The Limits to Capital, David Harvey, London: Verso, 2006

The cover of this re-edition of David Harvey's book announces that it is 'new and fully updated'; in fact, aside from a short prefatory text, it is an unaltered reprinting of the original 1982 publication. Harvey has chosen not to rethink his ideas in response to the many assessments – generally extremely positive – of his work, to the flood of publications on Marx's *Capital* published in the last quarter century, or to economic and political developments during the same period. The new edition provides an opportunity, however, for a reconsideration of this text, which Bob Jessop already in 2004 proclaimed a 'classic' of Marxist writing1 and which Harvey himself describes in his new introduction as 'prescient' and 'even more relevant now' that twenty-five years have passed. Harvey's is an ambitious and altogether large-spirited book filled with interesting theoretical suggestions. I will not comment on most of these here, but will limit myself to the heart of Harvey's argument. As this takes the form of a direct confrontation with *Capital*, we can examine the adequacy of his understanding and critique of Marx's ideas by examining his treatment of three interrelated topics central to those ideas: the method of theory-construction employed in *Capital*; Marx's theory of value and its place in his analysis of capitalism; and the theory of crisis that Marx developed on the basis of that theory.

Marx achieves his theoretical goals, according to Harvey, thorough ‘ruthless application of dialectical modes of reasoning – the principles of which are very different from but just as tough and rigorous as any mathematical formalism’ (p. 38). As this comparison suggests, lurking in the background is a comparison of Marx's argument to the modes of analysis of modern mathematicised economics, and in fact – as we shall see – academic economics has importantly shaped Harvey's thinking. On the other hand, the ‘rigour’ of dialectics is never explained or illustrated. The general compliment coexists with constant specific criticism. With respect to the relation of values to prices, certainly a central question of Marx's theory, it seems that he only came ‘close . . . to solving the problem’, no doubt because of ‘his extremely limited mathematical technique’ (p. 67). Marx's miss, indeed, seems as good as a mile: his transformation procedure ‘is incorrect’ and his argument logically defective (p. 4). And with regard to the falling rate of profit, which Marx considered ‘the most important law of modern political economy’, his argument, in Harvey's eyes, 'is not particularly well-honed or rigorously defined' (p. 181). Indeed, although Marx's intention was to use this 'law' as the basis for a theory of crisis, Harvey concludes that crises have 'nothing directly to do with the supposed law of falling profits' (p. xxiii).

In fact, whatever the toughness of Marxian dialectics may consist in, *Capital*, according to Harvey, is far from having a rigorously logical structure in the ordinary sense: its first chapters 'are not firm and fixed building blocks upon which all subsequent chapters are erected' (p. xxxi). Harvey describes Marx's dialectic in conventional terms as proceeding by the discovery of 'contradictions' that, once resolved, give rise to new ones in an argument that spins 'onwards and upwards . . . to encompass every aspect of the capitalist mode of production' (p. xxxii). On the other hand, apparently much remains unencompassed: after seven chapters summarising and interpreting Marx's argument up to his theory of the falling profit rate, Harvey intends to use the same device of dialectical logic 'to extend Marx's argument on to less familiar terrain', demonstrating in particular that the conditions

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of crisis generated by the system as Marx analyses it ‘can be absorbed by new forms of circulation’, only to reappear due to the ‘dynamics of technological change’ (p. xxxii).

According to Marx himself, the dialectical manner of exposition utilised on occasion in Capital was merely a ‘method of presentation’ of ideas worked out by the ordinary logical methods of scientific analysis, a ‘mode of expression’ chosen both to pay tribute to Hegel and because it reflects the nature of a society whose movement may be described as ‘full of contradictions’ in that its normal progress leads necessarily to crisis. On the other hand, the ‘dialectical method’ of enquiry, as Marx explains it in the ‘Postface’ to the second edition of Capital, Volume 1 approvingly quoting the first Russian reviewer of his book, is just the attempt to discover the law governing the variation of the phenomena of capitalism, ‘of their transition from one form into one another’; that is, ‘to show, by an exact scientific investigation, the necessity of successive determinate orders of social relations, and to establish, as impeccably as possible, the facts from which he [Marx] starts out and on which he depends’. Marx, in other words, stakes his claim to scientific rigour precisely on ordinary logic (for the good reason, though there is not space to argue it here, that there is no other kind).³

Yet it is true that Capital does not have the simple form of a deduction of consequences from a set of initial premises. For instance – and most fundamentally – the analysis of the value-form begun at the start of the first volume is not really completed until the end of the third. There are two reasons for the complex structure of Marx’s argument. One is that his work is not simply a social theory but, as its subtitle proclaims, a critique of political economy and may be described as ‘dialectical’ (in addition to the two senses of that word mentioned above) in that it follows the Hegelian pattern of demonstrating that an historically dominant mode of thought in fact represents an inversion of the true state of affairs.⁴ Marx begins with the fact that capitalism appears – to the eyes of economic theorists and ordinary social actors alike – to be characterisable essentially as a market society, only to show that on this basis the production of profit, the goal of capitalist market exchange, is inexplicable. This opens the way to the demonstration that the class relation between capitalist and wage-labourer underlies the generalisation of market relations: only when the ability to work becomes a commodity must all goods become commodities. Profit-making – the exploitation of wage-labourers by capitalists – is prior to the generalisation of the market. The historical specificity of capitalism, however, remains hidden from the viewpoint of economics, which, taking market relations for granted, is unable to explain their origin or dynamics. Similarly, the conclusion of Marx’s text explains not only the mechanics of price formation but also how these obscure the class relation of production.

This systematic difference between the social relations and processes fundamental to capitalism and the way in which they appear to those involved in the system’s functioning is the second reason for the complexity of Marx’s analysis. Each capitalist believes that the returns to his investment are a function of the particular structure of his investments in labour and means of production, together with the market conditions governing the inputs and outputs of his process. But Marx claims to demonstrate that the centrality of market exchange to a social system based on wage-labour implies that the value of commodities

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3. For fuller discussion, see Mattick 1993.