

CHAPTER 14

The spatial fix: Hegel, Von Thünen and Marx

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I have often wondered why the first volume of Marx's *Capital* ends with a chapter on 'the modern theory of colonization'. The position of such a chapter appears, at first sight, more than a little odd. It opens up the whole question of foreign and colonial trade and settlement in a work which, for the most part, theorizes about capitalism as a closed economic system.¹ Furthermore, it obscures what many would regard as a more 'natural' culmination to Marx's argument in the penultimate chapter. There Marx announces, with a grand rhetorical flourish, the death-knell of capitalist private property and the inevitable 'expropriation of a few usurpers by the mass of the people' (Marx 1967: 762–3). So why not end the volume with this stirring call to arms, so deeply reminiscent of the *Communist Manifesto*? Why append a chapter on what seems a wholly new theme?

I have likewise long been intrigued by Marx's cavalier treatment of Von Thünen. The latter, Marx concedes, asked the 'right question': 'how has the labourer been able to pass from being master of capital – as its creator – to being its slave?' But his answer is, in Marx's opinion, 'simply childish' (Marx 1967: 621). What, then, are the grounds for such an easy dismissal?

In this paper I shall show that Marx's chapter on colonization explains why he thought Von Thünen's solution was so childish. I shall also argue that both Marx and Von Thünen were responding to a challenge thrown down in Hegel's *Philosophy of Right*. Marx's treatment of colonization and Von Thünen's doctrine of the frontier wage constitute their respective answers to a problem Hegel left open: the role of geographical expansion and territorial domination, of colonialism and imperialism, in the stabilization of capitalism. Since this problem is still with us, it seems worthwhile going back to initial formulations of it.

¹ Marx occasionally spells out what is otherwise a tacit assumption explicitly. See, for example, *Capital* (1967, vol. 1: 581).

Hegel

Hegel's *Philosophy of Right* is a rich and extraordinary work. In a few trenchant and startling paragraphs in the midst of his exposition, Hegel lays out the lineaments of an economic theory of capitalist imperialism. We first consider how he arrived at such a conception.

The main thrust of the *Philosophy of Right* is to provide an interpretation of law, morality and various aspects of ethical life as 'the objective, institutional expressions of spirit' (Hegel 1967; Avineri 1972: 132). Hegel interprets the *family* as a sphere of ethical life dominated by particular and personal altruism. *Civil society*, on the other hand, is a sphere of 'universal egoism' in which each individual seeks to use others as a means to his or her own ends. This is, above all, the sphere of market competition, the social division of labour and 'universal interdependency' as described in political economy. The evident tension between the family and civil society – between the private and public spheres of social life – can be resolved, in Hegel's view, only through the acquisition of a universalistic consciousness on the part of all and the objective expression of that consciousness through the institutions of *the modern state*. The *rational state*, Hegel claims, can transcend the dualities of private and public life and so restore the broken unity of human existence through synthesis of the roles of 'homme' and 'citoyen' which Rousseau had envisaged as ineluctably split asunder within the complex weave of bourgeois society.²

Hegel proceeds, of course, in the grand manner of speculative philosophy. He begins with general abstractions arrived at ideally rather than with any detailed study of how actual social and political institutions work. His conceptual apparatus therefore has no necessary material grounding, while subsequent propositions are rigorously derived out of a dialectical logic ruthlessly applied in the best traditions of philosophical idealism. The intent of the *Philosophy of Right*, however, is to bring the abstractions closer to earth, to provide his logic with a 'political body'. The method of enquiry is, in this regard, exactly opposite to that of Marx who sought, through material historical enquiry, to expose 'the logic of the political body itself' (O'Malley 1970). The politics which Hegel derives sound very conservative because the institutions of 'the rational modern state' which he depicts sound ominously reminiscent of the Prussia of his own time. Yet a strong thread of radical critique also runs through the work and invests it with an intriguing ambiguity.

The passages in the *Philosophy of Right* that are of immediate concern to us, are those in which Hegel depicts the contradictions inherent in

² On the relationship between the thought of Rousseau and Hegel, see Pelczynski 1962.

bourgeois civil society. Although deeply affected by the writings of the British political economists – particularly Steuart and Adam Smith (Plant 1977) – Hegel rejects the idea that the ‘hidden hand’ of the market could marvelously harness universal egoism and greed to the benefit of all. Hegel was, after all, scarcely in a position to proclaim the virtues of a free market in a Prussia which clung tenaciously to mercantilist policies administered by a strong centralized state. To keep within the bounds circumscribed by such a politics, Hegel is forced to explain why market coordinations are defective, why they generate contradictions rather than social harmony of the sort proclaimed by Adam Smith. The main difficulty arises, Hegel claims, because labor as the active mediator between ‘man and nature’ is necessarily the ultimate source of all wealth – the labor theory of value is correct. But private labor is rendered social through a market system founded on universal egoism and greed, while profit necessarily entails the appropriation of the product of someone else’s labor. Furthermore, the logic of profit-seeking means a compulsion towards the perpetual transformation of social needs – each seeks to create a new need in the other – and so implies perpetual expansion in both production and consumption. This dynamic produces such rampant contradictions that civil society, left to its own devices and without the interventions of the rational modern state, will surely be brought to the edge of total catastrophe. The interventionism of the state is totally justified.

But let us look a little more closely at the contradictions which build up within civil society under conditions of profit-seeking and free market exchange. Hegel concentrates on the increasing accumulation of wealth at one pole and the increasing mass of the impoverished at the other as the fulcrum of social disruption. Here is how he fashions his argument:

When civil society is in a state of unimpeded activity, it is engaged in expanding internally in population and industry. The amassing of wealth is intensified by generalizing (a) the linkage of men by their needs, and (b) the methods of preparing and distributing the means to satisfy these needs, because it is from this double process of generalization that the largest profits are derived. That is one side of the picture. The other side is the subdivision and restriction of particular jobs. This results in the dependence and distress of the class tied to work of that sort.

(Hegel 1967: 149–50)

The expansion of production therefore coincides with a decline in the standard of living of the mass of the people below ‘a certain subsistence level’ and their relative deprivation to the point where they cannot ‘feel

and enjoy the broader freedoms and especially the intellectual benefits of civil society.’ The ‘concentration of wealth in a few hands’ is associated with ‘the creation of a rabble of paupers.’ In a telling addition to the original text, Hegel goes on to remark:

Poverty in itself does not make men into a rabble . . . Against nature man can claim no right, but once society is established, poverty immediately takes the form of a wrong done to one class by another. The important question of how poverty is to be abolished is one of the most disturbing questions which agitate modern society.

(Hegel 1967: 277)

Hegel considers two solutions to this ‘disturbing’ question. He explores the prospects for preventing the plunge into fateful social disorders by taxing the rich to support the poor, by supporting the poor out of public welfare, or by providing them with new work opportunities. But he concludes that all such solutions would merely exacerbate the problem. For example, the creation of new work would increase the volume of production when ‘the evil consists precisely in an excess of production and in the lack of a proportionate number of consumers who are themselves also producers.’ For reasons of this sort, it ‘becomes apparent that despite an excess of wealth civil society is not rich enough, i.e. its own resources are insufficient to check excessive poverty and the creation of a penurious rabble.’

And so Hegel is forced to consider a second set of solutions. Civil society, he argues, is driven by its ‘inner dialectic’ to ‘push beyond its own limits and seek markets, and so its necessary means of subsistence, in other lands that are either deficient in the goods it has overproduced, or else generally backward in industry.’ It must also found colonies and thereby permit a part of its population ‘a return to life on the family basis in a new land’ at the same time as it also ‘supplies itself with a new demand and field for its industry’ (Hegel 1967: 150–2).

Imperialism and colonialism are hereby interpreted as necessary resolutions to the internal contradictions that are bound to beset any ‘mature’ civil society. Hegel is quite explicit that the increasing accumulation of wealth at one pole and the formation of a ‘penurious rabble’ trapped in the depths of misery and despair at the other, sets the stage for social instability and class war that cannot, according to his analysis, be assuaged by any *internal* transformation in the functioning of civil society. Overproduction and underconsumption, provoked by imbalances in the distribution of income, likewise undermine the internal coherence of industrial enterprise. Civil society is forced to seek an *outer* transformation

through geographical expansion because its 'inner dialectic' creates contradictions that admit of no internal resolution.

Having, in a few brief startling paragraphs, sketched the possibility of an 'imperialist' solution to the ever-intensifying contradictions of civil society, Hegel just as suddenly drops the matter. He leaves us in the dark as to whether imperialism and colonialism could stabilize civil society through the elimination of poverty and social distress, in either the short or the long run. Instead, he switches to a detailed analysis of the state as the 'actuality of the ethical Idea'.³ This seems to imply that he sees the transcendence of civil society by the modern state – an inner transformation – as the only viable solution. Yet he nowhere explains how the problems of poverty and of the increasing polarization in the distribution of wealth and income are to be overcome within the modern state. Are we supposed to believe, then, that those particular problems can readily be dealt with by imperialism? The text is highly ambiguous. This is, as Avineri points out, 'the only time in his system where Hegel raises a problem – and leaves it open' (Avineri 1972: 154; Hirschman 1976: 1–8).

Can civil society be saved from its internal contradictions (and ultimate dissolution) by an *inner* transformation – the achievement of the modern state as the 'actuality of the ethical Idea?' Or does salvation lie in a 'spatial fix' – an *outer* transformation through imperialism, colonialism and geographical expansion? These are the intriguing questions that Hegel leaves open.

Von Thünen

Hegel's *Philosophy of Right* was published in 1821 (with additions in 1833). Von Thünen produced the first draft of *The Isolated State* in 1818–19, revised it extensively in 1824, and published it in 1826.⁴ While the concept of 'the isolated state' obviously draws upon the tradition of speculative and philosophical idealism, there is no hint of any direct Hegelian influence in Von Thünen's first published work. He combines an 'ideal construct' – the isolated state – with close empirical observation to produce a fascinating account of the spatial ordering of agricultural production. This account has since been canonized in the folklore of geography, economics and regional science as one of the first systematic attempts to formulate a coherent theory of location and of the social organization of space.⁵

Von Thünen later confessed that as early as 1826 he had abandoned his

³ A brief transition discussion of the corporation takes Hegel from consideration of colonialism into the theory of the state; Hegel 1967: 152–5.

⁴ See the introductions in Hall (1966) and Dempsey (1960).

⁵ See Isard (1956) and Chisholm (1962). I have also drawn heavily on Barnbrock (1976).

'inherited views, being those of the owning classes', and become possessed of an entirely new vision. He dared not publish these new views, he said, for fear being branded 'a fanatic or even a revolutionary' (Dempsey 1960). But thereafter he concentrated his attention upon the moral and economic principles that determined the *natural*, and therefore the *just wage* of the laborer. His views on this question ultimately saw the light of day in 1850, the year of his death, as Part 2 of *The Isolated State*. Although the object of Von Thünen's enquiry undergoes a profound change, the two parts of *The Isolated State* exhibit certain continuities. The ideal construct of the isolated state is preserved, for example, but is used in Part 2 as a tool to investigate how social stability, continuity and harmony can be maintained in a civil society increasingly threatened by the social disorders stemming from rising class antagonisms and mass poverty.

Although he makes no reference to Hegel, Von Thünen's concerns in Part 2 of *The Isolated State* are almost identical to those expressed in the passage of the *Philosophy of Right* dealing with the internal contradictions of civil society. Like Hegel, Von Thünen rejects the idea that the hidden hand of the market can harness universal egoism to the benefit of all. He indicates an inevitable deterioration in the condition of civil society in the absence of any remedial measures.⁶ He also explores both inner and outer transformations as means to reconcile the contradictions inherent in civil society. And the language and conceptual apparatus is very Hegelian. The parallels are just too close to be accidental. Given Hegel's stature in German intellectual life during the 1820s and 1830s, it is very unlikely that Von Thünen proceeded in ignorance of Hegel's arguments.

Von Thünen's concerns also reflect directly the disturbed social situation in Europe prior to the revolutions of 1848. As early as 1842, he professed himself deeply worried by 'the views and teachings of the communists' who were not satisfied 'to ask for the labourer a *natural* wage, but immediately start with chimerical hopes and unreasonable demands' such as 'the distribution of property and equality of income'. He saw in such views the first signs of 'an incipient struggle' which could ultimately 'bring devastation and barbarism all over Europe'. The exaggerations of the communists would, he feared, inspire the multitude, 'become more popular and take root in the minds of the people especially if these views are proposed and expounded by skillful if unprincipled writers' (Dempsey 1960: 219). And all of this was written six years before *The Communist Manifesto* burst upon the European scene.

⁶ 'Self-interest,' he says, 'has found no counterweight in the knowledge of duty and truth.' See Dempsey (1960) pp. 218–20.

Von Thünen did not himself consider that it was 'in the plan of the world spirit' that 'all progress in the development of humanity must be realized only after numerous setbacks and bought by much blood and misery of many generations.' Yet it 'is one of the dismaying results of history that as a rule a mistake is not overcome by truth, nor by justice, nor by reason and right, but by another injustice.' The principle evil in this case arose because meager wages and grinding poverty – the lot of the mass of the people – had no clear moral justification and could therefore provide a fertile ground for social discontent. Doctrines of the subsistence wage or of supply and demand merely replicated reality and provided no solution to the crucial question: 'is the meager wage that the common labourer gets almost everywhere a *natural* one or is it caused by exploitation which the labourer cannot avoid?' The discovery of what constituted a *natural* or *just* wage was imperative because it was only in terms of such a conception that the rights, duties and obligations of the bourgeoisie could be defined. 'In the perception of truth and right and in such control of egoism that the privileged voluntarily give up what they unjustly own lie the means to get humanity peacefully and happily to further development and higher goals.' It was 'the high and sublime task of science' to discover and make known these truths 'not by means of experience or the course of history but by reason itself' (Dempsey 1960: 217–20).

Von Thünen pins down the central contradiction in civil society more precisely than Hegel. The 'source of evil', he argues, lies 'in the divorce of the worker from his product'. This means that two factors of production – capital and labor – which must cooperate to produce anything, exist in an antagonistic relation to each other. 'In this opposing interest, then, lies the reason the proletariat and the owners will perpetually oppose each other as natural enemies and will stay unreconciled as long as the division in their interest is not eliminated.' Low wages, he explains, 'have their origin in the fact that the capitalists and landowners take so large a part of what the laborers produce.' Furthermore, technological changes in no way improve the lot of the laborer: 'in our present social organization the worker will not be affected by this; his condition stays as it was, and the whole increase in income will fall to the entrepreneurs, capitalists, and landlords.' Had the social organization been such, laments Von Thünen, to allow workers but a fifth of the benefits flowing from improved productivity,

joy and satisfaction would have spread over thousands of families, the disturbances and violence through which the workers forced a higher wage for themselves in the spring of 1848 would not have occurred, and the fine patriarchal bond which in the past existed between the masters and those in their charge would not have been destroyed.

(Dempsey 1960: 327)

How, then, could this patriarchal bond be restored and these opposing interests be reconciled? Could a form of social organization be arrived at which guaranteed a just distribution of the social product between capital and labour, one which also gave the laborer opportunities for education and self-advancement? Answers to these questions depended, in Von Thünen's view, on first answering a single fundamental question: what is the natural, *just share* of labor in the product that labor creates?

Von Thünen's solution is contained in the doctrine of the *frontier wage*. 'On the frontier of the cultivated plain of the Isolated State, where free land is to be had in unlimited quantities, neither the arbitrariness of the capitalists nor the competition of the workers nor the magnitude of the necessary means of subsistence determines the amount of wages, but the product of labour is itself the yardstick for the wages.' If the workers close to the frontier 'are to be kept from setting up a colony' and 'are to be induced to continue to work for their former master for wages, the wages plus the interest they get from lending the capital which would have been necessary for setting up their own little colony must be equal to the product of labour which can be produced by a worker's family in such a colony.' In this way, 'wages and interest forming themselves on the frontier of the Isolated State set the norm for the whole state.' After due and careful consideration of all the relationships involved, Von Thünen concludes that the natural wage throughout the whole Isolated State was fixed by the formula, \sqrt{ap} , where *a* is the essential subsistence needs of the worker and *p* the product of his labour (Dempsey 1960: Chapters 14–15).

This is the equilibrium wage at which total output, the accumulation of capital, and the wage rate are simultaneously maximized. It is the wage at which both 'workers and capitalists have a mutual interest in increasing production.' It is the wage at which class struggle will dissipate and social harmony be achieved. The 'barrier between the two classes which has existed up until now will be removed,' because the natural wage gives the laborer sufficient access to education and opportunities for self-advancement to enable the more talented, thrifty, and energetic of them to become capitalists. This is the wage at which 'all of these evil conditions which sicken the social situation of Europe disappear.'⁷ Blessed with such magical properties, small wonder that Von Thünen regarded \sqrt{ap} as his most signal achievement, to be inscribed upon his tombstone at his death.

Two aspects of Von Thünen's argument interest us. First, his conception of capital and the social conditions that determine its formation.

⁷ Ibid. pp. 221 and 327. See also Dempsey's introduction, p. 177.

Secondly, his appeal to processes of colonization and spatial expansion as means to justify his argument concerning the equilibrium wage. We take up each in turn.

Von Thünen defines capital as *things*, 'useful tools' produced by human labor and which increase the efficiency of human labor (Dempsey 1960: 245, 251). Capital exists, therefore, without presupposing any class relation between capitalists and laborers. In 'the original condition' everyone works, but there are two kinds of labor: that used to produce tools (capital) and that used to produce subsistence needs. Frugal and more efficient workers can produce a surplus product in the form of tools and, by virtue of the increased efficiency which the tools promote, produce even larger surpluses. The latter can be lent to others who will be willing to give up, in return, a portion of the surplus product which the tools they borrow help to generate. Herein lies the origin of interest. Von Thünen then derives one of his most important theorems: 'the revenue which capital as a whole gives when lent out is determined by the use of the last unit of the capital' (Dempsey 1960: 257). This theorem attracted Alfred Marshall's attention as the true foundation for the theory of the marginal productivity of capital.⁸ But Von Thünen takes it in a direction which Marshall found quite unacceptable. In the original condition, workers producing subsistence could 'shift equally well to the production of capital if labor applied to the production of capital received a higher wage than labor applied in available alternative employments.' The transfer of workers would continue 'until equilibrium is reached: that is, until both types of labor are paid the same' (Dempsey 1960: 263).

Free mobility of labor is an essential condition for the realization of equilibrium. Private property and state regulation appear to pose barriers to that mobility. But private property arises, Von Thünen argues, only under conditions of resource (land) scarcity relative to population growth. Wages can fall only to 'a point where it becomes more advantageous to migrate to less fertile country . . . where there is still free land, and there to till the soil with the help of acquired and imported free capital.' The barrier of private property is checked by free land at the frontier. The nation states posed a more serious difficulty. A truly ethical state – and here Von Thünen appears to draw on and dispute Hegel directly – would not consider itself 'the center of the earth and the other nations but tools

⁸ Marshall (1949), p. viii. See also Whitaker (1975), pp. 248–9, who doubts whether Marshall really meant it when he wrote 'my own obligations to Thünen are greater than to any other writer excepting only Adam Smith and Ricardo.'

for (its) own benefit,' for to do so would be to remain in a 'strained condition' in relation to 'the world spirit'. It would, therefore, allow the free mobility of both capital and labor, a condition 'so natural that we can consider the spread of humanity through migration over the whole world as being in accordance with the plan for the world' (Dempsey 1960: 267–9).

The existence of a freely accessible and open frontier appears necessary to the achievement of an equilibrium wage. This frontier provides a 'laboratory' (the scientific imagery is not accidental) for 'the determination of the relation between wages and interest'. The opposition between capital and labor is impossible there because all labor reverts to its original condition of producing either tools (capital) or subsistence goods (Dempsey 1960: 251). Von Thünen indeed invests this idea of the frontier with tangible historical meaning. In North America:

fertile soil is available in unmeasured vastness for little or nothing . . . only the distance from the market place can set limits to the spread of culture. But these limits are pushed ever farther through steamboat traffic on the rivers and the construction of canals and railroads. There the wage \sqrt{ap} is in fact attainable, and has actually been attained, for we find in America a relation between the wage and the rate of interest corresponding to the formula we have developed for fertile soil. As a result of these relations between workers and capitalists we find in North America general well-being which grows with giant steps. No crude division exists there among the various social orders. Even among the lesser classes elementary learning, reading, writing and arithmetic are to be found more generally disseminated than in Europe.

(Dempsey 1960: 328)

This condition – 'a state of paradise' Von Thünen calls it – is threatened by increasing density of population. It is, furthermore, not directly realizable in Europe where no free land, unoccupied by landlords, could be had. How can the equilibrium wage be achieved in the absence of a real frontier? The theoretical artifice of the isolated state comes to the rescue as a means to identify the just wage even under conditions of a closed frontier. Von Thünen can then turn away from the imperialist solution and concentrate instead upon that inner transformation of civil society which will recapture the paradise lost and raise human beings 'to their spiritual estate'. He envisages a societal reconstruction which will transform the violence of class war into the pacific social harmony of cooperation between capital and labor. Profit-sharing is the organizational form, the natural wage (identified by appeal to the theory of the frontier wage) is the goal and the means is 'the higher development of intellectual powers

and... the subordination of passion to the domination of reason' (Dempsey 1960: 328).

Yet an awkward question remains. Capital, originally conceived of as useful tools produced by a particular kind of labor, has become a class relation. If passion is to give way to reason, then a moral and economic justification must be found for the evident subordination of wage laborers as a class to those who merely own the products of past 'dead labour'. We have to understand how and why workers went 'from the state of freedom to that of need' in the first place and understand why such a transition was necessary to the ultimate recovery of paradise on earth. Otherwise, 'it seems incomprehensible that man could be placed under the mastery of his own product, capital, and become subordinate to it' (Dempsey 1960: 335). This was, of course, the question which Marx thought so pertinent.

Von Thünen's answer, which Marx thought so childish, rests upon a version of what we now know as 'human capital theory'.⁹ The original differentiation between capital and labor simply depended upon the frugality and efficiency of some laborers relative to others. In the current circumstance, Von Thünen finds that the labor of 'a free man costs the capitalist nothing but the maintenance and interest on the capital which the rearing of the worker cost.' Although at first sight 'somewhat repugnant', this view allows us to see that the more the workers embody capital in themselves and in their children, the higher their wages become and the more easily they can penetrate the porous boundary, mainly fixed by education, between capitalists and laborers. In this way, the workers themselves can lift themselves to freedom and mastery over suffering. But they are unlikely to do this on their own. Without the discipline imposed by capital, the workers 'instead of using their surplus on the better rearing of their children, would sink into indolence and sloth' (Dempsey 1960: 337).

For this reason, 'the compulsion that the mastery of capital lays upon men to lead them to their higher destiny is necessary, and so need no longer appear as a scourge, but as the instructor of mankind.' The patriarchal bond, so dear to Von Thünen, finds its justification. 'Capital,' he proclaims joyously, 'dominates man, but in a marvellous way' (Dempsey 1960: 336). It impels the worker towards freedom and is therefore a manifestation of divine law, an integral part of the plan of the world spirit, a reflection of the hand of God. The evil that appeared to be the root cause of the misery of most of mankind – the separation of the laborer from the product of labor – becomes the means to promote that greater

⁹ Dempsey (1960), pp. 143–9. Dempsey in his introduction discusses the idea. A modern statement can be found in Becker (1975).

state of freedom, that state of paradise here on earth, consistent with divine will (Dempsey 1960: 340).

Von Thünen is less ambiguous than Hegel. Social harmony can be achieved directly wherever the frontier is open and the mobility of labor and capital guaranteed. A somewhat romanticized picture of North America is used to illustrate the point. Where the frontier is closed, as in Europe, burgeoning social unrest must be countered by an inner transformation of civil society. Understanding furnished by an economic science in which the frontier is treated ideally and analytically paves the way.¹⁰ The application of marginalist principles leads to a proper appreciation of what constitutes the just wage. The rights and duties which attach to the roles of capitalist and laborer can thereby be defined. The myth of frontier justice can be internalized within the framework of the modern state by *rational* individuals (and the emphasis is very definitely upon rationality of a certain sort). Von Thünen thereby legitimizes and justifies the perpetuation of class relations and the preservation of that 'patriarchal bond' whereby capitalists can fulfill their obligation to the laborer (profit-sharing schemes, education and externally-imposed discipline to form 'human capital').¹¹ Antagonistic and warring interests stand to be harmonized by such means. God's will, the plan of the world spirit, can be realized here on earth through human agency. Provided, that is, human beings acquire the universalistic consciousness of marginalist economics.

Marx¹²

The relationship between the thought of Hegel and Marx has been the subject of an immense and continuing debate.¹³ As far as I can discover, that between Von Thünen and Marx has not been deemed worthy of comment. Yet a comparison shows they all had much in common. They treat human labor as fundamental and see the alienation of labor from its product as the source of evils to be overcome. They focus on class antagonisms and take a common stand against the central thesis of English political economy: the doctrine that the hidden hand of the market automatically harmonizes conflicting interests and harnesses individual selfishness to the benefit of all. They all introduce the idea of inner and outer transformations as means to restore social stability and

¹⁰ The imagery of the frontier is strongly preserved in bourgeois economics in phrases like 'the factor-price frontier', and the like.

¹¹ Dempsey includes a copy of Von Thünen's will and defends him against those critics who saw the actual profit-sharing scheme as seriously defective even according to Von Thünen's own principles (see pp. 48; 363–7).

fend off capitalist crises. The strong differences between them therefore exist within a common frame of questions and suppositions.

In an Afterword to *Capital*, written in 1873, Marx points out that he came to terms with Hegel nearly thirty years before. The reference is almost certainly to his *Critique of Hegel's Philosophy of Right*, probably written in 1843. The *Critique* is therefore a seminal work, justifiably viewed as the wellspring from which flowed 'the whole program of research and writing which occupied Marx for the remainder of his life' (O'Malley 1970: xiv).

In it, Marx somewhat surprisingly ignores those passages in which Hegel so stunningly depicts the inner contradictions of civil society and their potential resolution through imperialism. He focuses instead on Hegel's theory of the modern state in order to show that Hegel's solution is 'pure mystification' which served only 'to transfigure and to glorify the existing state of things'. Marx does not abandon the dialectic, however. He merely sought, as he later put it, to turn Hegel's dialectic 'right side up' and give it a material base. In this way Marx hoped to capture the 'fluid movement' of history and so arrive at an accurate representation of the 'momentary existence' and 'transient nature' of 'every historically developed social form'. This, to Marx, was the essence of 'critical and revolutionary' modes of dialectical thinking (Marx 1967: vol. 1, 19).

The immense edifice of thought and elaborate conceptual apparatus which Marx evolved in the course of a prolific lifetime of research, writing and political activism, defies simple summary. But much of what he did can be interpreted, superficially at least, as answers to, or transformations of, questions which Hegel posed. Hegel, as Engels observed, was possessed of an 'exceptional historical sense': 'however abstract and idealist the form employed, the development of his ideas runs always parallel to the development of world history. . . he was the first to try to demonstrate that there is development, an intrinsic coherence in history' and 'this epoch-making conception of history was the direct theoretical precondition of the new materialist outlook.' Marx was, Engels asserts, 'the only one who could undertake the work of extracting from the Hegelian logic the kernel containing Hegel's real discoveries'.¹⁴ And so Marx transforms the occult and mysterious qualities of Hegel's 'world spirit' into the mundane materialities of the world market. Social questions are thereby transplanted from the realms of philosophical contemplation to those of political economic practice. The opposition between concrete labor (the actual production of use values) and abstract labor (the social

¹⁴ Marx, K. and Engels, F., *Collected Works* ((1974), vol. 16 (1980): 474). See also O'Malley's 'Introduction' (1970) for a very good overview on this theme.

qualities of labor that render commodities commensurate in exchange) mirrors, in Marx's political economic schema, the opposition between private and public in Hegel's (and Rousseau's) political conception of civil society. And if philosophical consciousness and the acknowledgement of the state as the actuality of the ethical Idea is the solution for Hegel, then for Marx the real potentiality for emancipation lay with the proletariat, that class which could truly claim universal consciousness by virtue of its experience of universal suffering.¹⁵

Many of these and other key ideas are first broached in the *Critique*. All the more surprising, therefore, is the total lack of any commentary on Hegel's conception of that 'inner dialectic' in civil society which drove it to seek colonial and imperialist solutions. Marx evidently intended to extend his criticism in this direction. But he never did so. Or so it seems.

Yet there is a sense in which the whole of *Capital* can be construed as an effective transformation and materialist representation of part of Hegel's idealist argument. The theme of increasing polarization between the social classes is, after all, writ large in *Capital*. In the 'general law of capitalist accumulation', Marx shows that the necessary consequence of the real processes at work under capitalism is the reproduction of 'the capital-relation on a progressive scale, more capitalists at this pole, more wage-workers at that'. Furthermore these processes also produce a 'relative surplus population', a 'reserve army' of unemployed 'set free' primarily through technological and organizational change. This reserve army helps to drive wage rates down and to control working-class movements and is, therefore, a 'prime lever' for further accumulation. The net effect, as Marx puts it, invoking imagery deeply reminiscent of Hegel, is that the 'accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole, i.e. on the side of the class that produces its own product in the form of capital' (Marx 1967: vol. 1, ch. 25).

Marx has plainly recast Hegel's idealist argument in theoretical materialist terms. He also rebuts Malthus and shows that poverty and relative surplus populations arise under capitalism irrespective of the rate of population growth and clarifies some of the issues that had bothered Von Thünen: why, for example, the lot of the laborer deteriorates in spite of the use of machinery.¹⁶ The essential insight is that the increasing

¹⁵ These ideas are most effectively spelled out in Marx's *Contributions to a Critique of Hegel's 'Philosophy of Right'*, reprinted in O'Malley (1970).

¹⁶ Marx's polemic against Malthus is fully spelled out in Marx, K., *Theories of Surplus Value* (1972: 13-68). See also Harvey (1977b).

polarization between capital and labor and the progressive relative impoverishment of the working class is to be interpreted materially as the inevitable product of identifiable forces at work within a particular and historically-achieved mode of production known as capitalism.

But Marx's specification of the 'general law' rests on the ability of capitalists to control both the demand for, and supply of, labor power. This 'double action' of capital infringes upon laws of supply and demand which the bourgeoisie was otherwise wont to regard as 'sacred and eternal'. Marx tacitly accepts Von Thünen's criticisms of the operation of such laws in labor markets but presses the argument to a radically different conclusion. Capitalists must control labor supply, create labor surpluses in effect, either through the mobilization of 'latent' labor reserves (women and children, peasants thrown off the land, and the like) or through the creation of technologically induced unemployment. Any threat to that control, Marx notes, is countered 'by forcible means and State interference'. In particular, capitalists must strive to check colonization processes which give laborers open access to free land at some frontier (Marx 1967: 640). Which brings us back to the whole question of how to interpret colonization in relation to capitalism's unstable 'inner dialectic'.

The purpose of the final chapter on colonization is to show how the bourgeoisie contradicted its own myths as to the origin and nature of capital by the policies it advocated in the colonies. In bourgeois accounts, and Von Thünen's was typical, capital (a thing) originated in the fruitful exercise of the producer's own capacity to labor, while labor power arose as a social contract, freely entered into, between those who produced capital through frugality and diligence, and those who chose not to do so. 'This pretty fancy', Marx thunders, is 'torn asunder' in the colonies. As long as the laborer can 'accumulate for himself – and this he can do as long as he remains possessor of his means of production – capitalist accumulation and the capitalist mode of production are impossible.' Capital is not a physical product but a *social relation*. It rests on the 'annihilation of self-earned private property, in other words, the expropriation of the labourer'. Historically, this expropriation was 'written in the annals of mankind in letters of blood and fire', and Marx cites chapter, verse, and the Duchess of Sutherland to prove his point. The same truth, however, is expressed in colonial land policies, such as those of Wakefield, in which the powers of private property and the state were to be used to *exclude* laborers from easy access to free land in order to preserve a pool of wage laborers for capitalist exploitation. Thus was the bourgeoisie forced to acknowledge in the colonies what it sought to conceal at home: that wage labor is based on the forcible separation of the laborer from control over the means of production (Marx 1967: ch. 32).

Marx here confronts Von Thünen's frontier idealism (both as to past origins and present possibilities) with tough-minded historical materialism and opposes the conception of capital as a social relation to the fetishized view of capital as a thing. And the 'childishness' of Von Thünen's proposals now becomes apparent. The abolition of poverty, unemployment and labor surpluses would eliminate the social basis for further accumulation of capital. To pretend that poverty can be abolished without breaking the 'patriarchal bond' between capital and labor is, in Marx's view, vain illusion, a cruel hoax. The insistence that capital can dominate labor in a 'marvelous way' is crass apologetics. The best that profit-sharing schemes of the sort Von Thünen advocated could achieve was an occasional relaxation, and then only for a privileged group of laborers, of the tension in the 'golden chain' which binds capital to labor.¹⁷

It is not hard to infer the nature of Marx's objections to Von Thünen's apologetic gyrations. But his position with respect to Hegel is more elusive. Certain aspects fall into place readily enough. If, for example, laborers can return to a genuinely unalienated life through migration to some frontier (as Hegel envisaged), then capitalist control over labor supply is undermined. Such a form of expansion may be advantageous to labor but it could provide no solution to capitalism's problems. The new markets and new fields for industry which Hegel saw as vital could be achieved only through the re-creation of capitalist relations of private property and the power to appropriate the labor of others. The fundamental condition which gave rise to the problem in the first place – alienation of labor – is thereby replicated. Marx's chapter on colonization appears to close off the possibility for any permanent spatial fix. It can be seen, then, as a necessary coda to the penultimate chapter in which the expropriation of the expropriators is urged as the only valid solution to the social dilemmas which capitalism poses. Marx seeks a firm closure to the door that Hegel left partially ajar.

But the door will not stay shut. Hegel's 'inner dialectic' undergoes successive representations in Marx's text. And at each point the question of a spatial resolution to capitalism's contradictions can legitimately be posed anew. The chapter on colonization may suffice for the first volume of *Capital* where Marx concentrates solely on questions of production. But what of the third volume, where Marx shows that the requirements of production conflict with those of circulation to produce crises of disequilibrium in accumulation? Polarization then takes the form of 'unemployed capital at one pole, and unemployed worker population at the other'. Can the formation of such crises be contained through geographical

¹⁷ Marx does not make these criticisms directly but it is not hard to infer them.

expansion? Marx does not rule out the possibility that foreign trade can counteract the tendency towards a falling rate of profit in the short run (Marx 1967: 237–59). But how long is the short run? And if it extends over many generations, then what does this do to Marx's theory and its associated political practice of seeking for revolutionary transformations in the heart of civil society?

Marx is infuriatingly unsystematic and vague in dealing with such questions. It has therefore proved very difficult to integrate his theory of the long-run dynamics of accumulation and its internal contradictions, specified for a closed system, with themes of imperialism, colonialism, uneven geographical development, unequal exchange, and the like. Marx was not unaware of such issues, but his comments are scattered all over the place. We have to build a framework to synthesize Marx's various comments on the potency of the spatial fix.

To do this requires a firm interpretation of Marx's view of the 'inner dialectics' of capitalism in crisis. This is not an uncontroversial matter since rival interpretations of Marx's theory of crisis abound.¹⁸ I shall work with a highly simplified version in which individual capitalists, locked into class struggle and coerced by intra-capitalist competition, are forced into technological adjustments which destroy the potential for balanced accumulation, and so threaten the reproduction of both the capitalist and working classes. The end-product of such a process is a condition of *overaccumulation* of capital, defined as an excess of capital in relation to the opportunities to employ that capital profitably. This excess of capital can exist as a surplus of commodities, of money, of productive capacity, and also leads to a surplus of labor power (widespread unemployment or underemployment). The only effective resolution to such crises, in the absence of a spatial fix, is the *devaluation* of capital, as money (through inflation), as commodities (through gluts on the market and falling prices), as productive capacity (through idle or under-utilized plant and equipment, physical infrastructures, and the like, culminating in bankruptcy), and the devaluation of labor power (through falling real standards of living of the laborer).

We now have to consider how overaccumulation and devaluation can be remedied by some form of geographical expansion. Marx's comments on such a prospect can be gathered together under three main headings.

External markets and underconsumption

If overaccumulated capital in Britain is lent out as means of payment to Argentina to buy up the excess commodities produced in Britain, then

¹⁸ A full version of the theory is spelled out in Harvey (1982).

the relief to overaccumulation is at best short-lived. Pursuit of such a strategy assumes that the crises of capitalism, which are always partially manifest as a lack of effective demand, are entirely attributable to underconsumption. Marx is as firm in his rejection of the geographical version of this as he is of the original (Bleaney 1976). All that happens, he suggests, is that the effects of overaccumulation are spread out over space during the credit-fuelled phase of expansion. The collapse, when it comes, triggers an intricate sequence of events because of the gaps which exist between the imbalance of trade and balance of payments between regions. He describes a typical sequence this way:

The crisis may first break out in England, the country which advances most of the credit and takes the least, because the balance of payments . . . which must be settled immediately, is *unfavourable*, even though the general balance of trade is *favourable* . . . The crash in England, initiated and accompanied by a gold drain, settles England's balance of payments . . . Now comes the turn of some other country . . .

The balance of payments is in times of crisis unfavourable to every nation . . . but always to each country in succession, as in volley-firing . . . It then becomes evident that all these nations have simultaneously over-exported (thus over-produced) and over-imported (thus over-traded), that prices were inflated in all of them, and credit stretched too far. And the same break-down takes place in all of them.

The costs of devaluation are then forced back onto the initiating region by:

First, shipping away precious metals; then selling consigned commodities at low prices; exporting commodities to dispose of them or obtain money advances on them at home; increasing the rate of interest, recalling credit, depreciating securities, disposing of foreign securities, attracting foreign capital for investment in these depreciated securities, and finally bankruptcy, which settles a mass of claims.

(Marx 1967: 491–2, 517)

The sequence sounds dismally familiar. No prospect here, evidently, for a spatial fix to capitalism's contradictions.

A more intriguing possibility arises with respect to trade with non-capitalist social formations. Circumstances can indeed arise which make the development of capitalism 'conditional on modes of production lying outside of its own stage of development'. The degree of relief afforded thereby depends on the nature of the non-capitalist society and its capacity to integrate into the capitalist system and absorb the excess capital. But

crises can be checked only if the non-capitalist countries 'consume and produce at a rate which suits the countries with capitalist production'.¹⁹ And how can that be ensured short of some form of political and economic domination? And even then the resolution is bound to be temporary. 'You cannot continue to inundate a country with your manufactures,' says Marx, 'unless you enable it to give you some produce in return.' Hence, 'the more the [British] industrial interest became dependent on the Indian market, the more it felt the necessity of creating fresh productive powers in India' (Marx and Engels 1972). Which broaches a whole new set of problems.

The export of capital for production

Surplus capital can be lent abroad to create fresh productive powers in new regions. The higher rates of profit promised provide a 'natural' incentive to such a flow and, if achieved, raise the average rate of profit in the system as a whole. Crises are temporarily resolved. 'Temporarily' because higher profits mean an increase in the mass of capital looking for profitable employment and the tendency towards overaccumulation is exacerbated, but now on an expanding geographical scale (Marx 1967: 237, 256; Marx 1969b: 436-7). The only escape lies in a continuous acceleration in the creation of fresh productive powers. From this we can derive an impulsion within capitalism to create the world market, to intensify the volume of exchange, to produce new needs and new kinds of products, to implant fresh productive powers in new regions and to bring all labor, everywhere, under the domination of capital. We can interpret the actual historical geography of capitalism as the product of such an imperative. But the 'inner dialectic' of capitalism ensures that such a process 'moves in contradictions which are constantly overcome but just as constantly posited' (Marx 1973: 410). Crises are phases of intense rationalization in geographical transformation and expansion. The inner dialectic of civil society is perpetually assuaged and reproduced through constant resort to the spatial fix.

There are, presumably, limits to such a process. How long can continuous expansion be sustained before geographically-localized crises, or 'switching crises' (which reverse or radically change the direction of capital flows) merge into global crises? And what internal dilemmas inhere within such a process?

When a particular civil society creates fresh productive powers elsewhere

¹⁹ Marx (1967), vol. 2, p. 110; vol. 3, p. 257. The dilemmas which arise have recently been abundantly illustrated by the problems of western banks who sought profitable outlets for surplus capital in Poland.

to absorb its overaccumulated capital, it thereby establishes a rival center of accumulation which, at some point in the future, must also look to its own spatial fix to resolve its problems. Marx thought he saw the first step down such a path as the British exported capital to India (Marx and Engels 1972: 85-7). But the transition which Marx anticipated there was blocked by a mixture of internal resistance to capitalist penetration and imperialist policies imposed by the British. The latter were, by and large, specifically geared to preventing the rise of India as a competitor. We can immediately spot the following dilemma. If, for whatever reason, fully-fledged 'outer transformations' are blocked, then the capacity of the home country to dispose of further overaccumulated capital is also blocked. The spatial fix is denied and crises ensue in the home country. The unconstrained growth of capitalism in new regions is an absolute necessity for the survival of capitalism. These are the fields where excess overaccumulated capitals can most easily be absorbed in ways which create new market openings and further opportunities for profitable investment. But we then encounter another kind of difficulty. The new productive forces in new regions pose a competitive threat to the initiating country. The overaccumulation of capital in new regions demands a spatial fix, perhaps even at the expense of capital in the old regions. The US thus absorbed far more British excess capital than India ever did but by the same token became the great competitor to Britain in the world market. West Germany and Japan similarly absorbed far more surplus capital from the US than did the whole of the 'Third World' after 1945 and likewise subsequently emerged as the main centers of competition to the economic hegemony of the US within world capitalism.

Devaluation appears likely, no matter what. The initiating country is faced with a 'catch 22.' The unconstrained development of capitalism in new regions sparked by capital exports brings devaluation at home through international competition. Constrained development abroad limits international competition but blocks the dynamism which creates opportunities for profitable capital export: overaccumulated capital cannot escape and is devalued internally. Small wonder, then, that the major imperialist powers have vacillated in their policies between 'open-door' free trade, and autarky within a closed trading empire.²⁰

Nevertheless, within these general constraints all kinds of options exist. The geographical spread and intensification of capitalism is a long drawn-out revolution accomplished over many years. While local, regional, and switching crises are normal grist for the working-out of this process,

²⁰ See, for example, Gardner (1971).

the building of a truly global crisis of capitalism depends upon the exhaustion of possibilities for further revolutionary transformation along capitalist lines. And that depends not upon the capacity to propagate new productive forces across the face of the earth, but upon the supply of fresh labor power. Which brings us back to the question of primitive accumulation.

The expansion of the proletariat through primitive accumulation

'An increasing population,' wrote Marx, is a 'necessary condition' if 'accumulation is to be a steady continuous process' (Marx 1973: 608, 764, 771; Marx 1969b: 47). He subsequently modifies this to mean growth of population 'freed' from control over the means of production, that is, growth in the wage labor force, including the industrial reserve army. The faster the growth in these aggregates, the more crises will likely appear as pauses within an overall trajectory of expansion.²¹ So where does this expansion in the exploitable population come from? Marx divides the relative surplus population into three layers: latent, floating and stagnant. We confine attention to the first two categories. The mobilization of latent elements entails either primitive accumulation (the separation of peasants, artisans, self-employed and even some capitalists from control over their means of production) or the substitution of family for individual labor (the employment of women and children). A floating supply can be produced by any combination of sagging commodity production and labor-saving technological innovations. Taken in the context of natural population growth (itself not immune to the influence of capitalism's dynamic),²² these mechanisms must provide the fresh supplies of labor power to feed accumulation for accumulation's sake.

Marx does not subject these processes to detailed scrutiny, nor does he deal systematically with spatial aspects. But the flow of his logic points clearly to certain conclusions. *Within* a particular civil society, viewed as a closed system, accumulation will accelerate until all latent elements are absorbed and the limits of natural population growth reached. Floating populations must then be increasingly relied upon as the source of an industrial reserve army. Society shifts from the trouble and turmoil of

²¹ This aspect for Marx's argument is dealt with in greater depth in Sweezy (1942), pp. 222-6; and Morishima and Cataphores (1978), ch. 5.

²² Marx, curiously enough, accepts most of the conventional wisdom on the economic influences affecting population growth, with the additional observation that laborers had no option except to 'accumulate' the only source of wealth they had, their labor power. See Marx (1967) vol. 1, p. 643.

primitive accumulation and the destruction of precapitalist family relationships to the trauma of technologically-controlled unemployment. Both processes will likely be the focus of intense class struggles, though of a rather different sort. But the latter is more problematic for capitalism. Uncontrolled and rapid technological change sparks overaccumulation and, ultimately, the unemployment of capital as well as labor. Though they may not be aware of it, there is a systemic advantage to capitalists of exploiting latent rather than floating labor reserves. The more they depend on the latter, the more serious will crises of devaluation likely be.

To the degree that geographical expansion opens up access to latent labor reserves, it can indeed serve to mitigate devaluation crises. This means some form of primitive accumulation in the exterior (through penetration of capitalist property relations, money forms, the imposition of state and legal controls, and so on). The labor surpluses so created form a field of action for overaccumulated capital. The exact form of labor process and of social relations achieved can vary greatly according to the initial conditions and the kinds of class struggle set in motion. Marx recognized some of the variation. Plantation colonies, run by capitalists on the basis of slave or indentured labor, could be formally integrated into capitalism without being based on free wage labor. Modes of exploitation in traditional peasant-based societies could also be converted into formal rather than real subsumption of labor under capital. The conversion of state powers into a form of state capitalism opens up other possibilities. By and large, Marx did not pay that much attention to the incredible diversity of possible transitional forms which arise as latent labor reserves are mobilized through primitive accumulation on indigenous populations in non-capitalist social formations.²³ He rests content with a central point: the key role of labor surpluses in the search for a 'spatial fix' to capitalism's internal contradictions.

Labor surpluses can also be imported from abroad. This, for Marx, was the significance of Ireland to English capitalism. Primitive accumulation in the former place furnished labor surpluses to the latter and so helped undermine the organized power of English workers (Marx and Engels 1955: 228-33, 235-8). That many such parallels exist in the contemporary world scarcely needs belaboring. But we here encounter a rather interesting tension. The importation of labor surpluses must rest, in the absence of slavery, upon the free geographical mobility of the laborer. But if that privilege is conceded to labor surpluses on the exterior, it is hard to deny it to floating reserves generated at home. In the face of unemployment,

²³ The exposition in Marx, *Grundrisse* (1973: 459-511) is very useful here.

floating reserves may emigrate, particularly if free land is available at some frontier. Marx here agrees with both Hegel and Von Thünen, that the lot of the laborer stood to be improved by free migration to a frontier. Indeed, he habitually attributes superior wages and work conditions in the US to the existence of a relatively open frontier. But he diverges from Hegel and Von Thünen because he sees such a condition as antagonistic to the real interests of accumulation.

The significance of that last chapter on colonization now strikes home with redoubled force. Primitive accumulation at the frontier is just as vital as primitive accumulation and technologically-induced unemployment at home. Internal and external conditions of class struggle are inextricably intertwined. Here is how Marx depicts the relation in the case of colonies founded through the free migration of laborers:

the capitalist regime everywhere comes into collision with the resistance of the producer, who, as owner of his own conditions of labour, employs that labour to enrich himself, instead of the capitalist. The contradiction of these two diametrically opposed economic systems, manifests itself here practically in the struggle between them. Where the capitalist has at his back the power of the mother-country, he tries to clear out of his way by force, the modes of production and appropriation based on the independent labour of the producer.

(Marx 1967: 765)

The search for a 'spatial fix' sparks new forms of class struggle, epitomized by the innumerable populist and radical movements spawned amongst settlers in frontier regions. Indeed, in this case it is not hard to spell out a simple theoretical framework to capture the central dynamic of the so-called 'Atlantic Economy' of the nineteenth century (Thomas 1973). The absorption of latent reserves at home leads to the creation of floating reserves through technological change. Such floating reserves are attracted to any open frontier. By the same token, reliance upon floating reserves exacerbates problems of overaccumulation and devaluation at home. So capital, too, is attracted to some open frontier. Unemployed capital and labor power – the hallmark of Marx's conception of crisis – are both attracted to the frontier. But if capital accumulation is to be served, then the laborers that moved to the frontier in search of an unalienated existence must be recaptured as wage laborers. Primitive accumulation and new forms of class struggle necessarily reassert themselves at the frontier. This is what Marx's final chapter on colonization truly signals.

The general point remains. Although rapid expansion in the wage labor force (through primitive accumulation, the migration of floating labor

reserves, and the like) can moderate the tendencies to crisis formation in the short run, the social relations which propel capitalism's inner dialectic are merely recreated on a wider geographical scale. There is, under such circumstances, no long-run 'spatial fix' to capitalism's internal contradictions.

Reflections and alarms

Let us reflect on these writings from the standpoint of the history of ideas in their economic and political contexts. Von Thünen shifts from explicit consideration of spatial organization in his early work towards thoroughly a-spatial formulations later on. Although he argues that the truly 'Ethical State' should not place barriers to the geographical mobility of capital and labour, he is faced with the realities of Prussian state interventionism and mercantilism expressed in a context of incipient German nationalism. Like Hegel before him, he is therefore forced to look for that inner transformation which will assuage class conflict and social polarization within the confines of a particular civil society. And so the frontier becomes an analytical factor-price frontier, calibrated according to the marginal productivity of different factors of production within a closed economy. The real lesson which Marshall and all subsequent neoclassical economists learned from this, was that economic science could seek and spell out principles of social harmony without appeal to the political economy of the spatial fix. Economics, as Walter Isard was later to complain, thereafter abandoned all serious consideration of space and accepted Marshall's dictum that 'the influence of time' is 'more fundamental than that of space' (Isard 1956: 24). But elimination of the spatial fix from consideration was also crucial to dismantling traditional political economy. Spatial relations became the exclusive preserve of political theory, which severed all direct connection with the day-to-day realities of the circulation of capital and its contradictions, and substituted an organicist theory of the state (caught in a struggle for survival, needing *lebensraum*, and so on) and associated doctrines of manifest destiny, white man's burden, racist superiority, and the like.

In late nineteenth-century bourgeois thought, then, the connection between politics and economics as well as between inner and outer transformations became lost, curiously enough at the very historical moment when the careers of figures as diverse as Joseph Chamberlain in Britain, Jules Ferry in France, and Theodore Roosevelt in the US, provided living testimony to the underlying unities (Julien et al. 1949). Each, desperately concerned to put out the fires of class struggle, turned to the politics of imperialism as they hit the limits to internal social reform. At the very

moment when the relations between inner and outer transformations were in a state of acute tension, therefore, bourgeois ideology masked the meaning of the relationship by insisting upon the separation between economic and political theory. It was left to a furtive underworld of dissident bourgeois writers, such as Hobson and Mark Twain, and to the Marxists, to try and preserve the unity of political economy as a tool to interpret a deeply troubled history.

But the Marxists, paradoxically, could not find much comfort from Marx (certainly not from *Capital*). For Marx, though supremely aware of the underlying unity of political and economic affairs as well as of the global dynamics of capitalism, excluded specific consideration of the spatial fix on the grounds that integrating questions of foreign trade, of geographical expansion, and the like, into the theory, merely complicated matters without necessarily adding anything new. Again and again he seeks, as in the chapter on 'Colonization', to close the door on a possibility which Hegel left open. There is enough side commentary in his work (some of which we have already cited) to indicate that he was not always satisfied with the closure. But in a world in which Palmerston's 'Pax Britannica' reigned secure, and positioned as he was at the center of *laissez-faire* capitalism with all its ideological blandishments, Marx had little incentive to go beyond depicting the spatial fix as anything other than the violent projection of the contradictions of capitalism onto the world stage. His supreme concern, and contribution in *Capital*, was to unravel the nature of capitalism's *inner* dialectic.

The awesome realities of late nineteenth-century inter-imperialist rivalries, the struggle for autarky in closed trading empires, the collapse of the 'Pax Britannica', and the seemingly inevitable drift towards global war, coupled as all this was with rising labor militancy in the advanced capitalist countries, forced Marxists to confront directly the dynamic relations between inner and outer transformations. Bukharin, Lenin, Luxemburg, and others, turned to an explicit analysis of imperialism (Bukharin 1972; Lenin 1963, vol. 1: 667-768; Luxemburg 1968). Marxists, moving in exactly the opposite direction to mainstream bourgeois theorists, struggled to extract their theory from the aspatial mould in which Marx had cast it, and so sought to preserve a political-economic analysis relevant to their time. In so doing, they created a new imagery within the Marxist tradition, an imagery which dramatically unifies themes of capitalist exploitation and the spatial fix. Centers exploit peripheries, the metropolis exploits its hinterland, the first world subjugates and mercilessly exploits the third, and so on. Class struggle *within* a particular civil society is reconstituted as the struggle of peripheral social formations against some central source of oppression. The country revolts against the

city, the periphery against the center, the third world against the first. So powerful is this spatial imagery that it threatens on occasion to engulf and quite replace the interpretation of capitalism's inner dialectic which Marx so carefully wrought. And it certainly undermines any simple version of Marx's hopes for proletarian internationalism founded on a universalistic consciousness born out of the universality of working-class suffering.

The door which Hegel so presciently opened still stands open wide. To pass through it is to accept the tension between inner and outer transformations as the focus of theoretical concern. A thorough understanding of that tension bridges the gap between the Marxian theory of accumulation (spelled out, for the most part, in purely temporal terms) and Lenin's view of the historical geography of capitalist imperialism. A reconstruction of Marx's peripheral writings on the spatial fix indicates, however, that he had a far deeper appreciation of its potentialities and limitations than many give him credit for. By the same token, a close reading of Lenin (which we have not attempted here) suggests that his theory of imperialism is more deeply rooted in Marx's theory of accumulation than is immediately apparent.²⁴ It is not simply that both agree that the contradictions of capitalism cannot, in the long run, be assuaged by resort to imperialism. Both, it turns out, are in broad agreement as to the processes which link inner and outer transformations. But Lenin adds one crucial insight which Marx lacks, an insight which can easily be grafted onto Marx's theory with quite alarming implications.

Marx's rough and ready denial of the efficacy of any spatial fix to capitalism's internal contradictions permits him to concentrate attention upon the fundamental processes of crisis formation. The theory of over-accumulation-devaluation reveals the height of insanity, the intense destructive power, implicit in the capitalist mode of production. Beneath its facade of market rationality, and counterposed to its creative powers to revolutionize the productive forces, the bourgeoisie turns out to be 'the most violently destructive ruling class in history'.²⁵ In the depths of crises, capitalists unleash the violence of primitive accumulation upon

²⁴ The full derivation of Lenin's theory out of Marx requires many steps which I cannot go through here. First and foremost we must provide a material basis for forces which, in the face of geographical mobility of both capital and labor power produce and sustain class alliances within a territorially bounded civil society. I attempt to cover this step in Harvey (1982), ch. 13. The second step is to show how such class alliances, though fundamentally unstable, can crystallize around relatively rigid configurations of political and military power wielded through the state apparatus. This second step has been the focus of an immense and continuing controversy within the Marxist literature on the theory of the state.

²⁵ The actual phrase is from Berman (1982), p. 100.

each other, destroy vast quantities of capital, cannibalize and liquidate each other in that 'war of all against all' which Hobbes had long before seen as an inherent characteristic of market capitalism. What Marx nowhere anticipates, but Lenin emphasizes, is the conversion of this process into economic, political and military struggles between nation-states. At times of savage devaluation, the search for a spatial fix is converted into inter-imperialist rivalries over who is to bear the brunt of devaluation. The export of unemployment, inflation, and idle productive capacity, become the stakes in an ugly game. Trade wars, dumping, tariffs and quotas, restrictions on capital flow and foreign exchange, interest-rate wars, immigration policies, colonial conquest, the subjugation and domination of tributary economies, the forced reorganization of the division of labor within economic empires, and finally, the physical destruction and forced devaluation of a rival nation's capital through war, are some of the options at hand.

Twice in the twentieth century, after all, the world has been plunged into global war through inter-imperialist rivalries. Twice, in the space of a generation, the world experienced the massive devaluation of capital through physical destruction, the ultimate consumption of labor power as cannon fodder. It has never proved easy to explain this history on the basis of a theory which appeals to the class relation between capital and labor as the fulcrum upon which capitalist history turns. Marx's reluctant dealings with the question Hegel posed brings us to the brink of such an understanding. The grafting of Lenin's insights onto Marx's representations tells a fuller story.

So who is right? If Von Thünen is to be believed, there is nothing inherent in capitalism to dictate accelerating class polarization, conflict, or inter-imperialist war. The bourgeoisie, armed with a proper consciousness of its duties and obligations, as well as of its rights, stands to lead humanity to ever more civilized pastures, a veritable Eden of the rights of man, of pacific social harmony. And if all this fails to materialize, it must simply be attributed to the frailties of human nature, moral failings of the spirit, a failure to grasp and implement the divine plan for the world. Capitalism, for Marx, is much more problematic than that. It constitutes a permanently revolutionary force, sweeping away all older ways of life, unleashing untold powers to expand the productivity of social labor. But it also contains within itself the seeds of its own negation, seeds which grow and ultimately crack open the very foundations in which they are rooted. Crises are inherent in capitalism. At such moments the irrationality and awful destructive power inherent in the capitalist mode of production become more readily apparent: unemployed capital at one pole and unemployed labor power at the other. Resort to the spatial fix partially masks

the irrationality of capitalism, however, because it allows us to attribute devaluation through physical destruction, through global war, to purely political failings. A properly constituted Marxian theory of the relations between inner and outer transformations strips away such illusion. It lays bare the roots of crisis formation in both its national and international aspect, in geographical dimension.

The question of who is right and wrong is of immense and immediate import. If the Marxian theory of the spatial fix is right, then the perpetuation of capitalism in the twentieth century has been purchased at the cost of the death, havoc and destruction wreaked in two world wars. But each war has been waged with ever more sophisticated weapons of destruction. We have witnessed a growth in destructive force that more than matches the growth of productive force which the bourgeoisie must also create as a condition of its survival. Our present plight must surely give us pause. As the crisis tendencies of capitalism once more run amok, inter-imperialist rivalries sharpen, and the threat of autarky within closed trading empires looms. The struggle to export devaluation comes to the fore and belligerence dominates the tone of political discourse at all levels. And with this comes the renewed threat of global war, this time waged with weapons of such immense and insane destructive power, that not even the fittest stand to survive. The message which Marx long ago sought to impress upon us appears more urgent than ever:

The violent destruction of capital not by relations external to it, but rather as a condition of its self-preservation, is the most striking form in which advice is given it to be gone and to give room to a higher state of social production.

(Marx 1973: 749-50)