

The Ways of the World

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Introduction

Some astonishing news reports are coming out of China. The United States Geological Survey, which keeps tabs on these things, reports that China consumed 6,651 million tonnes of cement in the years 2011–13 compared with the 4,405 million tonnes the United States used over the period 1900–1999. In the United States we have poured a lot of concrete, but the Chinese must be pouring it everywhere at unconscionable rates. How and why could this be? And with what environmental, economic and social consequences?

These are the kinds of questions that this book is designed to shed light on. So let us look at the context of this bare fact and then consider how we can create a general framework for understanding what is happening.

The Chinese economy faced a serious crisis in 2008. Its export industries fell on hard times. Millions of workers (30 million by some estimates) were laid off because consumer demand in the United States (the chief market for Chinese goods) had fallen off a cliff: millions of households in the US either lost or were threatened with losing their homes to foreclosure and they were certainly not rushing out to the shopping malls to buy consumer goods. The property boom and bubble in the United States from 2001 to 2007 was a response to the crash of the earlier ‘dot-com’ stock market bubble in 2001. Alan Greenspan, Chair of the US Federal Reserve, then engineered low interest rates so capital being rapidly withdrawn from the stock market moved into the property market as its preferred destination until the property bubble burst in 2007. Thus do the crisis tendencies of capital get moved around. The crisis of 2008, manufactured mainly in the housing markets of the American South-West (California, Arizona and Nevada) and South (Florida and Georgia) produced millions of unemployed workers in the industrial regions of China by early 2009.

The Chinese Communist Party knew it had to put all those unemployed workers back to work or face the threat of massive social unrest. By the end of 2009 a detailed joint study of the International Monetary Fund and the International Labour Organisation estimated that the net job loss in China

as a result of the crisis was around 3 million (compared to 7 million in the United States). The Chinese Communist Party somehow managed to create around 27 million jobs in a year. This is a phenomenal, if not unprecedented, performance.

So what did the Chinese do and how did they do it? They engineered a massive wave of investment in physical infrastructures. These were designed in part to spatially integrate the Chinese economy by setting up communication links between the vibrant industrial zones of the East Coast with the largely underdeveloped interior, as well as improving connectivity between southern and northern industrial and consumer markets which had hitherto been rather isolated from each other. This was coupled with a vast programme of forced urbanisation, building whole new cities as well as expanding and reconstructing the developed ones.

This response to conditions of economic crisis was not new. Napoleon III brought Haussmann to Paris in 1852 to restore employment by rebuilding the city after the economic crash and revolutionary movement of 1848. The United States did the same after 1945 when it deployed much of its increased productivity and surplus cash to build the suburbs and metropolitan regions (in the style of Robert Moses) of all the major cities while also integrating the South and West into the national economy through the construction of the interstate highway system. The aim in both cases was to create relatively full employment for surpluses of capital and labour and thereby assure social stability. The Chinese after 2008 did the same but, as the data on cement consumption indicate, they did so through a shift in scale. Such a shift had also been seen before: Robert Moses worked at a far larger metropolitan region scale than Baron Haussmann, who focused on the city alone. After 2008 at least a quarter of China's GDP was derived from housing construction alone and when to this is added all the physical infrastructures (such as high-speed rail lines, highways, dam and water projects, new airports and container terminals, etc.), roughly half of China's GDP and almost all of its growth (which bordered on 10 per cent until recently) were attributable to investment in the built environment. This was how China got out of the recession. Hence the pouring of all that concrete.

The knock-on effects of these Chinese initiatives were dramatic. China consumed some 60 per cent of the world's copper and more than half of world's output of iron ore and cement after 2008. Accelerating demand for raw materials meant that all those countries supplying minerals, oil, agricultural products (timber, soya beans, hides, cotton, etc.) quickly shook off the effects of the crash of 2007–08 and experienced rapid growth (Australia,

Chile, Brazil, Argentina, Ecuador...). Germany, which supplied the Chinese with high-quality machine tools, also thrived (as opposed to France, which did not). Crisis resolutions move around as fast as crisis tendencies. Hence the volatility in the geography of uneven developments. But there is no question that China took a leading role in saving global capitalism from disaster after 2008 with its massive urbanisation and investments in the built environment.

How did the Chinese do it? The basic answer is simple. They debt-financed. The Central Committee of the Communist Party told the banks to lend no matter what the risk. Municipalities as well as regional and village administrations were told to maximise their developmental initiatives, while the terms of borrowing for investors and consumers were relaxed to buy apartments for either living or investing in. As a result, the growth of the Chinese debt has been spectacular. It has nearly doubled since 2008. China's debt to GDP ratio is now one of the highest in the world. But unlike Greece, the debt is owed in renminbis and not dollars or euros. The Chinese central bank has plenty of foreign reserves to cover the debt if need be and could print its own money at will. The Chinese took Ronald Reagan's (surprising) view that deficits and debt do not matter. But by 2014 most municipalities were bankrupt, a shadow banking system had also grown up to disguise the gross overextension of bank lending to non-earning projects and the property market had become a veritable casino of speculative volatility. Threats of devaluation of property values and of overaccumulated capital in the built environment began to materialise by 2012 and crested in 2015. China experienced, in short, a predictable problem of overinvestment in the built environment (as had happened to Haussmann in Paris in 1867 and to Robert Moses between the end of the 1960s and the New York fiscal crisis of 1975). The massive wave of fixed capital investment should have increased productivity and efficiency within the space of the Chinese economy as a whole (as happened in the case of the interstate highway system in the United States during the 1960s). Investing half of GDP growth in fixed capital that produces declining growth rates is not a good proposition. The positive knock-on effects of China's growth were reversed. As China's growth slowed, commodity prices fell, sending the economies of Brazil, Chile, Ecuador, Australia etc. into a tail spin.

So how do the Chinese propose to deal with their current problems of disposing of their surplus capital in the face of overaccumulation in the built environment and rapidly escalating indebtedness? The answers are just as startling as the data on cement use. To start with, the Chinese are planning to build a single city to house 130 million people (the combined population of Britain and France). Centred on Beijing and pinned together by high-speed

transport and communications networks (that will ‘annihilate space through time’ as Marx once put it) in a territory no bigger than Kentucky, this debt-financed project is designed to absorb surpluses of capital and of labour well into the future. How much cement will be poured is anybody’s guess, but it will surely be huge.

China is not the only place contemplating projects of this sort. Smaller versions can be found everywhere. The recent dramatic urbanisation of the Gulf States is one obvious example. Turkey plans to convert Istanbul into a city of some 45 million (it is currently around 18) and has begun a huge programme of urbanisation on the northern end of the Bosphorus. A new airport and bridge over the Bosphorus are already under construction. Unlike China, however, Turkey cannot do this by going into debt in its own currency and international bond markets are turning nervous about the risks. This particular project threatens to stall. Building booms, with rising property prices and rents, are in evidence in almost every major city in the world. We certainly have one in New York City. They had a vigorous one in Spain until it all collapsed in 2008. And when the collapse comes it reveals a lot about the wastefulness and foolishness of the investment schemes that get left behind. A whole new airport costing a billion or more euros was built in Ciudad Real just south of Madrid. But no planes came and the airport venture went bankrupt. The top bid when it was put up for auction in the spring of 2015 was 10,000 euros.

But for the Chinese, doubling down on city building is not enough. They are also looking beyond their borders for ways to absorb their surplus capital and labour. There is a project to rebuild the so-called ‘Silk Road’ that linked China to Western Europe through Central Asia in medieval times. ‘Creating a modern version of the ancient trade route has emerged as China’s signature foreign policy initiative under President Xi Jinping,’ write Charles Clover and Lucy Hornby in the *Financial Times* (12 October 2015). The rail network would run from the East Coast of China through Inner and Outer Mongolia and the central Asian states to Tehran and Istanbul, from where it will fan out across Europe as well as branching off to Moscow. It is already the case that commodities from China can get to Europe by this route in four days instead of the seven taken by ocean transport. Lower costs and faster times on the Silk Road in the future will convert a largely empty area in central Asia into a string of thriving metropolises. This is already happening. In exploring the rationale for the Chinese project, Clover and Hornby pointed to the pressing need to absorb the vast surpluses of capital and of materials like cement and steel in China. The Chinese, who have absorbed and then

created an increasing mass of surplus capital over the last thirty years now desperately seek what I call a 'spatial fix' (see chapter 2) to their problems of surplus capital.

This is not the only global infrastructure project that interests the Chinese. The Initiative for the Integration of the Regional Infrastructure in South America (IIRSA) was launched in 2000 as an ambitious programme to create transport infrastructures for the circulation of capital and commodities over twelve South American states. Transcontinental links pass through ten growth poles. The most ambitious projects connect the West (Peru and Ecuador) to the East (Brazilian) Coast. But the Latin American countries do not have the finance. Enter China, which is particularly interested in opening up Brazil to their trade without the time-consuming detours of sea routes. In 2012 they signed an agreement with Peru to begin upon the route over the Andes towards Brazil. The Chinese are also interested in financing the new canal through Nicaragua to compete with that in Panama. In Africa the Chinese are already hard at work (using their own labour and capital) integrating the transport systems of East Africa and are interested in constructing transcontinental railways from one coast to the other.

I recount these stories to illustrate how the world's geography has been and is being constantly made, remade and sometimes even destroyed in order to absorb rapidly accumulating surpluses of capital. The simple answer to the question of why this is happening is: because the reproduction of capital accumulation requires it. This sets the stage for a critical evaluation of the potential social, political and environmental consequences of such processes and raises the issue of whether we can afford to continue on this path or whether we need to check or abolish the impulse to the endless accumulation of capital that lies at its root. This is the unifying theme that links together the seemingly disparate chapters in this book.

That creative destruction of the world's geographical environment is going on all the time is obvious – we see it around us, read of it in the press and hear about it on the news every day. Cities like Detroit flourish for a while and then collapse as other cities boom. Ice caps melt and forests shrink. But the idea that to understand all this might require something more than mere description, that we need to create new frameworks for understanding how and why 'things happen' the way they do, is more than a little revolutionary. Economists, for example, typically construct their theories as if geography is the fixed and unchanging physical terrain upon which economic forces play out. What could be more solid than mountain ranges like the Himalayas, the Andes or the Alps or more fixed than the shape of the continents and the

climatic zones that girdle the earth? Recently, respected analysts like Jeffrey Sachs in *The End of Poverty: Economic Possibilities of our Time* (2005) and Jared Diamond in *Guns, Germs and Steel: The Fates of Human Societies* (1997) have written best-selling books suggesting that geography construed as the fixed and unchanging physical environment is destiny. Most of the differentials in the wealth of nations, notes Sachs, correlate with distance from the equator and access to navigable water. Others, like Daron Acemoglu and James Robinson in *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (2012), write best-selling books disputing that view. Geography, they say, has nothing to do with it. The historically and culturally constructed institutional framework is what matters. The one party says Europe grew wealthy and became the birthplace of free market capitalism because of its rainfall regime, jagged coastline and regional ecological diversity, while China was held back by a smooth coastline that inhibited easy navigation and a hydrological regime that required centralised and bureaucratic state management hostile to free markets and individual initiative. The other party says that institutional innovations stressing private property and a fragmented structure of state and regional powers emerged perhaps by accident from Europe to impose an extractive imperialism upon densely populated parts of the world (like India and China) which until recently held their economies down, contrasting radically with the openness of settler colonialism in the Americas and Oceania that stimulated free market economic growth. Compelling histories of humanity have been constructed around analogous themes: think of Arnold Toynbee's monumental *Study of History*, in which environmental challenges and human responses lie at the root of historical transformations, or the more recent surprising popularity of Jared Diamond's *Guns, Germs and Steel*, where environment dictates all.

What I suggest in the essays assembled here is at odds with both these traditions, not least because both are, quite simply, wrong. They are wrong not because they get the details wrong, which they plainly do (the smoothness of China's coastline versus the jagged coastline of Europe depends entirely on the scale of the map one consults), but because their definition of what is or is not geographical makes no sense: it depends on an artificial Cartesian separation of nature from culture, whereas it is impossible on the ground and in the streets to see where nature ends and culture begins. Imposing a dichotomy where there is none is a fatal mistake. Geography is expressive of the unity of culture and nature and not the product of some causal interaction with feedback, as it is so commonly represented. This fiction of a duality produces all manner of political and social disasters.

As the recent history of China shows, the geography of the world is not fixed but constantly changing. Shifts in the time and cost of transportation, for example, are perpetually redefining the relative spaces of the global economy. The draining of wealth from East to West from the eighteenth century onwards could not have occurred without the new technologies of transportation and military dominance that changed the space-time coordinates of the global economy (particularly with the coming of the railways and the steamship). It is relative and not absolute space that matters. Hannibal had a lot of trouble getting his elephants over the Alps but the building of the Simplon Tunnel dramatically changed the ease of movement of commodities and people between most of Europe and northern Italy.

In these essays I aim to find a framework to understand the processes making and remaking our geography and the consequences thereof for human life and the environment of planet earth. I say a 'framework' rather than a specific and tightly ordered theory because the geography is constantly changing, not merely because humans are active agents in creating environments conducive to the reproduction of their mode of production (such as capitalism), but because simultaneous transformations are taking place in the world's ecosystems under other impulsions. Some, but by no means all, of these changes are unintended consequences of human actions: think of global climate change, sea level rises, ozone hole formation, degraded air and water qualities, oceanic debris and declining fish stocks, species extinctions, and the like. Meanwhile, new pathogens and viruses (HIV/AIDS, Ebola, West Nile virus) arise and older pathogens are either eliminated (smallpox) or, like malaria, appear recalcitrant in the face of attempts by humans to control them. The natural world we inhabit is also in constant motion as the movement of tectonic plates spews out volcanic lavas and sparks earthquakes and tsunamis, while sunspots affect the earth in disparate ways.

The reproduction of our geographical environment occurs in myriad ways and for all manner of reasons. Haussmann's boulevards in Paris were partly conceived of as military installations designed for military and social control of a traditionally restive urban population, just as the current spate of dam building in Turkey is mainly designed to destroy by flooding the agrarian base of the autonomous Kurdish movement while criss-crossing south-east Anatolia with a series of moats to inhibit the movement of the insurgent guerrillas seeking Kurdish independence. That the building of both the boulevards and the dams absorbs surplus capital and labour appears entirely incidental. Cultural perceptions and mores are constantly being built into the landscape in specific ways as the landscape itself becomes a series of

mnemonics (like Sacré-Coeur in Paris or a mountain like Mont Blanc) that signal identity and social and collective meanings. The hilltop towns and villages of Tuscany contrast with the bare hilltops regarded as sacred and untouchable spaces in Korea. To try to cram diverse features of this sort into a single coherent theory is plainly impossible. But this does not mean the production of geography surpasses all human understanding. That is why I write of 'frameworks' for understanding the making of new geographies, the dynamics of urbanisation and uneven geographical developments (why some places thrive while others decline) and the economic, political social and environmental consequences for life on planet earth in general and daily life in the mosaic of neighbourhoods, towns and regions into which the world is divided.

To create such frameworks requires that we explore process-based philosophies of enquiry and embrace more dialectical methods in which the typical Cartesian dualities (such as that between nature and culture) are dissolved into a single flow of historical and geographical creative destruction. While this may at first seem hard to grasp, it is possible to locate events and processes such that we might better divine how to navigate dangerous seas and venture onto uncharted lands. There is nothing, of course, that guarantees that the framework will prevent shipwrecks or stop us falling into quicksands, getting becalmed or becoming so discouraged we just give up. Anyone looking at the contemporary tangle of relations and interactions occurring in the Middle East can surely understand my meaning.

The cognitive maps provide some pegs and handholds with which to survey how such messes can occur and perhaps hints as to how we might take an exit from the predicaments we face. This is a bold claim. But in these difficult times it takes a certain boldness and the courage of our convictions, to go anywhere. And we should do so in the certainty we will make mistakes. Learning, in this instance, means extending and deepening the cognitive maps we carry in our heads. These maps are never complete and in any case are rapidly changing, these days at faster and faster rates. The cognitive maps, compiled over some forty years of working, thinking and dialoguing with others, are incomplete. But perhaps they provide a foundation for a critical understanding of the ways of the complicated geography in which we live and have our being.

This raises questions about what the ways of our future world might look like. Do we want to live in a city of 130 million people? Is pouring concrete everywhere in order to keep capital from falling into crisis a reasonable thing to do? I don't find the vision of that new Chinese city particularly attractive

for all manner of reasons – social, environmental, aesthetic, humanistic and political. Maintaining any sense of personal or collective worth, dignity and meaning in the face of such a developmental juggernaut appears a mission destined for failure, productive of the deepest alienations. I can't imagine that many of us would personally will it, promote it or plan it, though, evidently, there are some futurologists who are fanning the flames of these utopian visions and enough serious journalists who are convinced or captivated enough to want to report on the initiatives, along with financiers controlling capital surpluses ready and desperate to deploy them and make the visions real.

It is, I recently concluded in *Seventeen Contradictions and the End of Capitalism*, both logical and imperative in our times to seriously consider the changing geography of the world from a critical anti-capitalist perspective. If sustaining and reproducing capital as a dominant form of political economy requires, as seems to be the case, pouring concrete everywhere at an ever-increasing rate, then surely it is time to at least question if not reject the system that produces such excesses. Either that, or the apologists for contemporary capitalism have to show that the reproduction of capital can be achieved by other less violent and less destructive means. I await that debate with interest.

Chapter 1

Revolutionary and Counter- Revolutionary Theory in Geography and the Problem of Ghetto Formation

How and why would we bring about a revolution in geographic thought? In order to gain some insight into this question, it is worth examining how revolutions and counter-revolutions occur in all branches of science. Kuhn¹ provides an interesting analysis of this phenomenon as it occurs in the natural sciences. He suggests that most scientific activity is what he calls normal science. This amounts to the investigation of all facets of a particular paradigm (a paradigm being a set of concepts, categories, relationships and methods which are generally accepted throughout a community of scientists at a given point in time). In the practice of normal science, certain anomalies arise – observations or paradoxes which cannot be resolved within an existing paradigm. These anomalies become the focus of increasing attention until science is plunged into a period of crisis in which speculative attempts are made to solve the problems posed by the anomalies. Out of these attempts there eventually arises a new set of interlocking concepts, categories, relationships and methods which resolve the existing dilemmas while preserving and incorporating the worthwhile aspects of the old paradigm. Thus, a new paradigm is born and is followed once more by the onset of normal scientific activity.

Kuhn's schema is open to criticism on a number of grounds. I shall discuss two problems very briefly. First, there is no explanation as to how anomalies arise and how, once they have arisen, they generate crises. This criticism could be met by distinguishing between significant and insignificant anomalies. For example, it was known for many years that the orbit of Mercury did not