

## Universal Alienation and the Real Subsumption of Daily Life under Capital: A Response to Hardt and Negri

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**Abstract:** This contribution is part of a debate between Michael Hardt/Toni Negri and David Harvey on the occasion of Marx's bicentenary (May 5, 2018). The discussion focuses on the question of what capitalism looks like today and how it can best be challenged. In this article, David Harvey responds to Hardt and Negri's previous debate-contributions.

**Keywords:** Marx, bicentenary, 200th anniversary, capitalism, alienation, real subsumption, daily life

I grew up in a respectable neighbourhood of working class homeowners in England. I viewed the house we lived in as a safe albeit rather claustrophobic and oppressive space to eat, sleep, socialise, read stories, do homework or listen to the radio, a place where family could dwell without outside interference. In the winter, we clustered around the smoky coal fire in the living room – the only source of heat. This produced the killer London smog of 1952. We kids played with others on the street together on summer nights. Only occasionally did we have to make way for a passing car. The milk was delivered by horse and cart. We never ate out (except for fish and chips brought in on Fridays) and Mondays was wash day when my mother (who never had a job, a sign of our respectability!) washed everything by hand in a tub with a mangle that was very hard to turn to squeeze out the water from the sheets. On Mondays the whole neighbourhood was festooned with sheets flapping in the wind (except when they froze) upon tough-to-manipulate clothes lines. By evening my mother, with hands red from washing, had ironed everything too. It was hard work.

One day in my teens there was a day of mild celebration. The debt on the house was paid off and we were full owners. I then realised that the house was also a vehicle for saving and that asset values could be passed on across generations (as happened to me after my parents died). Not far away there were estates of social housing. They looked OK to me but when I dated a girl from there my mother strongly disapproved – they were feckless people not to be trusted she said. But they too seemed to have safe and secure housing in a decent living environment and listened to the same radio shows. The difference was at election time their neighbourhood plainly supported Labour but in mine a smattering of signs for both Conservatives and Labour could be seen. My father refused to discuss either politics or religion. They only foster discord and break up families he said. Working class homeownership, promoted from the 1890s onwards in Britain, has always been a subtle instrument of social control (socialists will confiscate your house, the conservatives said).

But in the 1980s this all changed. Margaret Thatcher sold off the social housing wholesale and everyone became passionately concerned with the exchange value of their housing. The local institutions that were set aside to promote homeownership among the working classes (the building societies in Britain or the Savings and Loan institutions in the United States) stopped being local working class institutions and

became more bank-like (eventually being merged or incorporating themselves as full banks). In 1981 nearly a third of all houses in Britain were in the public sector but by 2016 that had fallen to less than 7 percent. In an ideal neoliberal world there should be no social housing at all. People began to buy places and fix them up themselves and then sell them off at a profit. The house became more and more an exchange value to be protected and manipulated to augment personal wealth. Riff-raff (like people of colour or immigrants) and the feckless should be kept out to protect neighbourhood values and positive externalities managed by getting everyone to paint their front doors and grow roses in their front yards. In the late 1980s many Saving and Loan societies got into deep financial trouble in the United States because of their risky speculative investments.

By the end of the century everything had gone a step further. Houses became an instrument of speculation (In spite of what had happened with the S&L crisis). They became an ATM machine from which people could extract wealth by refinancing their mortgages. But when housing prices declined suddenly many people found themselves “under water” with their mortgage exceeding the market value of the house. The “surface froth” that Alan Greenspan, chair of the US Federal Reserve, had cheerfully dismissed in the late 1990s, became the raging storm that swept through US housing markets in 2007-8, leaving financial institutions bankrupt and millions of people foreclosed upon as housing prices crashed. As the slow recovery took place, more and more houses and apartments were caught up in buy-to-let schemes converted into Airbnb, which quickly went from a nice idea of sharing on an occasional basis to a rabid and destructive capitalised system of converting and profiteering on temporary housing accommodation, provoking popular movements of revolt against tourism in cities like Barcelona and fervent cries for regulatory control elsewhere.

The effect was to promote the eviction of low income populations to make way for upscale investment opportunities, expensive condos, and conversions to new uses, such as Airbnb, in many neighbourhoods. It was no longer mere exchange value that drove housing market activity but a quest for capital accumulation through the manipulation of housing markets that became the aim and object of much activity. In the United States millions lost their houses to foreclosure in 2007-2010 while in the rental sector the pace of evictions from rental accommodations accelerated everywhere, with devastating social consequences for the less affluent (Desmond 2016).

What is interesting about this potted history is that it parallels almost exactly the passage from work through formal to real subsumption of labour under capital that Marx so brilliantly outlined. I am therefore delighted to support the move by Hardt and Negri to extend the use of the formal/real distinction to other issues and questions. But I do so with a caveat. We have to be much more explicit about what it is that is being subsumed into what. In the case of housing, for example, the subsumption is into the circulation of interest-bearing capital and this entails a different set of social class relations to the story that Marx revealed in his analysis of the labour process subsumed within the circuit of industrial capital. But in both cases the move from formal to real entails an inversion of a power relation. In the case of labour, the control over the instruments of labour that lie with the labourer under conditions of formal subsumption pass into the power of fixed capital over the labourer under conditions of real subsumption. In the case of housing, real subsumption through the drive for accumulation exercises a power over the urban dweller to which residents are forced to submit. The bottom line of that power is debt peonage of the sort I initially described in the paper on “Universal Alienation”. Debt peonage is a form of subsumption, in which the lives and labours of individuals become inescapably tied into the

circulation of interest bearing capital, the interest rate, and claims upon their future incomes and labour.

Subsumption within the circulation of interest-bearing capital can by-pass valorisation through production (though new housing and condo construction and conversions mean that this is not wholly so). The circulation of interest-bearing capital is in this case focused not on fixed capital but on what Marx called “the consumption fund” (Harvey 1982, 229-238). When a private equity company like Blackstone buys up foreclosed houses in California (to become the biggest landlord in the state) and takes over financially failing affordable housing complexes and converts them (via evictions) to upscale market rents using huge loans from (often shaky) pension funds, then the whole housing system becomes highly capitalised and rates of return compete with rates of return in manufacturing. Hence also the perpetual danger of speculative bubbles. Housing values and qualities become vulnerable to volatile market processes. The so-called economic recovery (that has not spread to benefit wage labour) since the crisis of 2007-8 has in part rested on booms in housing prices in all of the world’s major metropolitan areas (from Melbourne to Moscow and Sao Paulo to San Francisco and Vancouver). This in spite of the lessons of the housing crash of 2007-8 and the S&L crash of 1987.

In London such processes have been accompanied by a rising tide of youth violence and a stunning and surprising increase in the murder rate. Here is how a London housing activist understands the potential connection.

“[...] most politicians’ response to our young people killing each other is to call for more policing. I accept it’s part of the picture. But obsessively seeing the problem through the prism of ‘law and order’, often as a proxy for talking about more uncomfortable subjects, offers no real hope of solving it [...] I’m not arguing that the housing crisis is directly or solely causing rising violence among young people. A complex range of factors is involved. But my thoughts keep going back to [...] an interview with a community activist from the South Side of Chicago. *‘They knew when they tore the buildings down that they’d displace people. Children have had to move schools, some to suburban areas in the far South Side, so it’s a double displacement. The black community’s social infrastructure has been destroyed. The demolitions have also disrupted the gang structure. Today the violence is random.’* [In Britain,] [t]he generation of working class youngsters at the centre of the current wave of street violence has only known Austerity Britain. The childcare services, youth clubs, leisure facilities, education, job and housing opportunities available to their parents have been decimated” (Robbins 2018).

We are now “reaping the whirlwind” of these cuts:

“Working class communities in general and women and young people in particular have been the main targets of revanchist policies against the Welfare State. As in the US, people with black and brown skin are disproportionately likely to suffer as cities become ever-more socially and ethnically divided [...] [T]he housing crisis has deepened and scores of council estates are now threatened with demolition [...] Neoliberal and profit-driven urban policies have produced cities in which many young people literally feel they have no place. They find it almost impossible to find a home they can afford in the communities where they were born, thwarting their ability to develop independent lives. Their social networks, sense of belonging and feeling of respect

from the adult world have been stretched to breaking point. Nothing could be more perfectly calculated to create a situation in which young people don't care, either about the lives of others, or their own" (Robbins 2018).

If this is not alienation, then what is?

Youth also live in a world where there is abundant evidence that political power does not give a tinker's cuss about their lives either. In London, this was clearly demonstrated by the awful sequence of events that produced the Grenfell Towers fire of June 14<sup>th</sup> 2017. Austerity policies administered by the wealthiest local council in Britain, which subcontracted to a profit maximising private management company, led to hazardous materials being used to improve the appearance of a high rise tower that housed low income and marginalised tenants. The tower went up in a fiery inferno killing more than one hundred people. The cladding used (in the face of protests by the tenants that were ignored) mainly for cosmetic and cost saving reasons had been banned as unsafe in Europe and the United States. Subsequent investigations showed that it had been used in more than a hundred high rise towers housing low income populations across Britain. Furthermore, two years after the fire the local council had done almost nothing to find alternative accommodations for those displaced. The council did not care for social housing of any sort. Notes Colin Crouch (2017, 3), "Social housing tenants are the unwanted residue of a pre-neoliberal past". Such tenants do not command respect. Their needs are irrelevant to a local authority where many houses stand empty, as investment vehicles for ultra-wealthy foreigners seeking to park and protect their asset wealth.

Universal alienation arises in many different ways. It links to the many different forms that real subsumption under the power of capital in general takes in our times. Here, too, there are caveats that Hardt and Negri hint at but which I think are worth making more explicit. The subsumption has profound effects upon that into which the labour or the housing is subsumed. It is not merely that the subsumed can be indigestible to that which gobbles it up. The insertion of housing and the consumption fund into the circuit of interest-bearing capital has a major impact upon what interest-bearing capital is all about. The significance of interest-bearing capital changes relative to the circulation of industrial, merchant and rentier capitals. This has implications for value and surplus-value production as well as for the class relations, struggles and the social inequalities that get generated. One can only speculate on what these implications might be, but there is no doubt in my mind that they are potentially profound<sup>1</sup>. Here, too, I applaud Hardt and Negri's willingness to go outside of the stultifying Marxist orthodoxy that refuses to acknowledge the significance of such shifts of emphasis within the dynamics of contemporary accumulation. We can debate and disagree on this or that but the spirit of our endeavours is similar.

For my part, what I can assert with some certitude, is that the production of universal alienation laid out in the *Grundrisse* and which Marx tentatively brings back into play in volume 3 of *Capital* in his initial exploratory writings on the role of finance capital, is a powerful place to start. Furthermore, this universal alienation is strongly linked to the progress of real subsumption of not only labour processes but many aspects of daily life under the power of capital in its various forms. It is out of the morass of these universal alienations that anti-capitalist movements, as opposed to nihilistic forms of protest and fascistic accommodations, must arise.

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<sup>1</sup> I tried to deal with some of this in Harvey (2017).

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David Harvey is Distinguished Professor of Anthropology and Geography at the Graduate Center of the City University of New York (CUNY) and author of various books, articles, and lectures that have been highly influential in the development of modern geography as a discipline and in the advancement of geographical and spatial analysis in Marxist and critical analysis. He is the author of books such as *Seventeen Contradictions and the End of Capitalism*, *The Enigma of Capital and the Crises of Capitalism*, *A Companion to Marx's Capital*, *Rebel Cities*, *A Short History of Neoliberalism*, *The New Imperialism*, *Limits to Capital*, *Social Justice and the City*, and *Marx, Capital and the Madness of Economic Reason*. David Harvey has been teaching Karl Marx's *Capital* for nearly 40 years. He was director of the Center for Place, Culture and Politics at the CUNY from 2008 to 2014.