by the mechanism pointing towards falling profits that Andrew favours and I certainly did not exclude that possibility, in spite of what he says. But to focus primarily on that is like saying we should focus only on heart attacks as causes of human death. At the end of the day (whenever that is), the organic whole may indeed die from sheer old age or because the heart just stops beating. But, as with the human body, capital can die or get seriously sick for all sorts of other reasons too.

The job of the Marxist diagnostician is to figure out what ails capital this time around: what may threaten its reproduction and its capacity to rejuvenate and how and why its organic qualities might change or even mutate over time (as they plainly have done). New species in the divisions of labor can be introduced or appear by accident as others die out, even as the organic whole flourishes and grows. Large parts of capital's ecosystem can die out completely, leaving wastelands behind even as other areas flourish.

Eventually the wastelands (like Detroit) may be recolonised by other species of capitalist activity (provided the socialists or anarchists don't get there first!). Questions of contagion and of uneven geographical development become more prominent in this reading and outcomes much less certain. While it may sound as everything is dissolving into a mass of contingencies in my framing, there are, it usually turns out, some very dominant blockage points that recur again and again. One of my favourites, for example, is to look carefully at how investments in the fixed capital and consumption fund of the built environment both absorb surplus capital and ultimately become the locus of a crash (as happened in 2008 and as is now threatened in China). This corresponds, as I have pointed out, to Marx's comment that 'the cycle of interconnected turnovers embracing a number of years, in which capital is held fast by its fixed constituent part, furnishes a material basis for the periodic crises'.<sup>9</sup> Why, then, are we not investigating this with the same intensity and tenacity as is devoted to the falling rate of profit?

There is, however, the possibility that both Andrew and I might be right in our metaphorical framings. Prigogine and Stengers, in their brilliant book on 'Order Out of Chaos', point out that there is no simple way to get from the physical laws of thermodynamics (which everyone accepts) that depict the inevitable tendency for energy to dissipate, to evolutionary organic theories (which most scientists accept) that depict the increasing concentration and ordering of energies in space and time.<sup>10</sup> Yes indeed the sun will eventually run out of gas and given the second law of thermodynamics energy will dissipate. But there is nothing to stop the increasing concentration and, in the Earth's case, storing of energies in one part of the universe for a time so that species as well as whole civilisations can be constructed through increasing order. In the here and now, the second law of thermodynamics means very little to us at the macro-level struggling to reproduce in our little corner of the universe, even as it is a universal feature of the world in which we live (and has lots of localised uses in closed systems, such as in steam engines).

For us it is the evolutionary laws that matter, and they work according to a different logic. Energy gets increasingly centralised and concentrated rather than dissipated. But this can happen for capital only if the continuity of the flows of value is preserved and if the many potential blockages to these flows can be successfully negotiated or overcome. Both conceptions may be right, but they have different domains of application.

So Kliman may well be right in the long run. But my organic metaphor for understanding capital's nature works far better for understanding what is happening to us in the here and now.

other books, *The Limits to Capital* and *A Brief History of Neoliberalism*.

Top image by Department of Histology, Jagiellonian University Medical College, via Wikimedia Commons.

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## References

- <sup>1</sup> Karl Marx and Friedrich Engels, *Selected Correspondence* (Moscow: Progress Publishers, 1965), p.128.
- <sup>2</sup> Daniel P. Todes, *Darwin without Malthus: The Struggle for Existence in Russian Evolutionary Thought* (Oxford: Oxford UP, 1989).
- <sup>3</sup> Petr Kropotkin, *Memoirs of a Revolutionist* (New York: Dover, 1971).
- <sup>4</sup> I reviewed some of these in David Harvey, *Justice, Nature and the Geography of Difference* (Oxford: Basil Blackwell, 1996), pp. 158-69.
- <sup>5</sup> Karl Marx, *Grundrisse* (London: Penguin Books, 1973), pp. 99-100.
- <sup>6</sup> Karl Marx, *Capital*, vol. 1 (London: Penguin Books, 1967), p. 493.
- <sup>7</sup> David Harvey, *The Enigma of Capital* (London: Profile Publishers, 2010), chap. 5.
- <sup>8</sup> Karl Marx, *Theories of Surplus Value* (London, Lawrence and Wishart, 1972), p.120. My italics.
- <sup>9</sup> Karl Marx, *Capital*, vol. 2 (Harmondsworth, Middlesex: Penguin Books, 1978), p. 264. I took up this theme in depth in David Harvey, *Rebel Cities: From the Right to the City to the Urban Revolution* (London: Verso, 2013).
- <sup>10</sup> Ilya Prigogine and Isabelle Stengers, *Order Out of Chaos* (New York: Bantam, 1984).