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Capital as Value in Motion and Boundless Accumulation: A Review of David Harvey's (2018). *Marx, Capital, and the Madness of Economic Reason,* Oxford University Press. 252 pages.

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Marx, Capital, and the Madness of Economic Reason, by David Harvey is an ambitious and successful book. David Harvey dissects and interweaves Marx's collected writings to systematize Marx's analysis of capital, both physical capital and its money form that is found throughout Marx's writings and sometimes in contradictory ways. Harvey masterfully combs through all three volumes of *Capital,* the *Grundrisse*, the three volumes of *Theories of Surplus Value* and Marx's associated texts to clarify and systematize Marx's analysis of capital and capital accumulation. In doing so, Harvey convincingly argues that capital, in its pursuit of surplus value, sets a path toward boundless accumulation. This pursuit of capital's endless accumulation ultimately determines what is produced, how it is produced, where it is produced, and at what time, transforming our physical landscape along the way and breaking the barriers of space and time. By doing so, Harvey can underpin the causes and consequences of recent social and economic phenomena of our time, from the Great Financial Crisis to the build-up of mega cities such as Istanbul and greater Beijing, to the construction of high-speed rail networks and infrastructure projects in China, to capital's exploitation of natural resources and labor across the globe.

Harvey begins by telling his readers that capital in Marx is 'value in motion' (Harvey, 2018, 4). Harvey then decomposes what is meant by 'value' and what is meant by 'motion' in Marx's framework. Marx defines value as 'socially necessary labor time'. And importantly "value is a social relation, and all social relations escape direct material investigation. Money is the material representation of this social relation (ibid, p. 5)." Harvey identifies this connection from the outset of the book, money is simply a representation of value, value is achieved through production then realized in circulation. But, by the end of the book, the readers realize that it is the commodification of money that creates the madness of money. Meaning it is the ability of money to create surplus value without re-entering the sphere of production coupled with money's ability to perpetually increase in quantity without limit. Harvey, following Marx, concludes that daily life is held hostage to the madness of money, and it becomes a "determinant in the practical lives of peoples (Harvey, 2018, 172)."

To understand the madness, we must first dissect the idea of capital as value in motion. Capital first enters in the sphere of production. Capital combined with labor-power produce commodities and, more to the point, labor-power creates surplus value to be realized in the process of circulation. The time during which capital spends in the sphere of production and circulation is called turnover time (see also Forstater (2013)). However, it is only the time capital is spent in the sphere of production that surplus value is produced. The time spent in the sphere of circulation is where surplus value is then realized back in its money form. In industrial capitalism (in contrast to finance capitalism detailed later), this money capital re-enters the circuit of production so that reproduction and accumulation can take place.[i] Capital is value in motion. But it is immaterial, therefore capital's value must have a material representation, enter money.

Money is a representation of the value of capital. But it is the exploitation of the laboring-class toward value production that produce social inequities and labor degradation. In chapter three "Money as a Representation of Value", Harvey illustrates the clear-cut distinction between value –which is defined as socially necessary labor time, and its representation, which is money. Fiat money creates the spiral of endless accumulation, studied in chapter nine of Harvey's book. But earlier Harvey allows the reader to understand the differences between money and value (the latter is underpinned in the social relations of production) by discussing the requirements toward a socialist revolution in Marx. For Marx, the objective of a socialist revolution is toward the radical transformation of the social relations under which workers labored. Without such a transformation it is impossible to create a world in which value production was not based upon the extraction of surplus value and consequently labor exploitation. Harvey argues to seek a better mode of the representation of value other than its money form while maintaining the existing social relations 'was simply to double down on the alienation (Harvey, 2018, 55).' Society cannot create an anti-capitalist revolution without changing the existing relations of production and distribution.

> "It would be part of this general question whether the different civilised forms of money – metallic, paper, credit money, labour money (the last names as the socialist form) – can accomplish what is demand of them without suspending the very relation of production which is expressed in the very category of money, and whether it is not a self-contradictory demand to wish to get around essential determinants of a relation by means of formal modifications?' But he goes on to say, 'various forms of money may correspond better to social production in various stages; one form may remedy evils against which another is powerless; but none of them, as long as they remain forms of money, and as long as money remains an essential relation of production, is capable of overcoming contradictions inherent in the money relation, and can instead only hope to reproduce those contradictions in another form (Harvey, p. 58-59; Grundrisse, pp. 122-123)."

Capital is value in motion, thus a pause or a slowdown of that motion results in a loss of value. Interruptions to that motion occur with limitations to the working day (mandatory rest periods) or interruptions due to the occurrences of natural processes, such as the growth of agriculture crops. Capital in the sphere of circulation must be paid out of surplus value. Capital attempts to reduce the turnover time and have more turnovers per period. Reducing the turnover time of capital will ultimately mean higher production of surplus value. Again, as David Harvey notes:

> "Capital is value in motion and any pause or even a slowdown in that motion for whatever reason means a loss of value, which may be resuscitated in part or in total only when the motion of capital is resumed. 'When capital takes on a particular form –as a production process, as a product waiting to be sole, as a commodity circulating in the hands of merchant capitalists, as money waiting to be transferred or reinvested – then capital is 'virtually devalued'. Capital lying 'at rest' in any of these states is variously termed 'negated', 'fallow', 'dormant' or fixated' (Harvey, 2018, 73)"

Harvey concludes that 'Capitalists are locked in a perpetual battle not only to produce values but to combat their potential negation (Harvey, p. 74)'. However, for a product to have value it must first have use value, or at the very least it must have a perceived use value in a particular time and a particular place.

Thus, capitalists must move beyond the production –and valorization, but to avoid devaluation there must be the creation of use value. This is because the consumer has a choice to purchase a commodity or not, if a commodity has no perceived use value, then it simply will not be purchased. Enter the field of marketers and advertisers whose sole job is the creation and perpetuation of perceived use values for the vast number of commodities that are produced. The circulation of capital in its ever-widening sphere requires the expansion of consumption, both quantitatively and qualitatively. This is accomplished through the creation of new needs and desires toward the creation of new use values.

However, as Harvey explains for this to occur requires capital's ever mounting quest of the annihilation of space and time. To expand the sphere of circulation requires the elimination of physical barriers to the movement of products. It also necessitates the creation of the built environment (a point that Harvey often makes, most notable in David Harvey's *The Ways of the World*). This not only involves the elimination of trade barriers, but also the build-up of transportation lines such as roads, rail, and ports. Further, removing transaction frictions such as the movement toward cyber-money. The built environment creates spatial clusters which capital utilizes to economize on circulation costs to achieve the greatest amount of surplus value. Capital creates the physical environment and the spatial relations that suits its own needs and purposes, specifically toward the reduction of turnover time through the speeding up of production and circulation. Investments in the physical environment are circular, cumulative, and causative. Capital expansion creates uneven geographical development, allowing rich regions to get richer while poor regions get poorer (see Harvey, pp. 136)." Capital is always in pursuit of a spatial fix, one that will allow for a reduction in turnover time and allow for continual, and ever-expanding capital accumulation.

What about time? Harvey illustrates two conceptions of time in Marx's analysis of capital, absolute time, and relative time. Absolute time is the conception favored by capitalists. Examples Harvey provides are the assignment of property rights, the eight-hour working day, the thirty-year mortgage, as so forth. Then there is relative time, where two different time horizons can intersect, such as the exploitation of nature which is based on economic temporality which is at odds with the conceptualization of space and time that is required to confront the impacts of climate change (Harvey, p. 137-138).

Finally enter in money into the analysis of production and realization. Again, in Marx, money is supposedly merely the material representation of value. Up to here, we have introduced money re-entering the sphere of commodity production to begin the valorization process all over again. But as foreshadowed, under financial capitalism money-form creates the "capacity to remain in circulation in perpetuity." In the modern 21st century money is represented by numbers, typically on a computer screen. Unlike its older sibling commodity-money, fiat money is not tied to any physical entity. Consequently, fiat money has the capacity to grow without limit.

As we have seen earlier, the goal of capital is to reduce turnover time and speed up production and circulation toward the expansion of ever-increasing amounts of wealth, and money is a measure of wealth. Thus, as Harvey concludes, the accumulation of money cannot be constrained. Contemporary capitalism is perpetuated by endless accumulation and compound growth. As Harvey notes earlier in *Seventeen Contradictions and the End of Capitalism:*

> "Money, which supposedly measures value, itself becomes a kind of commodity –money capital. Its use value is that it can be used to produce more value (profit or surplus value). Its exchange value is the interest payment, which in effect puts a value on that which measures value (Harvey, David, 2014, 28)."

Coupled with this is the attempt to raise consumption levels to a boundless level. This is accomplished in a variety of ways. First, as mentioned earlier is the creation of use values for new products coupled with the planned obsolescence of existing products and consequently the accelerating waste and degradation to the environment (Harvey, 2018, 173). Coupled with this is the need for credit expansion to avoid the devaluation of capital. This has led to a global expansion of debt from state governments to the expansion of consumer credit.

What Harvey is describing is the need for perpetual capital accumulation and expansion in both the physical and the money form. Money does not need to enter real commodity production for its value realization, the realization of value form occurs with the commodification of money. This is what is occurring within the global centers of finance, such as New York, Shanghai, and London, every day. But, as the financial crisis of 2007-2008 illustrates this can also lead to devaluation. Similarly, when money capital enters the sphere of physical commodity production it is towards the creation of the production of surplus value. As Harvey illustrates in Seventeen Contradictions and the End of Capitalism, production solely geared toward the creation of surplus value comes at a cost of end compound growth, the degradation of the environment, and universal alienation (see chapters 15-17). Costs that may be detrimental to humanity, at least as we conceive it in contemporary time.

In closing, David Harvey's new book *Marx, Capital, and the Madness of Economic Reason* provides a well detailed sketch of Marx's analysis of capital and capital accumulation and the consequences of bound- less accumulation. What I have delineated here is simply a rough sketch of Harvey's thesis, The book is an excellent and educational read within itself. However, it is highly recommended that those interested read this book in conjunction with Harvey's 2014 work *Seventeen Contradictions and the End of Capitalism.* These two books together tell a powerful story of the system of capital, capital accumulation, and the crisis of capitalism.

References

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[i] Harvey notes in Chapter 9 "the Madness of Economic Reason" it is the commodification of money that can allow for the production and realization of surplus value without money capital re-entering the sphere of physical commodity production. This allows for boundless accumulation.