Connecting the Links in the Value Chain

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The purpose of this paper is to understand the Marxist theory of value in its logical and historical evolution, up to and, especially including, the present time. This task involves an understanding of the theory and practice of human social reproduction as understood by Marx and Engels, the evolution of capital as detailed by Marx, and the evolution of urban space and economic globalism through both of these relations.

Marx once said of Ricardo that he was unable to understand the relation between the labor theory of value and profit because of his inability to "forget" about profit. That is, by holding both of these concepts side-by-side as abstractions, Ricardo was unable to see their logical and historical evolution through one another which allowed profit to emerge in its own right as a distinct and identifiable social phenomenon. In considering value theory, I am suggesting firstly that it is necessary to "forget" about value so that we better understand its emergence through the processes of human social reproduction. Once this is accomplished, I will, secondly, summarize Marx's economic categories for understanding the social development of the value relation within capitalism. This will permit me, also, to understand urban social space and its various forms, including industrial concentration, as products of these relations and developments. And, thirdly, and finally, I will consider the evolution of value and economic globalization.

The point of capitalism, as Marx so well recognized, is not the production of value, but the production of surplus value. Surplus value is the secret of capitalism and the essential basis of capital's own reproduction as an economic system and as a system of class and social privilege. Consequently, I will also be considering value and surplus value in terms of the evolution of class and class struggles within capitalism.

Human Social Reproduction

Marx and Engels establish in The German Ideology that humans are distinguished in their reproduction by the fact that they reproduce themselves through one another, through their individual and social interactions, rather than directly through nature. Humans are subject and object for one another through the divisions of labor which they create as the forms and contents of their interactions and through the forms of property they create as the products of those divisions of labor. Humans are subject as object. They are object as their subjective activities provide the objective forms for the reproduction of themselves and others. This is mutual reproduction in its positive identity and positive historical appearance. In this positive mutual reproduction, humans are directly identical: tribal communalism, patriarchal tribalism, master/slave, lord/serf, capitalist/worker.

Humans are simultaneously object as subject. They are subject for themselves only insofar and in the ways that their existence as objects for others permits their subjective activities. This is their negative identity and negative historical appearance. They are mutually opposed, opposite identities. Each is what s/he is only through what the other is not. This is class struggle.

As humans share more and more common relations, they objectify one another as the basis for their mutual reproduction. And through that objectification, each limits the other to a form necessary to his/her own reproduction. The negative, creative, evolving side of this relation rebels against this condition and demands economic, political, and social forms necessary to her/his own reproduction. This is why and how social classes succeed one another. The common mutual forms of their objectification means that they are increasingly share common attributes as a result of those common means. The subordinate and exploited side of this relation has developed subjective capabilities which exceed the objective limits for the reproduction of the existing ruling class. The rebellion, to echo the Communist Manifesto, is now hidden, now open.

Human development is distinguished by the ways in which they share common, universal relations to property as the bases for their mutual reproduction. And they are distinguished by the ways in which these forms of property exist for the reproduction of particular individuals. These are the foundations of the great classes which evolve throughout human history. The family and, then, tribes, are the immediate reproduction of human individuals through one another. Ancient slavery carries that mutual reproduction to more extensive social connections among many tribes and locations. Slavery is still essentially the direct mutual reproduction of human individuals through one another. But slavery creates the ability of the master class to live independently of their own immediate and direct reproduction, as essentially a social and political relation to one another. The master class comes to rely increasingly on urban forms of property in order to carry on these social and political connections, especially as relations to trade over ever wider geographic areas as well as the development of urban trade and crafts for the reproduction of urban activities. Feudalism means that both rural and urban forms of property come to exist for ever more personal and private reproductive activities. Feudal agriculture involves the mutual personal reproduction of lord and serf on private, militarized estates as a political relationship of control and dominance. Medieval cities become the increasingly intense development of trade and urban crafts as both the exercise and reproduction of individual labor activity and cities as areas of free labor activity, the sale of labor power by individuals freed from the political bonds of serfdom. With capitalism, the universal object for subjective reproduction becomes private property for the production of commodities and their exchange. This means that the universal basis for social reproduction becomes the reproduction of particular individuals and it is those individuals who reproduce the society as a whole by reproducing one another. This comes about because the overwhelming majority of the population has only their own labor activity as the form of private property for production and exchange. Do not accuse the Communists of seeking to introduce social labor, Marx and Engels say in the Manifesto, capitalism is already social labor and social production. Capitalism is a system of social production of, by, and for individuals.

Humans mutually objectify their subjectivities as they are joined socially with one another. This means that they are joined as they share common and mutually creative relations. And the objective bases for their subjective activities must be mediated for the exercise of those subjective activities. Mutual objectification means divisions of labor for the purposes of mutual reproduction. And divisions of labor are mediated by forms of property as the bases for subjective activities in the processes of mutual and opposed reproduction.

Divisions of labor are social classes joined with one another in the reproduction of a given society. And the more those within the divisions of labor share common forms of property as necessary to their reproduction as subjects, the more those within those forms must struggle to possess them. The extensions of divisions of labor quantitatively provides the production of qualitatively new forms of property. The internalization of these forms of property as sensuous practical activities provides the social freedom and mobility which makes possible human reflection upon and expression of those activities. For example, the quantitative extension of slavery, especially as prisoners of war resulted in qualitatively new forms of property. First, there was the independence of the tribal patriarchs as an ownership class and, second, this independence led to their physical reproduction in cities and the development of urban forms of property. This universal extension of divisions of labor and forms of property then made possible expressions in thought and language which reflected the particular forms of practical relations in which humans found themselves in relation to themselves and one another, viz. political relations at first revolving around the market place and resulting in government, first as tyranny, as the social extension of the personal characteristics of patriarchs, and then as democracy as mutual recognition of slaveholders (quantitatively extended) as citizens (qualitatively changed ownership within urban space produced by slave property). Note that when we speak of the positive identities and appearances of those relations, we are still speaking of practical activities. The general, universal presuppositions involved in divisions of labor always find their expressions in particular forms which the property produced by these make possible as particular practical activities.

The division of labor is always the universal, the connection of subjects who are subject as object for one another. That is, division of labor as a measurement of how and in what ways humans reproduce one another in a particular form. How many slaves and masters, where and in what forms? Of course, all of these class systems become worldwide in their own ways, but I will limit my examples here to Western European relations. Ancient Greece as the beginnings of slavery, for example, Rome as the most extensively developed of the ancient slave societies and relying upon the production not only from the land but from many cities and using the military to secure this domination throughout the whole of Western Europe, the Middle East, and North Africa. Feudalism developed as a division of labor between town and country within geographic areas of what was the Roman Empire. Capitalism arises out of these relations as the intensification of individual production in town and city makes possible increasing exchange, the production of commodities and the necessity for private property.

The form of property with all of the above class relations is always the particular, the object for which people are subject (object as subject) and, therefore, that which summarizes the whole and dictates the connections, the objects by which and for which people are made subject for one another. Slave property is the ownership of human beings for the purpose of direct mutual reproduction. Feudalism is dominance over land as the basis for relatively immediate and direct reproduction on the basis of agricultural estates. It is evident from this that cities, at first economically and politically subordinate to feudal lords, were always antagonistic to this form of existence. As the cities grew as centers of urban forms of production, so, through exchange, they more and more imposed their form of life on lord and peasant. Capitalism is the ownership of capital arising from commodity production and exchange, above all as money capital and the ability to use this accumulated wealth to make money the condition for social access for all forms of wage labor and to use money as investment capital to continually reorganize investment and the direction of productive relations in ways the yield ever more capital.

Every division of labor presupposes every previous form of property. This is the concatenation [chain of development] of divisions of labor and forms of property through one another. Divisions of labor produce forms of property and as those forms of property are used and consumed this creates the necessity for the reproduction of that property by those divisions of labor, as well as the production of new forms of property based upon new needs and hence new divisions of labor. It is in these ways that production, distribution, exchange, and consumption are a mutually creative unity. There is no consumption without production, but consumption always arises from the existence of, and need for, production and thus presupposes not only previous consumption, but also the creation of new needs as the image for these needs, and, therefore, the product, arise from previous consumption. Both consumption and production presuppose, then, some previous distribution of both the means of production and the means of consumption as well as a distribution subsequent to new production. Distribution, therefore, provides the basis for exchange in some form because it determines what is already available and the possibility for new needs. And exchange in some form unifies the whole by making possible the movement of the products of each of these relations among the others.

Value and Surplus Value as a Developed Social Unity

In the development of urban space, divisions of labor produce private property as the basis for existence and for subjective reproduction on the basis of exchange value. Subjective reproduction comes initially to depend upon labor power as a source of exchange in the reproduction of forms of property for the reproduction of urban classes and for trade. But as the basis for production expands toward industry and wage labor becomes the source of the reproduction of labor activity, urban space begins to realize its potential as the mutual reproduction of divisions of labor in the creation of private property for the purposes of exchange. The reproduction of labor activity as social labor becomes increasingly homogenous in its forms and requirements because the exchange value relation increasingly organizes all forms of production, all divisions of labor into the same forms of labor activity and therefore the same social requirements. Once industry has established itself as the form of production and wage labor has become the basis for an expanded urban population, it is the requirements for the reproduction and movement of those forms of labor which determine the development of urban space, those requirements which make themselves object for production and consumption. This is urban space as the reproduction of social individuals who have their social and personal labor activity as the subjective basis for their reproduction. But they produce and can consume only forms of private property on the basis of exchange value as they create that private property through exchange value.

The class divisions of capitalism are already implicit in the social extension of the commodity form itself. With the recognition of labor time as the basis for equivalence among commodities, the commodity relation is fully extended as a social relation of exchange because it then begins to redefine social production as the production of commodities according to socially necessary labor time. Commodity production and exchange, in this way, begin also to redefine social time as time spent in social production.

With the defining of social relations through commodity production and exchange, the quantities and qualities of commodity transactions find in money a universal commodity which can extend exchange still further. This gives a new social prominence and power not simply to money, but to those who possess money. Money, as the possession of social wealth, bestows upon its possessors, whatever the sources of their holdings, a central position in the social direction and control of production and exchange. It is easy to make too much of the social control of money holders at this point. With the growing importance of money as a universal commodity in exchange, money only begins to reorganize production. Money is not yet capital and the capitalist, as Marx also notes, is not yet personified as a capitalist, does not yet have the social prerequisites for that role (1986, vol. I: 145--53; 159--63).

What transforms money into capital is the employment of labor power in production so that the value of commodities created is greater than the value of the labor power consumed in production. Capital is, from its beginning, and remains, the production of surplus value. It is central to understanding capitalism and Marx's Capital to examine how surplus value arises and is reproduced as a social process. It is especially important to see this not as a unilateral process proceeding from the power of employers, or even, simply, a bilateral relation between employers and workers. Surplus value arises in a multilateral, mutually determining relation among the developed particulars existing in the commodity relation.

Commodity exchange creates production as the production of commodities according to socially necessary labor time. Production in this form, in turn, expands commodity exchange. Commodity exchange is extended further through the use of money which means also generalized social dependence on commodity consumption. Production increasingly involves wage labor, i.e., the sale of labor power for money, which provides access to commodities. Wage labor productivity is the continual reduction of the socially necessary time which labor spends in producing each item. Reducing the cost of production means increasing the values which can be realized in exchange. The expansion of value in production is simultaneously expansion of the values produced as a ratio to the value of labor power consumed. Surplus value, therefore, arises from the interaction within production between the continual expansion of the value of the commodities produced and the value of the labor power purchased and used as a commodity in that process (1986, vol. I: 181--92).

The production of surplus value further defines social time as time in the production of commodities and standardizes the working day as a relation to value creation. Absolute surplus value arises from the extension of hours of work and the extension of wage labor to a mass of the population. Socially general wage labor makes itself object for the production of commodities. Reducing the cost of products lowers the cost of labor power and expands relative surplus value as a relation to the values produced within the limits of the working day (1986, vol. I: 296--304).

Marx demonstrates in the first volume of Capital that surplus value can only arise from living labor because, almost self-evidently, living labor is required for the creation of new value. Raw materials, machinery, and so on cannot be the initial premises for the expansion of value in production. But the three volumes of Capital are also the demonstration of the development of capital as a social system in which workers' activities in production are continually objectified within the capitalist labor process and capital builds its social productivity by making its production, circulation, and finance subjects and objects in the development of social consumption and space. Therefore, capital becomes more efficient and creative of value by its appropriation of social relations in ways that complement the production and reproduction of surplus value. Consequently, Marx states in the third volume of Capital:

> In short, [surplus value] arises equally
> out of the fixed and circulating components
> of the utilised capital. The aggregate capital

> serves materially as the creator of products, the means of labour as well as the materials of production, and the labour. The total capital materially enters into the actual labour process, even though only a portion of it enters the process of self-expansion. That is, perhaps, the very reason why it contributes only in part to the formation of cost price, but totally to the formation of surplus-value. However that may be, the outcome is that surplus value springs simultaneously from all parts of invested capital (1986: 36).

Surplus value "springs" simultaneously from all of these relations because capital is a system of social subordination and exploitation of human social activity.

Surplus value is always the object of capitalist production. Capitalism is a system of production which aims at the accumulation of money capital through all of its relations of production, circulation, and consumption. Living labor remains the creative side of this process both through its activity in the production of a mass of values at low wages and in all of the developed forms of production in which technology represents the objectification and intensification of the activities of living labor. Capitalist processes of circulation, distribution, and consumption facilitate the realization and expansion of surplus value because they are all created as complements to capitalist production and accumulation.

Capital creates itself continually as an ever wider set of social relationships to its system of production and to the accumulation of surplus value as the wealth created within that social system. Capitalism is, therefore, increasingly a process of social subordination. Its primary forms of social subordination are embodied in the wage relation, the labor process, and capital's control of production and social development as the reproduction of its own existence. All of these forms of subordination represent, also, capital's reproduction of the class relation.

The wage system develops as an ever more social and class relation. The wage system, as Marx emphasizes in Capital, represents a form of access to the social system of production and consumption. Access in this form is at best tentative. Wages are "coupons," as Marx calls them, for consumption, but they in no way represent access to the direction of production or any claim upon its future (1986, vol. I: 412--6; 501--7). Moreover, the development of capitalist production makes the wage the basis for increasing divisions within the working class itself. The expansion of capitalist production as a condition for employment and consumption is accompanied by the concentration and centralization of capital and the diminishing of employment opportunities. This creates a social hierarchy among workers in their access to wages.

Capital is increasingly class control and direction of social labor through the labor process. The production of commodities for their exchange value means the improvement of production by an ever-increasing transfer of skills in the labor process from the worker to the machine. Capitalist production becomes "for itself" with cooperation which involves the combination and standardization of workers' activities into a common relation in the workplace. But cooperation is then overcome with machinery which objectifies the subjective activity of labor, subordinates labor as a still more decisively wage relation, and increasingly builds upon its own scientific processes for its development (Marx 1986, vol. I: 305--85).

Control of production as capitalist production reflects the social unity of capital and its control and management of the social bases for the capitalists' own personification. It represents the bases for capital's extended reproduction and social accumulation. It is the accumulation of surplus value which increasingly institutionalizes capital's control of social reproduction in all of its forms as capital's control of money. This social control is extended through the "doubling" of capitalist production as a relation to the circulation of capital and as a relation to finance. Control of finance and the credit system embodies the control of industrial capital and the control of social development.

Capitalist production does not exist independently of the requirements for the coordination and development of social space. This contrasts with neo-classical economists' interpretations which see the firm as a particular, one-sided basis for investment and economic development, in perfecting and universalizing the market. This interpretation contrasts also with those of Marxists who understand capital as a regime whose forms of spatial development are only extensions of itself. Capitalism is the universalization of urban space as a particular area for social development and for social and individual reproduction. Capital defines urban space as a universal relation to employment and consumption and, then, has its own forms of production and consumption determined increasingly by the social requirements of that space which it has posited for development.

Absolute surplus value involves the extension of wage labor to a mass of the population. The mass extension of wage labor makes the commodities which workers consume, at first, especially apparel, the objects for production. Workers' needs for commodities in these forms and their wages make them subjects for, as well as objects of, production (Marx 1986, vol. I: 296--304). The role of workers and other consumers as subjects for the production of commodities also makes distribution an object of social spatial development. Consumers' choices redefine the products produced and the locations for and forms of their distribution (DuBoff: 16--8).

Relative surplus value arises, in part, from reduced labor costs as a result of cheaper commodities for workers' consumption. It is, also, the intensification of the labor process in response to the limits of the expansion of absolute surplus value. These are the limits to human capacities within the working day and to the extension of wage labor to a mass of the population. Relative surplus value is, therefore, simultaneously, the concentration and centralization of production. The intensification of the labor process is achieved, first, in combining of workers' activities through cooperation and, subsequently, through the social objectification of those activities into machinery (Marx 1986, vol. I: 305--93). This concentration and centralization further separates production from residence and makes urban residential and business space (i.e., for services and the circulation of commodities and capital) objects for production.

With the concentration of production and the refinement of employment and distribution, transportation completes the universalization of urban development in its early industrial form. Transportation, primarily the railroad, makes itself a particular within that space for the movements of people and commodities and for interregional development beyond that space in the search for new consumers and workers (Marx 1986, vol. I: 424--5; DuBoff 1989:

18--23).

As Marx discusses in the first volume of Capital, this interregional expansion is also disinvestment from areas of previous development. This is the evolution of capital as a particular in opposition to social requirements which it had posited for development. Of course, capital's own previous limits to the expansion of mass employment in the creation of a mass of absolute surplus value represented a similar undermining of social requirements (1986, vol. I: 582--600). Marx demonstrates throughout Capital that the process of disinvestment, which accompanies concentration and centralization, creates surplus population. These are not simply members of the industrial reserve army, but those who are socially displaced and of whom capital has no further need.

Urban Space as a Unity of Production, Distribution, Exchange, and Consumption

The concentration of production and the increasing application of machinery create urban social space as a universal relation for production, distribution, exchange, and consumption for their development within that space. Economic investment and development are not random as in the neo-classical interpretation. Development within urban space was, rather, "brought about by autonomous investment by profit-seeking capitalists for reasons sometimes dictated by relative price changes but far more often by expectations of new marketplace advantages or by a drive to reduce labor requirements." (DuBoff 1989: 31) Spatial requirements are not simply extensions of capitalist production, but are equally social requirements for the greater unification of production, distribution, exchange, and consumption.

Marx demonstrates in the second volume of Capital that greater efficiencies in the circulation of capital within social space create expanded capital accumulation. Increased savings are among the effects of this capital accumulation. As Richard DuBoff states: "In the course of investment-propelled growth, the pool of savings is expanded through the familiar Keynesian multiplier effect." (1989: 31) Closely related to savings as a basis for expanded investment are embodiment effects of investment in the latest and best technologies and those spatial requirements most complementary to expanded accumulation. Urban development consists of what Marx sometimes calls a series of "begats": its requirements for individual and social reproduction are posited for development by capitalist production; this attracts investment; they expand capital accumulation and savings; this encourages reinvestment and their reproduction and the standardization of their particular forms. These forms together are embodied within a built environment which becomes not only bases for capital accumulation, but also the universal bases for social existence in this form.

That investment is not random, but is a product of social determinations, is indicated by the repeated movement of investment into those particular forms necessary to creation of urban social space. Railroads accounted for 15 percent of gross private investment in the 1850s and this expanded to an average of 18 percent in the 1870s and 80s. From 1850 to 1900, residential construction represented 50 percent of the gross private investment. The other main source of investment demand was urban infrastructure: including factories, warehouses, office buildings, stores, ports, public utility systems. Between 1870 and 1900, the US population grew from forty million to seventy-six million, and its urbanized component grew from 26 to 40 percent. During this same period, residential building became the main consumer of capital and the number of urban dwelling units more than tripled (DuBoff 1989: 32).

Urban spatial forms, as they became universal and standard as particular forms, made themselves and their requirements objects for production. All of the major forms of production in the late nineteenth century presupposed their place and purpose within a human-made environment, increasingly independent of natural resources and their requirements. Those places and purposes were defined by their particular uses within that universal human environment. Each form of production was a particular form of a universal urban requirement for social and individual reproduction within that space and itself became the basis for the further universalization of urban forms. Each became, simultaneously, the basis for further particularization within each of these urban social requirements: steel for infrastructure and for general, and increasingly particular, forms of transportation (e.g., bicycles and automobiles); electricity as a universal form of energy for workplace and residential requirements; universal machine processes for the expansion of industrial forms of social reproduction; and chemicals for household and industrial applications.

Metallurgical innovations enabled the mass production of steel during the latter half of the nineteenth century. But its particular uses enabled it to become a universal form for urban requirements, replacing wood, stone, iron, and clay. Mass-produced steel found direct application in transportation (rails, rail cars, ships); factory and office machinery, stoves, cans, wire, nails; and personal urban transportation (bicycles, later street cars and automobiles). In this way, steel made each of these previously existing urban requirements more universal and particular Similar to the development of steel as a common material, electricity represented a common power source whose applications presupposed its uses within universal social space (DuBoff 1989: 36). Electricity triumphed over steam because it allowed a flexibility in both workplace and residence as determined by social uses rather than mechanical requirements. Producer durables and the continued social objectification of labor into machine processes, likewise, reflected universal social applicability, as this was presupposed in the reproduction of social space. The working and reworking of mechanical processes created machine tools: tools which were themselves particular machines and produced independently. Quantitative output of these tripled and quadrupled, during the late 1800s, in new centers like Cincinnati and Rhode Island. Qualitatively, this developed the machine tool industry into a nerve center for transmitting new skills and techniques to all machine-using sectors of the economy. Finally, applied chemistry, the fourth major innovation of the late nineteenth century, became an integral part of the "second industrial revolution" because of the wide applicability of its products within industrial processes and households (DuBoff 1989: 37--8).

In discussing the development of capitalism and its social relations, I have defined three phases of social reproduction. The first involves the establishment of capitalist production and the universalization of its social and spatial requirements, culminating in its development of regional and interregional transportation and economic development. The second phase involves the positing for development of social forms within that space and their impact both in enabling the circulation of capital and generating bases for expanding investment. The third phase concerns expanded industrial production and the development of processes and products which have universal applications within that developed social space.

Each of these three phases represents a new and higher level unity of production, distribution, exchange, and consumption. The first phase is characterized by "arm's length" transactions and the increasing refinement of commodity relations into an interactive system of social production and consumption. Distribution, exchange, and consumption become increasingly subjects for themselves in their capitalist forms in the second phase. It is these activities which Marx discusses, in the second volume of Capital, as the circulation of capital. The third phase represents, among the three, the highest unity in the mutual creation of production, distribution, exchange, and consumption. The products and processes which I describe above are all presupposed and posited directly for their production and use within developed requirements of common social space. Machine tools are especially significant in this regard because they represent the socialization of knowledge and tools necessary to the reproduction of industrial and urban requirements.

All of these phases are also the continual refinement of production through distribution, exchange, and consumption and, therefore, make production the object for the others as subjects, as they are created as subjects within urban space in the processes of human individual and social reproduction within this form of existence. This is the redefinition of production through economies of scale, scope, and transaction costs. Scale and scope involve the lowering of unit costs and expanded production (long production runs) within a single facility (the concentration of production into new large firms) because of the increasingly direct consumption of products produced. This direct consumption results from their definite place for use within urban space. This is also, then, social productivity because it is the direct social determination (as subject for production as object) which makes possible economies of scale, scope, and transaction costs within production and efficiencies in distribution, exchange, and consumption.

The increasingly direct, mutually creative relationships of this third phase produce economies of scale, scope, and transaction costs which the new large firms require to pay for themselves (DuBoff 1989: 51--7). Demand and supply, production, distribution, exchange, and consumption always express definite social relationships among people as their social activities make them subjects for social reproduction within a particular mode of life. Scale, scope, and transaction cost economies are products of the ways in which individual and social reproduction under capitalism require the objects of production for their development within urban social space. These economies become increasingly possible because of the definite and repeated places and purposes which the objects of production occupy within human social reproduction. The production of those objects in large volume is made possible by the ability to supply those objects for social reproduction. For example, once the requirements for the reproduction of urban neighborhoods are evident and materials necessary to that reproduction are available, housing development becomes the development and extension of whole neighborhoods, from their most basic infrastructure to multiple dwellings of the same or similar forms. Moreover, the subjective activities which inhere in social reproduction in its various forms generate a "multiplier effect" as they generate both incomes and savings which extend demand for their own reproduction and for the renewal and extension of the objects of production. The expansion of demand inheres, therefore, not only in individual incomes and savings, but in the collective demand generated by the places and purposes which the embodiments of the built environment occupy in social space and time. It is in these ways that capitalism as private appropriation makes social reproduction possible. But it does so chiefly through its monetary expressions and according to all of the social limits which inhere in incomes and savings. Social relationships within development under capitalism, in other words, express themselves in the primary ways open to them, as relations to money.

Concentration and Centralization of Capital and the Limits to Capitalist Development

Capital is, in all of the ways that I discuss here, a spatial--temporal relation in its processes of social development. Capital extends commodity exchange as the basis for production and consumption within a given social space. It creates that production as a relation to socially necessary labor time. Capital extends wage labor as the condition for employment of most of the population and wages as the access to money for access to consumption. The extension of wage labor to a mass of the population creates mass surplus value as the basis for accumulation of capital.

Spatial development in this form arises from the limit to absolute surplus value as the extension of the working day. The standardization of the working day according to its human limits leads to an intensification of production and the reduction in socially necessary labor time. The creation of relative surplus value through this intensification of labor is also the concentration and centralization of capital and the occasion for the disinvestment and reinvestment of capital into new forms of production and new areas for production and consumption. As I have indicated, it is chiefly the railroad which enables this spatial reconfiguration of capitalist production and consumption.

Concentration of production, with the development of relative surplus value, is also the extension of capitalist circulation in the development of urban space. Urban infrastructure and other forms of development required for the circulation of capital, as I discuss above, not only speed the circulation of commodities and capital, but have their own reverse effect in creating incomes and further bases for urban spatial development. However, the creation of urban space on the basis of the circulation and accumulation of capital means that the time of circulation aids in averaging the profits flowing from all of these investments. Social time for the continuation of development in these forms is limited to the accumulation of capital. Capital moves away from those investments within social space whose profits have become socially average or below.

Concentration and centralization of production, as a result of the social economies of scale, scope, and transaction costs that I describe, are also the occasion for corporate concentration and the further centralization and concentration of finance. It is in this way that finance becomes a mechanism for the management of social investment as a whole. This means also disinvestment from earlier forms of production and circulation. It is at this point that capital accumulation appears to be subject and object for its own development, a consequence of all forms of investment, and not a result of social labor or even, necessarily, production or human social reproduction. The same is true of all of the social connections and premises which are the bases for capitalist development and accumulation. Capitalist concentration and centralization into its financial form is always the occasion, also, for the compression of social space and social time in relation to capital's most socially developed forms of production, distribution, exchange, and consumption. The movement away from investments posited previously for development is also the basis for the creation of surplus population. The more the conditions of social existence become universal in their forms, the more their removal creates conditions of absolute social deprivation and exclusion.

Social productivity is the consequence of capital's interaction as a particular within the general social conditions of production and consumption which it posits for development. Capital unifies production as a social system through the social commonalities which it creates and makes these relations socially interactive. Production, distribution, exchange, and consumption all come to be carried on as relations of reproduction, for capital and for life within the urban whole. Capital profits from urban social reproduction because its relations are organized to produce the accumulation of capital. Capitalist concentration and centralization of production and wealth come about because the position of individual firms within these social interactions create the bases for their private appropriation and continually reproduce their particular structure of production and financial control.

"Thus everything appears reversed in competition." (Marx 1986, vol. III: 209, his emphasis) Because capital is the particular around which social reproduction and development are organized and because capital continually modifies these relations to expand accumulation as the end goal of their processes, capital appears as the particular which creates the general relation of social reproduction, as itself the alpha and omega, as the creator of the social and its result. In fact, the concentration and centralization of capital are equally products of requirements for human social and individual reproduction. Capitalism is essentially a system of social reproduction and development where social productivity, which is the result of the social activities, interactions, and interconnections among people in the reproduction of their own lives, struggles against its control by private appropriation and its reduction to a monetary relationship. Capital can be understood as its own development is given its form and content within relations of social reproduction. Capital is, therefore, also, an ever more particular form within mutually creative human relationships and requirements which extend well beyond capital.

The development of accumulation as a social process of appropriation means, as Marx tells us at the beginning of volume two of Capital, that capital stands in constant relation to society and its processes as a relation to money (1986: 25--64). That is, money capital is both itself as money for exchange, accumulation, and use, and it expresses the coordination of increasingly and explicitly social processes. Capitalists, as the coordinators of the labor process, social production, and circulation see both the need for and effects of their returns on money capital. Concentration as the result of accumulation has the effect of centralizing money capital and its availability for financial transactions. The development of the circulation of capital, so that it is mutually creative with the processes of production that define it, defines production as the turnover of capital, reduces both production and circulation costs, and releases capital for accumulation and investment. The growing social centralization of capital as finance is increasingly the availability of money capital for credit. As Marx says, credit first appears within these processes as the "humble servant" of production and circulation, but increasingly occupies a central administrative and controlling role with regard to them (1986, vol. III: 435--41). Financial centralization and coordination are equally the products of the social coordination of production and circulation and their social coordination which averages social rates of profit within and among industries and all commodified social relations.

Both the existence of socially average rates of profit and the centralization of finance make capital appear as the product of its own investment activities. Within these objectified social processes, social labor activity as the subjective side of social development disappears from view. What appears is that the coordination of all social processes of production and circulation, with labor as only one factor within production, is necessary to maximize return on investment. Thus capital has a tendency, Marx states, to develop the productive forces to their own limits and to continually expand production to meet social requirements in their existing forms. Capital carries out this expansion, and the expansion of its own accumulation within it, through the increasing of labor productivity which is also the further expansion of social productivity. But capital does this through the reduction of wage labor within production. Consequently, capital in this way increases the intensity of labor exploitation and the production of surplus value by increasing those elements of production which do not create new values. This is, in general, the definition of the falling tendency of the rate of profit (1986, vol. III: 211--31).

Capital continually defines and reproduces itself as a social particular within an overall relationship of social reproduction. Capital always expresses itself as a relation to its own processes of accumulation and within the context of its own concentration and centralization. Capital makes itself an ever wider relation to social activity but it carries on these social relations only as commodity relations. More and more commodities, Marx shows, mean more and more instability: the necessity for reconciling the relation of those commodities to one another and to the processes of concentration and centralized accumulation. The more capital unifies production and circulation of commodities and capital, the more the coordination of these processes averages levels of wages, surplus value, and costs. The unification of these through capital implies its concentration and centralization and its investment within production and circulation at the highest rates of profit. This implies further a depreciation of capital which does not represent the highest developed rates of profit and corresponding limits to economic expansion, as well as surplus population. Therefore, capital creates a socially average rate of profit as a relation to its own processes of accumulation and this is defined against previous and existing forms of development.

Capital, Marx says, is not the means "for a constant expansion of the living process of the society of producers." (his emphasis) Production is for capital and not vice versa:

> The means -- unconditional development of the productive forces of society -- comes continually into conflict with the limited purpose, the self-expansion of existing capital. The capitalist mode of production is, for this reason, a historical means of developing the material forces of production and creating an appropriate world market and is, at the same time, a continual conflict between this its historical task and its own corresponding relations of social production (1986, vol. III: 250).

Capitalism is a system of social reproduction among individuals. Their individualism is determined by their relation to private property as this property exists for their individual reproduction. Private property as the basis for social reproduction means that self-interested individualism is the limit of their social activity. The general lack of private property except in the form of labor power creates capital and labor as the primary division of labor. The production and exchange of commodities as the reproduction of these divisions of labor makes capital the chief form of property. The accumulation of capital through the processes of production, distribution, exchange, and consumption restores and enhances the social position of the capitalist and returns the worker to wage dependence. The use of money capital as the social elevation of certain individuals and the production and exchange of commodities makes those individuals appear as the initiators of all that is social and productive and makes the commodity appear prior to all life activity, the objects which, along with money, make all individuals subjects.

The Value--Surplus Value Contradiction

The essential contradiction between value and surplus value is that the former can only be created through the latest and most labor-saving forms of production and the latter can only be created by living labor. This is the falling tendency of the rate of profit. The more the technological composition of production makes possible increased productivity, the less living labor is directly involved in that production in the creation of new values. The rate of surplus value increases in these circumstances, but the rate of profit, as a ratio to overall investment, declines.

As Marx points out in Captial, the tendency of the rate of profit to fall can be offset by increasing the rate of exploitation still further, including through trade and colonization, and through reliance upon surplus populations which force wages down.

I hope to demonstrate here that, the falling tendency of the rate of profit is a product of the social class contradictions involved in value and surplus value. This opposition and its outcomes means that capital moves in opposed directions in its development, not only in the forms of its economic development, but also geographically and spatially. Consequently, the falling tendency of the rate of profit is not simply a secular movement with regard to the composition of a given capital. It is a social opposition between classes within capitalism and the forms of property which they create and the reproduction of those forms of property. As I will discuss, the more capitalism becomes a global system, the more it must administer and enforce relationships that are creative of value and surplus value and enable the reproduction of classes. This indicates that value and surplus value are ever more difficult to reproduce, in part because the forms of property which capitalism produces and makes necessary for human existence are ever more available on a world scale.

Every expansion of value and surplus value is simultaneously the contraction of the relations through which they were created. First, it is a contraction because the value/surplus value relations are achieved through the circulation of capital and are, therefore, the accumulation, concentration, and centralization of capital. This means that capitalist firms, if they survive, must increasingly operate within the restrictions of maintaining monopoly control over technology and capital. It means also that their continued use of and building upon the latest technologies raises further barriers to the maintenance of their rates of profit.

Second, every expansion of value and surplus value is a contraction because of the class limits involved in employment. The more the value/surplus value relation expands as a relation to popular dependence upon wage labor for employment, the more capital's system of production limits the number of people who can be profitably employed. Capital expands the proletariat through the value relation by eliminating large numbers of previous producers, but many of these persons then become only surplus population with no prospects for employment.

Third, capital's system of production is limited by its reliance on wage and salary employment which limits social distribution to the ability to exchange. This gives capital constant tendencies toward overproduction and underconsumption. Fourth, given these tendencies, capital continually runs up against limits to profitable investment, even as its accumulation rises.

All of these limits just defined are essentially class limits because the divisions of labor which capital creates are available primarily for the reproduction of labor and the bourgeoisie. The production of money capital is ever the object, not the reproduction of people. This is why the value relation is not a simple relation of exchange according to socially necessary labor time, but a socially developed relation which is joined to surplus value for the reproduction of one class by another. For all of these reasons, which are primarily expressed in the ever growing concentrations and centralization of capital and its systems of money and production, the creation of value and surplus value become ever more controlled, managed, consciously constructed relationships.

And, every contraction of value and surplus value is simultaneously their expansion. Capital does not, and cannot, remain within the limits just defined. It must find ways to surmount these limits which are consistent with its own reproductive processes for investment and capital accumulation. It does this by expanding its connections for the creation of value and surplus value.

First, capital expands beyond the limits of its contractions through the export of capital beyond the nation of origin. The export of capital becomes increasingly essential with the growth of monopoly production. But, in fact, the export of capital is early on an important feature of capitalism and its relation to colonialism.

Second, capital expands over its contractions by finding new locations for the generation of value/surplus value creating relations through investment in colonies. Both by money and force, capital overturns existing class relations within colonies by reorganizing land ownership, commodifying labor, increasing dependence on commodities, investing in industries and public works, and administering social relations in its own bourgeois image. Colonies become not only idealized images of the bourgeois relations as a kind of tutelage over subject peoples, but the places where capital can practice the most degrading and exploitative forms of labor and abuse which are becoming less socially and politically acceptable within its home country.

Third, the generation of money capital through colonies makes possible improvements in the conditions of labor at home and the expansion of public spending in the creation of new urban divisions of labor. Taxes in the colonies as well as at home make possible expanded public funds. Metropolitan urban centers develop as unities between centralized and concentrated industries and urban transportation. With the electrification of entire cities, it becomes possible to displace these industries to the outer edges of cities in the latest technological forms. And, as we will see, subsequently, it becomes possible to export of whole industries to other countries in responding to expanding international competition. The geographic displacement of industries in these ways indicates again that industry under capitalism is understood only according to having wage labor, value, and surplus value as its objects and not the reproduction of the mass of social humanity, from whose needs these industries arise.

Fourth, finance capital arises as an accumulation of capital and a system of finance, created from both the metropolitan country and the colonies. Finance capital makes possible the management of capital, and, therefore, the creation of value and surplus value, in an imperialist "superspace." This means surmounting the limits of value/surplus value creation in any one country by moving investment among several countries. Of course, not all of this wealth creation corresponds to actual value and surplus value. But speculative capital creation and the real economy of value and surplus value are ultimately reconciled through crisis, even if this happens only after a considerable period of capital expansion.

Fifth, finance capital indicates the completion of national development as a general social dependence upon commodity relations and this makes necessary national government control and coordination over monetary and fiscal policies. By this time, these policies were already well established in colonies always represent, in part, a protection for the imperialist nation's currency against competition with currencies from other nations. Control within the colony is always a government-administered relation and government taxing and spending for the generation of investment, especially through public works, become important early on.

Sixth, monetary and fiscal policies further politicize class relations by making these relations to the public purse and thus to the ability to supplement incomes in various ways through tax monies and public investment. Seventh, monopoly corporations within these nations develop increasingly direct competition among themselves as geographic divisions of markets by agreements. This effectively divides the world among major corporations and places governments in the position of enforcing these territorial claims. Corporate competition of this kind figure prominently in the coming of both world wars in the 20th century. This resulted in the redivision of markets among corporations after each of these wars.

Finally, eighth, each of these forms of expansion builds upon the previous ones as an international management of capitalist relations as relations among nations. By the end of World War II, this involved the international management of trade, but toward the goal of export-led growth and the replacement of one nation's production by another. This is, again, accumulation, concentration, and centralization of capital on a world scale through value and surplus value. But as in war, the achieving of these relations depends upon force and politics as much as exchange. The emergence of the transnational corporations in the postwar meant international corporate management of the creation and control of value and surplus value.

As the previous discussion indicates at several points, the class character of the state becomes highly important in resolving the contradictions which arise out of the socially reproductive character of capitalism and capital's use of that system as the means of private appropriation and accumulation. The value relation is at the heart of this contradiction. On the one hand, the value relation defines commodity production and exchange as the basis for social reproduction and in doing so, it increasingly defines the individual as the producer and exchanger of commodities and concentrates and centralizes their labor power in great cities. On the other hand, the ever changing content of the value relation means that production and wealth assume highly concentrated and centralized forms and that capital has less and less interest in continuing previous, and now less valuable, forms of production and has no interest in simply extending urban forms of individual and social reproduction for their own sake, as human requirements. Said otherwise, the more urban social forms become standard within capitalism, their production tends to slip more and more beyond the value relation. Because the value relationship is very much one that is socially determined, controlled, and managed, capital must find ways to accumulate wealth and make available social investment which is dependent neither on the social extension of human requirements and does not contradict their own highly concentrated and centralized forms of production and wealth. That solution, capital finds throughout its history in its international relations, first, in the form of colonialism, and, then, as imperialism.

As the previous discussion also indicates, it is possible to distinguish successive stages in the development of colonialism and imperialism as integral parts of capitalism. Capitalism is not only international from its inception, but its involvement with nations outside of the home country establishes shaping and determining relations between itself and other peoples. While nations like Spain emerged from feudalism primarily interested in plunder, nations like England, saw colonies as part of their production system, as sources of raw materials and markets for finished products. But relations within colonial countries were generally feudal and agricultural and the more capitalist relations from the empire penetrated these relations, the more they contradicted and overturned them. As Marx and Engels demonstrate in their writings on colonialism, this overturning became an increasingly deliberate and administrative process by the colonialists themselves. The reorganization of landholding to favor those most loyal to empire, forcing of landholding patterns that would make peasants dependent upon money, commodities, and wage labor, and the use of local officials to collect taxes which forced all within the colony to be concerned with their abilities to generate money incomes. In short, capitalism early on turned its colonies into cash-generating machines which not only provided profitable investments for the extension of home enterprises, such as public works and transportation, but also sources of outlets for investment in new factories and the outright dumping of commodities to replace domestic production within the colonies.

Imperialism arose, and succeeded the previous colonial form, in the mature stage of capitalism when its highly developed societies posed an increasing contradiction between the abilities to accumulate and reinvest capital and when vast and highly concentrated and centralized industries were dominated by finance capital. But the money capital involved in finance was a product of the colonies as well as of industry and other forms of capitalist development. These mutual sources made a natural link for the accumulation of capital on an imperial scale and provided an international protection against imperialist rivals. Imperialism was the social extension of capital's divisions of labor, and, increasingly, its forms of industry and property to a global economy. Capital's extension of industrial production and its own conceptions of labor and social relations of money and commodities, and concepts of property, law, and the state was what we might term the thesis of imperialism. The undermining and overturning of colonial divisions of labor, classes, and forms of property led, increasingly, to rebellion against the imperialists as a result of the inadequacies of the imposed imperialist divisions of labor and forms of property for most of the population. It was precisely the relatively small bourgeois and working classes and the predominance of feudal agricultural and peasant relations which posed a challenge to imperialism, not only among colonial nations, but increasingly in imperialist nations themselves such as Russia. This antithesis to imperialism dominated imperialist relations and conflicts from the mid-19th and much of the 20th century. Rebellion, national independence, industrialization, and urbanization produced a new synthesis within imperialism. This synthesis is characterized by the financial dominance of imperialist nations over other nation-states and the particularization of urban forms of industry and property within local/national/international divisions of labor. I will focus during the remainder of this paper on this international synthesis, its origins and present forms and the place of value within these relations.

The Postwar World and the Emergence of the Present International Economy

The US and other capitalist states after the Second World War confronted the problem of how to avoid sinking back into a depression of overproduction and underconsumption that had characterized all but the wartime economies since 1929. The international competition among monopolies which dominated each of the leading capitalist states had been settled by the war, and its economic and social devastation, in favor of the US. One solution to the problem of economic stimulation was the use of fiscal policy. Government spending became an essential basis of each of the postwar economies. But fiscal policy is a relation of money to social needs and therefore depends upon certain portions of the population having sufficient money to consume. Both the expanding "middle class," itself partially the product of expanded government spending played the role of providing sufficient incomes to stimulate production. Trade unions also helped build the "middle class." Reliance upon wage-bargains as sources of private incomes, which, by the early 1950s, were generally tied to productivity increases, meant that the trade unions turned away from any focus on full employment or domestic economic and social development that did not ultimately depend upon earnings through international exchange. The achievement of this model of trade unionism in the US made it available for imposition by national law and US military power in other leading capitalist states.

The US could dominate internationally only through a system of export-led economic growth which focused all economies toward the most efficient producer. Given that the US, after the war, represented 60% of world industrial production, there was no question that US dominance was assured for a considerable period. The US competition was carried on by the internationalization of the dollar, made equivalent to gold at Bretton Woods, and by the creation of an international relation of wages and productivity. This relation emerged chiefly through the establishment by the US of its own production facilities in Europe and other parts of the world.

The development of the present international economy has centered increasingly upon transnational corporations (TNCs) and banks (TNBs), chiefly of US origin, which have developed over the last half century. While it is true that international corporations, like the global economy, are very old, and certainly date from the beginnings of capitalism, the TNCs and TNBs represent a new, qualitative, development in the international corporate form. This qualitative change came from the quantitative expansion of industrial production on a global scale since 1945. TNCs and TNBs are essentially international organizational structures which internalize value- and surplus value- creating processes around the world within their own operations. They are in this way essentially international forms of capital's confrontation with its own relations of value creation. It is their ability to control the forms of economic development, nationally and globally, by imposing their authority over the forms and directions of national production. They accomplish this control by enforcing reliance upon international exchange as the basis for national production, the use of international debt dependence, and ultimately their replacement of various forms of production and service within nations with their own. TNCs and TNBs have come to rely on the International Monetary Fund (IMF) and the World Bank as quasi-international government bureaucracies to carry out this imposition and control. We see, again, in all of these institutional forms and their evolution the simultaneous and contradictory relations of expansion and contraction of value and surplus value which inhere in capitalist development.

Export-led growth ultimately rewards the most efficient international producer. Given the economic power of the US after the Second World War, it was able to export its own production facilities to other countries, at first especially to Europe, and to emerge as the number one or two producer of important products in many European countries by the late 1950s. Attempts to protect domestic markets through tariffs and, then, by the organization of the European Economic Community only resulted in TNCs and TNBs becoming more skilled at the international management of a single corporation's operations in and among several countries. By the early 1960s, surplus value produced by TNC operations within and among a variety of developed countries equaled the amount of surplus value accumulated in the Third World.

The international expansion of the value relation was accompanied increasingly by the contraction of social relations, especially the potential for capitalist investment and consumption. This occurred simultaneously with, and as a product of , expanding world productive capacity, which became overcapacity, viewed from the perspective of the TNCs and TNBs. The internationalization of the dollar enabled TNCs and TNBs to internalize its movement, and even its creation by their issuing of loans, among a variety of forms and locations involved in value creation. By the early 1970s, TNCs and TNBs originating in the US were the world's largest economy outside of the US itself and held more dollars in the possession than any government in the world except the US. Most of these dollars are never repatriated.

The internationalization of capital through the TNCs and TNBs placed them on a direct collision course with the creation of value and surplus value in their own countries, as well as that in other nations. The international relation of wages and productivity set them against the trade unions in their home nations. By the late 1960s, the lowest wages and highest productivity within individual TNCs were all outside of the US. This led to their demand for lower wages in the US which, in turn, reduced the potential for consumption. Meanwhile, they sought to increase productivity by getting rid of excess capacity by layoffs, downsizing, and plant closings. TNCs and TNBs use of international currencies put them into direct collision with their own and other governments' monetary and fiscal policies, so that the creation of national wealth had to be held to the limits of the TNCs and TNBs own forms of value creation and their ability to continue to internalize superior technologies. To offset declining domestic tax bases, TNCs and TNBs demanded greater transfer of the tax burden to working people.

The TNCs and TNBs search for profitable investments was compounded by the corresponding underconsumption arising out of these developments, especially lowered wages and cutbacks in government services. And their search for profitable investment included the creation of social services in privatized forms, internalized within their own operations. At the same time, TNCs and TNBs create forms of social development linking previous locations and forms of production and service with present ones through technological webs. This has the effect of centering economic development around themselves and polarizing economic development within and among cities, regions, nations, and internationally. The value relation becomes the organization of parts of society and social development which form a "value chain." The creation of surplus value becomes, on the one hand, workers on shopfloors and offices involved with knowledge-based processes. And, on the other hand, it becomes the coordination of low wage workers, including children. The creation of value and surplus value in the present world economy becomes a process of international and national social polarization. Those displaced by these processes then become prospects for super-exploitation whether through part-time work and the holding of several jobs or as the working poor of whatever age or simply excluded and discarded as in the case of the homeless.

Value creation always implies a single producer who can create value at the highest level. It also implies a unity of that value creation with the organization of production, distribution, exchange, and consumption for the realization of that value. As Marx demonstrated in his discussion of the falling tendency of the rate of profit, the circumstances of value creation involve every higher levels of technology and other relations to distribution, exchange, and consumption which are themselves not directly productive of surplus value. It is this contradiction, I have argued in this paper, that drives capital into an ever more international system. This system comes to be managed by the internalization of relations of value and surplus value within the operations of transnational corporations and banks and managed increasingly by the International Monetary Fund and the World Bank as quasi-international government bureaucracies whose decision-making is tied to the TNC and TNBs.

In the national and international development which followed the Second World War, international capital spread industrialization through its search for value and surplus value and nations often newly independent as states, both socialist and non-socialist, used their governments as primary means of stimulating industrial and urban development within their nations. The evolution of transnational corporations and banks to their present form has meant the internalization of economic relations among nations through trade and international debt. The low wage policies, insisted upon by the transnational corporations, and enforced by the IMF and World Bank, as well as through regional trading blocs such as NAFTA and the EU, and the cutbacks in government spending for social services and human needs, have meant the expansion of underconsumption and overproduction. TNCs can only maintain their own levels of value and surplus value creation by internalizing, ever more within themselves, the highest technologies and most efficient production and by destroying plant and equipment which conflicts with their own necessity to capture the markets of each country.

The essence of value relations is the ability to dissolve all relations into money and, therefore, dissolve the relation, liquefy the "thing," be it an industry through deindustrialization, a social service via privatization, or employment by the substitution of cheaper for more expensive labor.

The TNCs and TNBs are an opposition to their own national currencies, industries, and services, and limit each of these as part of these corporations own expansion to the global economy. This relationship appeared first in the 1970s in the forms of US government spending becoming increasingly inflationary, and underproduction as a consequence of declining investment and disinvestment. These problems were joined in the 1980s, as imports offset both underproduction, itself increasingly institutionalized within TNCs to avoid their capacity for overproduction in the face of growing underconsumption, and deindustrialization. All of this, from the increasing removal of government supports to the creation of a surplus of workers, created low wage workforces among the developed capitalist countries.

By the early 1970s, TNCs had internalized all of the essential elements of postwar capitalist expansion into themselves. It was now they whose operations were decisive with regard to the international dollar, wages and productivity, the ability to locate consumers from among several countries. The TNCs were also the international centers of export-led growth, now essentially corporate rather than national. Through their institutionalization within themselves of the sources of value and surplus value within the world, they, therefore, expressed an opposition to all forms of national production. The fact that they internalized the highest and most developed forms of value creation meant that profitable investment was hard to find and that they were continually generating and spinning-off investments, and disinvesting. This made TNC corporate structures more and more indefinite. By the mid-1980s, economists often described these structures as "scanners" and "galaxies."

The search for profitable investment set TNCs and TNBs directly in opposition to the nation states of the world and those states' control over revenues and investment directions. Given the enormous concentration of capital and wealth which TNCs and TNBs represent, nation states, especially in the Third World, were starved for investment capital. Therefore, lending became the essential connection in TNCs' and TNBs' abilities to penetrate and begin to redirect national economies. In their frenzied searches for profitable investment at the highest levels, global corporations both generated and created ever higher expectations for value and surplus value.

At the same time that they were in need of capital and international lenders, nation state were anxious to have their investments pointing inward, both for the generation of national capitals and for government-directed investment, in the case of socialist countries. Nations, especially from the Third World, united in 1977 and began to push for a New International Economic Order, national negotiations with TNCs and TNBs for investments that ultimately become national in focus and/or ownership, use of the United Nations to secure national rights concerning these corporations.

Debt proved to be the cutting edge of national need and increasingly the device which permitted greater entry by TNCs and TNBs into national economies. This came about with the debt crisis of the 1980s and 90s and attempts to resolve the renewal of loans through debt-equity swaps involving new levels of private ownership and private investment. Since the fall of the Soviet Union and various socialist countries, the IMF and World Bank have been both aggressive and effective in the use of debt as an instrument of gaining privatization within national economies. The essential elements of the investment programs involve: currency devaluations (which both raise prices to world levels and force wages downward), reductions in government spending (especially in social services), elimination of government investment in infrastructure that does not complement export-led growth and transnational investment, selling off or closing industries which are not competitive at TNC levels, and the replacement of domestic-oriented industries with imported commodities and/or with domestic production by TNC affiliates. Economic decline and devastation follow in the wake of these investment programs: rising unemployment and poverty, famine, civil strife, and social polarization. Those parts of societies which are organized around TNCs and TNBs gain large concentrations of incomes and wealth, while those outside are without prospects for economic development or even for life.

As Michel Chossudovsky states in his book The Globalization of Poverty, effective response to these developments requires that: "Social movements and people's organizations, acting in solidarity at national and international levels, must target the various financial interests which feed upon this destructive economic model." (1997: 26) He says further:

> The world community should recognize the failure of the dominant neoliberal system. As the economic crisis deepens, there are increasingly fewer policy-avenues available. Yet in the absence of fundamental economic and social reforms, a worldwide financial meltdown cannot be ruled out. Of crucial importance is the articulation of new rules governing world trade as well as the development of an expansionary ("demand side") macro-economic policy-agenda geared toward the alleviation of poverty and the worldwide creation of employment and purchasing power. (ibid: 27)

During 1997, there were international conferences of trade unions around the issues of global neo-liberalism in Copenhagen, Madrid, Amsterdam, Havana, Toronto, San Franscisco, Vancouver, and Bergamo. All of these conferences addressed the need to maintain national sovereignty and economic development and the necessity for government social services to improve the quality of life.

Value and surplus value are products of the social organization of production, distribution, exchange, and consumption for the purpose of capitalist appropriation. As Marx states, you do not need to produce goods and services according to value to produce them according to socially necessary labor time. It is the money, exchange, and appropriation involved in value that makes it impossible to produce goods and services in their own right, as they are needed by human beings for their own activity and reproduction. Even under capitalism, and especially within TNCs and TNBs, determinations of value rely ever more on communication and less and less on any "arm's length" transactions. Indeed, neo-liberalism is not really a free market at all, but an imposed social construction which relies on autocratic national and international governmental bodies to impose money relations in ways that dissolve existing economic development in favor of global corporations. Confronting that imposition and its effects means affirming our own humanity because it involves looking at ourselves and one another as social beings with socially derived needs and ways of satisfying them. As Aristotle long ago recognized, the private accumulation of wealth is inherently anti-social.

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