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# Population and Rent in *Capital*



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# **Population and Rent in *Capital***

**Ranabir Samaddar  
&  
Iman Kumar Mitra**

**2018**



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# Is There a Theory of Population in *Capital*?

Ranabir Samaddar \*

## People and Population in Capital and Marx's Engagement with Malthus

Marx's *Capital* (volume one), as everyone knows, is about capital: capital as relation, capital as commodity, capital as the progenitor of wage labour, capital as the crystallization of labour, and capital as realization of surplus labour. Capital also indicates several borders that capital in its own present history must cross in the forms of several exchanges to remain functional as capital, always suggesting thereby the borders labour would have to cross in order to become capital. *Capital* is thus a double story – of labour and capital – in which we shall find the story of transition to a capitalist mode of production, of how labour in order to be socially relevant has become wage labour, and finally the social and political struggles that have marked this transition. All these make the book also an account of how capital turns the society into one of working population subject to laws of capital.

Now if we recall, when *Capital* was being written, it was the high noon of republicanism, popular sovereignty, colonial liberalism, and the age of excitement about electoral democracy. Yet the picture of the world that *Capital* was drawing was not only the other scene of democracy, but as if it had pulled to one side the cover over what is known as society, and shown the readers the way the society survived and functioned on the basis of class divisions, class exploitation, private property regimes, and how social structures were reproduced in a particular dynamics, which required the subject's conversion to the logic of capital. Even today it astonishes us when we see how *Capital* sidestepped the philosophical themes of subject and subjectivity, and had removed the individual as the *subject* and brought forward the question of class as the subject of history. Yet, we must not quickly draw a conclusion. *Capital* did not foreground people or any specific class as a condition of the subject's preparation for access to truth. It conceived the subject not in terms of sovereignty but in social terms, in terms of organization, by which we mean organization of a mode of production, organization of labour, organization of the state, organization of money as medium, and organization of circulation. Till then, the subject had been associated with one or the other kind of spirituality. It had not been thought of in terms of the historical thrust of existence as an embodiment of conflict, struggle, and its requirements.

Hence the ambiguous position the two categories - people and population - occupy in the book, because the book does not share the given postulates of these two terms. "The Machiavellian moment" rejoices the rise of the "people's" moment.<sup>1</sup> But the "Machiavellian moment" was possible because governments also learnt to govern people by turning them into administrative categories. Yet how did these categorizations and this double operation become possible? We have to go back to

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Marx to get an idea of this transformation. Yet, as indicated, Marx does not engage with these two categories independently – as if they are simply matters of rule, sovereignty, and management. What causes division of people into fundamental categories? What remains of the people then? Again, what is labour when defined as an element of production, social subsistence, and social reproduction? What do we mean when we say that a section of society is rent seeking aristocrat? Or, that a capitalist is an agent of capital? What causes division of workers in various categories, or categories of production units, or say the division of artisans, mill hands, the wandering band of construction labour, or idle labour dependant on social subsidies, and the employed labour? In other words, what is the dynamics of social relation that will make categorization of people into population groups possible?

In this context, Marx's battle with Malthus was no less acute than it was with Smith or Ricardo. Probably, because with Malthus the war was over the entire idea of *production*: hence how labour had to be productive, or only when labour could be considered as productive, how to view the question of shortage of food, how to view "over production", etc., indeed on the way Malthus had inscribed a certain kind of biological fundamentalism in the notion of production. Malthus had written,

No limits whatever are placed to the productions of the earth; they may increase for ever and be greater than any assignable quantity. Yet still the power of population being a power of a superior order, the increase of the human species can only be kept commensurate to the increase of the means of subsistence by the constant operation of the strong law of necessity acting as a check upon the greater power.<sup>2</sup>

This was the Malthusian moment as opposed to the Machiavellian moment, when Marx started thinking of population that has to be a working population. Before writing *Capital* (Volume One), he noted down this remark,

Malthus's theory of value gives rise to the whole doctrine of the necessity for continually rising unproductive consumption which this exponent of over-population (because of shortage of food) preaches so energetically. The value of a commodity is equal to the value of the materials, machinery, etc., advanced plus the quantity of direct labour which the commodity contains; this, according to Malthus, is equal to the *value* of the wages contained in the commodity, plus a profit increment on these advances according to the general rate of profit. This nominal price increment represents the profit and is a condition of supply, and therefore of the reproduction of the commodity. These elements constitute the *price for the purchaser* as distinct from the *price for the producer*, and the price for the purchaser is the real value of the commodity. The question now arises—how is this price to be realised? Who is to pay it? And from what funds is it to be paid? In dealing with Malthus we must make a distinction (which he has neglected to make). One section of capitalists produce goods which are *directly* consumed by the workers; another section produce either goods which are *only indirectly* consumed by them, insofar, for example, as they are part of the capital required for the production of necessities, as raw materials, machinery, etc., or commodities which *are not consumed* by the workers *at all*, entering only into the revenue of the non-workers.<sup>3</sup>

He had also noted what Malthus considered as productive labour and accumulation. Marx noted that Malthus had written, "Revenue...is expended with a view to immediate support and enjoyment, and...capital...is expended with a view to profit...A labourer and a menial servant are 'two instruments used for purposes distinctly different, one to assist in obtaining wealth, the other to assist in consuming it'...The productive labourer *directly* "increases[s] his master's wealth"...The only



productive consumption, properly so called, is the consumption or destruction of wealth by capitalists with a view to reproduction... The workman whom the capitalist employs certainly consumes that part of his wages which he does not save, as revenue, with a view to subsistence and enjoyment; and not as capital, with a view to production. *He is a productive consumer to the person who employs him and to the state, but not, strictly speaking to himself*" (Citations from Malthus' *Definitions in Political Economy etc.*, edited and published by John Cazenove, London, 1853, with Cazenove's "Notes and Supplementary Remarks", Italics by Marx).. Marx thus noted Malthus' views on productive and unproductive labour.

Continuing through to Volume Three of *Capital* Marx noted how the ever-changing but always present, boundaries of commodity production, money, circulation, and again commodity production, ordained the dynamics of reproduction of capital, and the necessary reproduction of labour – a process enacting out today on a global scale. Yet it was through this analysis that Marx brought out from the obscurity of biologism the question of population and pointed towards the need to study the way capitalism created laws of population in different epochs. From the preparatory manuscripts of the *Grundrisse*, one of his main targets of critique was Malthus' claim to have formulated a general law of population and overpopulation for mankind based on a simple relation between natural re-production of men and women and social reproduction of means of subsistence. For Marx as we know the natural reproduction of men and women was always a social reproduction of a population predicated by the historical process of a particular social formation. The two central concepts crucial for him in this task were *production* and *surplus*. On the basis of these two concepts Marx read Malthus and built his own arguments of peasant dispossession and primitive accumulation, relative surplus population, industrial reserve army, and the wandering army of labour, whom Marx called the foot soldiers migrating from site to site. If this is the way in which the society would become a society of working population, today this is also the process of appearance and reappearance of destitution and the emergence of ecologically marginal population groups (ravaged by wars, famines, and floods). Policies of managing and stabilising destitute population groups such as setting up the Africa Fund (1966-2001) in the previous century<sup>4</sup> or the UN Millennium Goals (2015-2030) this century<sup>5</sup> emerged in this context.

This is broadly the context in which we need to re-engage with and re-frame the question of relation between capitalism and population. Capitalism is once again producing a new law of population spread on a global scale, creating once more the "human masses" that capital will exploit for its reproduction, the "relative surplus" population on a global scale with clearly discernible but fluctuating boundaries between the *necessary* working population and the *relative* surplus population.

Marx had noted that Malthus had banked on the distinction between "productive" and "unproductive", "leisure" and "work", and "servant and labourer". This distinction was important for Malthus in suggesting how wealth was created, how wealth could be augmented, and therefore the all-important poser for him, namely, who among the *people* were crucial for the production of the surplus so that wealth was augmented? And, who being irrelevant for production as well as consumption would become surplus? Making distinctions among population groups and among property forms was crucial to Malthus' population-centric outlook. Others were speaking of labour. Malthus was pointing towards population, which would supply labour, which could be productive or non-productive. In this way production was predicated on population that supplied labour.

Malthus thus in a way was arguing that life (its nature, structure, dynamics) was crucial to understand what was labour. Marx engaged him with the question of life of labour, more exactly life as labour, what life as labour meant, how it was the key to production of wealth, and therefore what was living labour, what was congealed labour, what was the life cycle of labour, and therefore, what

did reproduction of life mean under specific conditions?<sup>6</sup> The engagement with Malthus cleared the ground for his analyses of the conditions of populations under capitalism.

## **Labour, Life, and Population**

As we know, one century after Marx had developed the theory of labour power, labour as the power to produce value, as the power to produce life, hence reproduce the power of labour, another European philosopher Michel Foucault engaged with the same problematic of the relation between life and labour, and developed the idea of technologies of life, hence bio-power, bio-politics. The theory of productive power thus has its antecedent in the theory of productive labour. There is no doubt that after centuries of struggle by the labouring people to escape, defy, and destroy conditions of servitude the importance of linking the arguments of life with arguments of labour is significant more than ever. In one sense, on the correct handling of the relation between the two rests the historical task of emancipation of the labouring classes in the postcolonial countries. And in this sense the postcolonial condition symbolises the link between these two aspects of capitalist accumulation: life and labour.<sup>7</sup>

Conceptually how can we link these two sets of questions? How can we bring back the issue of labour process in the inquiry of conditions of life as labour?

As an initial response to the question, we can begin by reflecting on the way a new type of power emerged in the wake of what Marx termed as primitive accumulation, the condition of dispossession, the condition of bare life, to which labour is reduced, and which provides the ground for capital to begin accumulation. We cannot but appreciate the absolute relevance of Marx's formulations on conditions of life when it has been reduced to the minimum, when the labourer has been stripped of all assets save his/her own labour power so that s/he can produce capital, in order to show, let us say, the original conditions of the emergence of a distinct type of power over life. We must note, in vast areas of the post-colonial world primitive and the most advanced forms of accumulation have combined in installing and deepening the capitalist mode of production. The needs of accumulation have made management of populations an imperative of our age. Marx had also noted that the emergence of relative surplus population as accumulation proceeded apace. He wrote,

We have seen that the development of the capitalist mode of production and of the productive power of labour – at once the cause and effect of accumulation – enables the capitalist, with the same outlay of variable capital, to set in action more labour by greater exploitation (extensive or intensive) of each individual labour power. We have further seen that the capitalist buys with the same capital a greater mass of labour power, as he progressively replaces skilled labourers by less skilled, mature labour power by immature, male by female, that of adults by that of young persons or children.

On the one hand, therefore, with the progress of accumulation, a larger variable capital sets more labour in action without enlisting more labourers; on the other, a variable capital of the same magnitude sets in action more labour with the same mass of labour power; and, finally, a greater number of inferior labour powers by displacement of higher.

The production of a relative surplus population, or the setting free of labourers, goes on therefore yet more rapidly than the technical revolution of the process of production that accompanies, and is accelerated by, the advance of accumulation; and more rapidly than the corresponding diminution of the variable part of capital as compared with the constant. If the means of production, as they increase in extent and effective power, become to a less extent means of employment of labourers, this state of things is again modified by the fact that in proportion as the productiveness of labour increases, capital increases its supply of labour more quickly than its demand for labourers. The

overwork of the employed part of the working class swells the ranks of the reserve, whilst conversely the greater pressure that the latter by its competition exerts on the former, forces these to submit to overwork and to subjugation under the dictates of capital. The condemnation of one part of the working class to enforced idleness by the overwork of the other part, and the converse, becomes a means of enriching the individual capitalists, and accelerates at the same time the production of the industrial reserve army on a scale corresponding with the advance of social accumulation.<sup>8</sup>

Social governance emerged in this context of population management in a society that would have to reproduce labouring life as value producing power. As a technology of rule social governance would therefore ensure:

- (a) The management of labouring population;
- (b) Turning non-productive into productive labour;
- (c) Pacifying the restless, non-productive, idle labour;
- (d) Managing labour market needs and uncertainties;
- (e) Producing skills, which the capitalist production requires on an increasing scale, among the productive population; and
- (f) Generally maintaining conditions of reproduction by regulating the atmosphere of social war.

This situation links more than ever the art of governing and managing people's lives with economy, though we must not ignore the vast amount of force – still required at various stages to set the process of accumulation – often clothed in developmental discourse. This force is employed by the state, private corporate bodies, and all those who enjoy powers of impunity, immunity, in short sovereign power.

We are here faced with a problem – historical as well as in terms of logic. The problem is: if the business of governing or governmentality is defined as a ratio where coercion is going down and non-coercive form of power is gaining ascendancy, in other words primitive form of accumulation is declining and more and more advanced and virtual form of accumulation is correspondingly becoming dominant, what are we to make of the pattern of bio-politics of our age when population management shows marks of deployment of both brutal power and advanced governmental techniques? In other words, the return of primitive accumulation as a capitalist phenomenon in large parts of the non-western world makes the naturally assumed relation between governmentality, bio-power, and modern economy based on advanced forms of accumulation a problem.

There are of course many ways to address this problematic, for instance as Michel Foucault did by way of focusing on the concepts of bio-politics and bio-power along with a radical critique of sovereignty and law. Foucault had remarked,

This bio-power was without question an indispensable element in the development of capitalism; the latter would not have been possible without the controlled insertion of bodies into the machinery of production and the adjustment of the phenomena of population to economic processes... what occurred in the eighteenth century in some Western countries, an event bound up with the development of capitalism... was nothing less than the entry of life into history, that is, the entry of phenomena peculiar to the life of the human species into the order of knowledge and power, into the sphere of political techniques... If one can apply the term bio-history to the pressures through which the movements of life and the processes of history interfere with one another, one would have to speak of bio-power to designate what brought life and its mechanisms into the realm of explicit calculations and made knowledge-power an agent of transformation of human life...<sup>9</sup>

The crisis of sovereignty as “modality or organizing schema” of power<sup>10</sup> was discussed by Foucault from the point of view of the contradictions arising from the commoditization and socialization of labour power: while the technologies of discipline address the problem of the “fabrication” of individuals, of docile and useful bodies, through the “system of subjection” to a new political economy and political anatomy, bio-politics addresses through its “regulatory” devices the entire life of man-as-species, as it is represented in populations (“a new body, a multiple body, a body with so many heads that, while they may not be infinite in number, cannot necessarily be counted”). The main problem at stake in Foucault’s analysis was precisely the modality of the intertwining and articulation of disciplinary “individualizing” and bio-political “massifying” power devices. This reminds us of the way Marx had analysed the factory form of production with mass of labouring bodies as the subject.

In the postcolonial condition however we have besides the factory form other forms – dispersed, informal, and unorganised – with labouring subjects moving from one site to another. We need to study as to how this dispersed labouring population is managed under postcolonial capitalism. And in this, we have still to learn from Marx to make sense of this transitory state of labour, and the combination of a dispersed state of power and centralised state power, in other words, a new form of bio power.

As already pointed out, Marx foresaw the capitalist task of population management. In Sections 3-4 of Chapter 25 in *Capital* (Volume One) he discussed the phenomenon of relative surplus population and its different forms. In Section 5 he discussed the nomad population, whom he described as a class of people whose origin is agricultural, but whose occupation is in great part industrial. They are the light infantry of capital, thrown by it, according to its needs, now to this point, now to that. When they are not on the march, they camp. These sections suggest the ways in which the formulation of bio-power and bio-politics can profitably proceed, namely by identifying its foundational elements – primitive accumulation, laws of population, violence, and government of market economy.

It is true that a forcible dissolution of the preceding phase of society is necessary for the modern forms of population management to emerge, and modern form of bio-power can emerge only in the wake of violence. But it will be important to remember that violence is constantly required to reinforce such power. On one hand, the bourgeoisie needs violence to constantly extract every ounce of power of the labouring body (and therefore the violent conditions of production), and on the other hand it wants to perfect a form of social governance that will make reproduction of economy almost automatic, self-regulated, so that the conditions of reproduction are resilient enough to withstand periodic shocks and possibilities of break downs, and thus appropriate modes of governing the society including the labouring bodies, transforming them into resilient subjects will have to be ensured. What will be the appropriate way to ensure such paradoxical combination? How is the bourgeoisie to combine the primitive and the virtual modes of accumulation, the postcolonial and the neo-liberal, the global conditions for reproduction and the local forms only which will enable accumulation of capital possible? To put the matter bluntly, how to make labour disappear in the economic process so that production of wealth appears as a function of capital only? Is it not already on the horizon of possibility when postcolonial labour appears as dispersed, immaterial to higher forms of accumulation and growth, need-centric in place of being market-centric, and amenable to complete deregulation? Labour’s presence here is subject to the vagaries of time: the divergent, yet intersecting times of production and circulation. In the same way the co-existence of the primitive form of accumulation and virtual accumulation by high financial modes is also an illustration of

double time, or more accurately heterogeneous time, which compels living labour to become fragmented, differentiated, and heterogeneous.

Marx's discussion on primitive accumulation in many ways therefore remains a classic text not only on the emergence of bio-power, but also on the simultaneity of various circuits of capital (the coordination and management of which requires governance – though as we know such governance periodically collapses). This is not only because the famous last part of *Capital* (Volume One) discusses the life of labour, more accurately life of physical labour at a particular historical conjuncture – which he termed as the epoch of primitive accumulation – as the crucial component of an emerging mode of power (the power of capital), but also because of several other things, which reflect on the problematic of time in capitalist production. Primary among them are the points he made, namely, how does labour as power emerge in history? How does the owner of this power become aware of it with which from now on he has to survive in this world? What is the historical moment when two modes of power confront each other – power of capital and power of labour? What is the complex of circumstances under which labour as producer of value exhausts all other meanings and dimensions of life? Marx wanted to speak of capital, but here he was speaking of the process when labour is reduced to its bareness. The particular ways in which surplus value is realised as profit, average profit emerges as a crucial category in the functioning of capitalist economy, and profit is distributed among revenue consuming classes, ensure that labour will have only a spectral presence in the formal accounts of production and circulation. Thus labour's presence is only spectral in volumes two and three of *Capital*, where Marx discussed different moments of circulation of capital. In the composition of labour, therefore, we must attend to the specific transient forms in as much as in the composition of capital we must attend to the specific forms in which capital can produce profit. These two inquiries allow us to situate the entire discussion on bio-politics in the context of accumulation. We can venture a little more and suggest, nothing is more pertinent than a discussion of post-colonial capitalism in order to bring out fully the significance of bio-politics in our time, thus the simultaneity of both coercive and non-coercive forms of power, varying modes of population management, and the way life appears as nothing but the site of labour in place of labour appearing as a site in life.

In short, then, bio-power, the equivalent of the function of modern market in terms of social governance, can thus never be fully scientifically exercised. Bio-power as the power to manage populations is severely circumscribed. Recall Foucault's arguments in *Birth of Bio-politics*, where he indicated the dilemma of modern governance, namely how to rule scientifically, least arbitrarily, that is govern least so that the society is governed best, in other words, govern best so that society has to be governed least. This is of course the classic liberal dream, somewhat dimmed in the decades of the high noon of welfare state, and now brought back to the centre stage of politics by neo-liberalism, which will now argue that through governmental promotion of market mechanisms the poorest can enter the market, and through governance of the market the governance of society can be ensured.<sup>11</sup> Yet as we know through these decades bodies never became completely docile. Physicality was not erased from life. Breadlines did not vanish. Wars did not cease. The power over life became overwhelming through a mix of violence (national, class, social, gender, race, etc.) and economy, rational governance and arbitrariness, and of the ideological hold of a myth of honesty, frugality, reward of industriousness, and dispossession of increasingly large numbers of people.

A dialectical understanding thus allows us to understand the interplay of the insecurity of labour with the way security has functioned as the major rationale of liberal rule and the subjection of population groups to liberal governmental order. Insecure labour (that is insecurity of labour) will be made not only secure for reproduction of capital (that is security of capital), but to borrow a phrase

from Julian Reid and others, bio-politically “resilient” amidst conditions of insecurity to face those conditions of insecurity.<sup>12</sup>

Labour cannot be secured without completely destroying it – that is to say by minimising it to the vanishing point in the production process. The only alternative then, at least it seems so, remains that the capacity of labour will be made ready to use through reduction of human labour to a condition of dependency on state’s welfare functions. Labour is thus reduced as a pathological disposition of life. This is at the core of what can be termed as the global predicament of post-colonialism. The more we witness the return of primitive accumulation in this era of globalization, the more we see the mode of social governance in operation. The history of the *labour of life* is thus coming back, but only in a particular way. This particular way depends on the *life of labour* and the mode of reproduction of that life.

## **The Problematic of Surplus**

We all know that with the notion of socially necessary labour time, Marx interrogated how capital was formed, and how labour was needed for capital formation in a concrete way (and not as an absolutely fixed element and for all time). Yet we seldom take note how Marx used the notion of socially necessary labour time to historically explain how a population marked with all kinds of singularities and fault lines could be tuned by capitalism into a deployable mass of labourers. With the concept of socially necessary labour time, Marx was able to question the given categories of employment and unemployment, and thus the notion of “human masses” to be fed and clothed by society as a yet non-employed but employable element for capital’s reproduction. Indeed with all the characteristics of global capitalism today, labour time is increasingly socially determined – perhaps more in the postcolony. The socially necessary aspect of labour tells us of the conditions of labour under postcolonial capitalism. We do not have time here to discuss this cardinal concept. Briefly speaking, to understand what socially necessary means we have get back to the difference Marx made between abstract and concrete labour. While concrete labour would indicate activities towards producing some use value, that is to say concrete labour could be important for the creation of value, but this had to be a social use-value, in other words under capitalism necessary labour has to be exchangeable qua commodities, so that the use value was realized. In other words, labour that conveyed value was to be carried out in a manner that was *socially* defined. The implications of this argument are manifold, particularly in the discussion of population under capitalism. We shall not have any more a notion of *human* labour irrespective of time, place, and history, but labour conditioned by historical forces. With social determination of necessary labour, wages would fluctuate according to all manner of things, according to struggles between labourers and capitalists, and value tied to labour time now would fluctuate with them. For the capitalist expropriation of surplus-value, there must be now mediating devices, including structured population groups; otherwise there will be no possibility of wages, markets, or accumulation.

Indeed, with the interface of neo-liberalism and postcolonial dynamics of accumulation, the insights of Marx are now clearer than ever. It is important therefore that we treat the question of population under capitalism dialectically – as abstracts of labouring groups as well as historically possible or enabled abstractions in the light of capital’s accumulation. This takes us directly to the issue of economic management of society and the notion of national economy.

In the first two decades of decolonization of India, with emphasis on planning and industrialization massive displacements and dispossession took place. Yet with state drive for industrialization, strengthening of the big bourgeoisie, and expansion of public sector (steel, coal,

railways, and banking being four important industries), the number of workers grew, while the state from the third decade of independence started giving attention to the stability of peasant economy so that agrarian crisis and peasant revolts would not jeopardize national stability and the drive for industrialization.<sup>13</sup> It was in this way that the peasant economy was formally subsumed in the capitalist economy of India. Today with uncertain market of food grains products and on the other hand spiralling commodity markets in land and minerals such as iron ore, uranium, or sand mining, plus spurt in financial investment, rental growth, care services, infrastructural growth, and waste recycling, and the destruction of self-subsistence economy, we find dispossession of peasant labour proceeding at a furious pace. The question is: What kind of labour market is being produced as consequence? We cannot simply say labour, dispossessed as a consequence of primitive accumulation, now inhabits the need economy. We have to see if this is indeed actually happening, also the ways in which the disparate forms of labour are contributing to accumulation and circulation process. Else, the argument would be a kind of Malthusian division of labour. The stake in the concept of surplus labour is therefore strategic. We have to examine the concept of *surplus* - mainly surplus labour, and associated with other forms of surplus, such as surplus population, surplus humanity, surplus time, surplus stock, surplus money, surplus credit, surplus land, etc. - because in calculations of profit the surplus if not realised as profit is waste, surplus is idle, surplus is non-productive unless this surplus will be ready at hand to be redeployed in production. Any analysis of capitalism, or for that matter wealth, wrestles with the notion of surplus. The economy has to wrestle with how to situate the *surplus*, which will otherwise appear to the economy as *superfluous*.

The process of production, considered on one hand as the unity of the process of labour (known as labour process) and the process of creating value, is production of commodities; considered on the other hand as the unity of the labour-process and the process of producing surplus-value, it is the capitalist process of production. Therefore, in the creation of surplus-value it does not in the least matter, whether the labour appropriated by the capitalist is simple unskilled labour of average quality or more complicated skilled labour. On the other hand, in every process of creating value, the reduction of skilled labour to average social labour, *e.g.*, one day of skilled to six days of unskilled labour, is unavoidable.<sup>14</sup> In this analysis by Marx the crucial issue is how this labour regardless of its quality produces surplus. Few things are important here:

- (a) The fact that labour in need economy is simple, etc., does not alter the fact that through the capitalist process of production and circulation a certain amount of surplus labour is realized in the economy in terms of profit.
- (b) Capital does not invent surplus labour. Wherever a part of society possesses the monopoly of the means of production, the labourer, free or not free, has to add to the working-time necessary for his/her own maintenance an extra working-time in order to produce the means of subsistence for the owners of the means of production. What is crucial is that in capitalism the surplus is hidden in the essential. Indeed thus one can argue that in postcolonial capitalism the surplus labour is socially realized in an even more enigmatic form, where apparently the labour producing the surplus is even more naturalized as existing in form of “need enclosure”, and where the products of the labour of this surplus humanity is realized through long circulation channel in a different way beyond the contractual and standardized wage form.
- (c) In elaborating the idea of a relative surplus population under capitalist production system, Marx said, “it is capitalistic accumulation itself that constantly produces, and produces indeed in direct relation with its own energy and extent, a relatively redundant working population, *i.e.*, a population which is superfluous to capital’s average requirements for its own valorisation and is therefore a surplus population.”<sup>15</sup>

Now these famous words:

Owing to the magnitude of already functioning social capital, and the degree of its increase, owing to the extension of the scale of production, and the great mass of the workers set in motion, owing to the development of the productivity of their labour, and the greater breadth and richness of the stream springing from all the sources of wealth, there is also an extension of the scale on which greater attraction of workers by capital is accompanied by their greater repulsion; an increase takes place in the rapidity of the change in the organic composition of capital and in its technical form, and an increasing number of spheres of production become involved in this change, sometimes simultaneously, sometimes alternately. The working population therefore produces both the accumulation of capital and the means by which it is itself made relatively superfluous; and it does this to an extent, which is always increasing. This is a law of population peculiar to the capitalist mode of production...<sup>16</sup>

In short, concepts of want, need, necessity, subsistence, and surplus – all having their basis in reality - also create a fetish in the form of a binary of employment and non-employment, and accumulation and need. Even in the midst of the Second World War, or because it was war time, the Beveridge Report in United Kingdom busted the phoney debate on “full employment”, and identified five factors as five giant evils in society: squalor, ignorance, want, idleness, and disease, and suggested the institution of what later came to be known as the social welfare state that would guarantee “full employment” (unemployment at not more than 3 per cent).<sup>17</sup> There could not be any natural surplus population.

In order to make the society the site of working population unemployment had to be governed. Factory legislations and recognition of trade unions were already parts of the task of governing unemployment, more so because socialist appeals increasingly found audience in a new form of collective identity called the “unemployed”. People without work or needing more work, though having a long history, now became crucial in the context of governing the labour market. For a long time the unemployed was treated in abstract terms as a quantity of surplus labour produced by the industrial system – a normal feature of economic life under capitalism. However capitalism now needed public organization of the labour market. Unemployment was a risk that needed to be attended to, governed. The risk was not only of social unrest but also one of large sections of working population becoming unemployable (due to diseases, poverty, ill health, lack of training and education, absence of mobility and infrastructure, etc.). Social insurance developed in this context. The worker and the potential worker had to be a social citizen. Unemployment was not an individual guilt. If at all, it was a burden of the entire society and not of industries and the particular families and localities only. Society had to ensure that the population could be a working population that is ready to work under capitalist economy. The concept of making population resilient emerged in this context. Social assistance was now dependable on hard, quantifiable, and a standardized notion of unemployment as poverty and need. We have to remember that assistance could never be presented as alms or charity in an age of democracy. Work was now a “right”. Getting work was a right - a public right consequential to making the population “working”.

Ironically, in this way, managing population has gradually become linked to the idea of national economy, and more fundamentally to the idea of the nation as economy. The nation is a natural ground of employment policies under the garb of population policies. Neoliberalism has only reinforced this phenomenon. Thus, today there are strategies of transforming a population from an idle one to a working one through improving specially earmarked localities, groups of people,



institutions, training modes, etc. Offering a new deal is thus a permanent feature of the capitalist management of population.<sup>18</sup>

We do not have much scope here to present this process in details, but at least we should examine little more the concept of surplus lurking behind the problematic of full employment.

When will surplus become “surplus capital” that is waste, and in the same measure “surplus labour” as “human waste”? Again, we do not have the scope here to discuss the point in detail, save by saying that we have to note how Marx deals with fixed capital and circulating capital. Marx says, “The elements of fluid capital are just as permanently fixed in the production process - if this is to be continuous - as are elements of fixed capital.”<sup>19</sup> In other words, we have to judge the labour of the repair mechanic of a scooter, car, bicycle, transistor or television set, or of one engaged in e-waste recycling as precisely the one who is effecting the turnover time of capital represented by the machine, scooter, car, etc., etc., because these exactly like the classic machine or the railway tracks influence its capacity to produce the surplus. Labour as a permanent element of capital has to be kept in right shape and right size. Marx made this clearer and we have to listen to him attentively,

The fixed capital also requires positive outlays of labour if it is to be kept in good condition. The machinery must be cleaned from time to time. This involves additional labour without which it becomes unfit for use, of merely warding off the noxious influences of the elements, which are inseparable from the process of production; hence it is a question of keeping the machinery literally in working order. The normal life span of fixed capital is naturally reckoned on the assumption that the conditions under which it can function normally during that time are fulfilled, just as it is assumed, in if the average life of a man is taken as thirty years, that he washes himself. What is involved here is not the replacement of the labour contained in the machine, but the additional labour that is constantly necessary for it to be used. This is not a matter of labour performed by the machine, but of labour performed on the machine; here it is not an agent of production but rather raw material. The capital spent on this labour is part of the fluid capital, even though it does not properly enter into the actual labour-process to which the product owes its origin. This labour must be constantly performed in the course of production, and so its value must be constantly replaced by the value of the product. The capital spent on it belongs to that part of the fluid capital that has to cover the general overheads, and is distributed over the value of the product according to an average annual calculation.<sup>20</sup>

In these extremely dense lines Marx lays bare the provisional nature of the temporalities of two types of capital, their mutually transforming nature, and tells us exactly in what way labour involved in the life span of a machine (a productive commodity or any other productive commodity) produces the surplus, so that the mutually constituting relation between the productive and waste is laid bare. We can also why Foucault in spite of his life long effort to theorise power could not get to the crux of the relation between life and labour, and what made labour productive of life. Perhaps one reason is that he did not pay enough attention to the way Marx waged battle against Malthus and the extreme biologism of late eighteenth and nineteenth century and the social Darwinism of that time.

## **Population and the Question of Primitive Accumulation**

Marx wrote in *Capital* (Volume One),

The lowest sediment of the relative surplus population finally dwells in the sphere of pauperism. Exclusive of vagabonds, criminals, prostitutes, in a word, the “dangerous” classes, this layer of society consists of three categories. First, those able to work... Second, orphans and pauper children... These

are candidates for the industrial reserve army, and are, in times of great prosperity, as 1860, e.g., speedily and in large numbers enrolled in the active army of labourers. Third, the demoralised and ragged, and those unable to work, chiefly people who succumb to their incapacity for adaptation, due to the division of labour; people who have passed the normal age of the labourer; the victims of industry, whose number increases with the increase of dangerous machinery, of mines, chemical works, &c., the mutilated, the sickly, the widows, &c. Pauperism is the hospital of the active labour-army and the dead weight of the industrial reserve army. Its production is included in that of the relative surplus population, its necessity in theirs; along with the surplus population, pauperism forms a condition of capitalist production, and of the capitalist development of wealth. It enters into the faux frais of capitalist production; but capital knows how to throw these, for the most part, from its own shoulders on to those of the working class and the lower middle class. The greater the social wealth, the functioning capital, the extent and energy of its growth, and, therefore, also the absolute mass of the proletariat and the productiveness of its labour, the greater is the industrial reserve army... This is the absolute general law of capitalist accumulation. Like all other laws it is modified in its working by many circumstances, the analysis of which does not concern us here.<sup>21</sup>

And, then in less noticed note, he wrote on Malthus in the same book,

“Corn and labour rarely march quite abreast; but there is an obvious limit, beyond which they cannot be separated. With regard to the unusual exertions made by the labouring classes in periods of dearth, which produce the fall of wages noticed in the evidence” (namely, before the Parliamentary Committee of Inquiry, 1814-15), “they are most meritorious in the individuals, and certainly favour the growth of capital. But no man of humanity could wish to see them constant and unremitted. They are most admirable as a temporary relief; but if they were constantly in action, effects of a similar kind would result from them, as from the population of a country being pushed to the very extreme limits of its food.” (Malthus: “Inquiry into the Nature and Progress of Rent,” Lond., 1815, p. 48, note) All honour to Malthus that he lays stress on the lengthening of the hours of labour, a fact to which he elsewhere in his pamphlet draws attention, while Ricardo and others, in face of the most notorious facts, make invariability in the length of the working day the groundwork of all their investigations. *But the conservative interests, which Malthus served, prevented him from seeing that an unlimited prolongation of the working day, combined with an extraordinary development of machinery, and the exploitation of women and children, must inevitably have made a great portion of the working-class “supernumerary,” particularly whenever the war should have ceased, and the monopoly of England in the markets of the world should have come to an end. It was, of course, far more convenient, and much more in conformity with the interests of the ruling classes, whom Malthus adored like a true priest, to explain this “over-population” by the eternal laws of Nature, rather than by the historical laws of capitalist production.*<sup>22</sup> (Italics mine)

In short, the production of relative surplus has an absolute dimension, in other words, the absolute must be seen as contingent on certain factors. In this way Marx got to terms with the holy distinctions of categories bourgeois political economy was producing. Once again on Malthus wrote some pages later,

Malthus, about the year 1820, advocated a division of labour, which assigns to the capitalist actually engaged in production, the business of accumulating, and to the other sharers in surplus-value, to the landlords, the place-men, the beneficed clergy, &c., the business of spending. It is of the highest importance, he says, “to keep separate the passion for expenditure and the passion for accumulation.” The capitalists having long been good livers and men of the world, uttered loud cries. What, exclaimed one of their spokesmen, a disciple of Ricardo, Mr. Malthus preaches high rents, heavy taxes, &c., so that the pressure of the spur may constantly be kept on the industrious by unproductive consumers! By all means, production, production on a constantly increasing scale, runs the shibboleth;

but “production will, by such a process, be far more curbed in than spurred on. Nor is it quite fair thus to maintain in idleness a number of persons, only to pinch others, who are likely, from their characters, if you can force them to work, to work with success.” Unfair as he finds it to spur on the industrial capitalist, by depriving him bread of its butter, yet he thinks it necessary to reduce the labourer’s wages to a minimum “to keep him industrious.” Nor does he for a moment conceal the fact, that the appropriation of unpaid labour is the secret of surplus-value. “Increased demand on the part of the labourers means nothing more than their willingness to take less of their own product for themselves, and leave a greater part of it to their employers; and if it be said, that this begets glut, by lessening consumption” (on the part of the labourers), “I can only reply that glut is synonymous with large profits.” The learned disputation, how the booty pumped out of the labourer may be divided, with most advantage to accumulation, between the industrial capitalist and the rich idler, was hushed in face of the revolution of July. Shortly afterwards, the town proletariat at Lyons sounded the tocsin of revolution, and the country proletariat in England began to set fire to farm-yards and corn-stacks. On this side of the Channel Owenism began to spread; on the other side, St. Simonism and Fourierism. The hour of vulgar economy had struck. Exactly a year before Nassau W. Senior discovered at Manchester, that the profit (including interest) of capital is the product of the last hour of the twelve, he had announced to the world another discovery. “I substitute,” he proudly says, “for the word capital, considered as an instrument of production, the word abstinence.”<sup>23</sup>

While these comments by Marx are self-explanatory in terms of understanding the relation of capital with population, they suggest that the working *class* is not a “given” of capital. Capital puts to its mill the working population. But the class is produced from a complex dynamics, which would include politics and struggle besides the economy of production. Yet there is something more to note in this: Marx’s arguments against Malthus and his own analysis of the law of population under capitalism (in the form of a reserve army of labour or a relative surplus population) appears as part of his larger analysis of what he called “general law of capitalist accumulation” (*Capital*, Part VII, Chapter 25, Sections 3-4), and before Marx introduces his analysis of primitive accumulation (Part VIII). The historical tendency of primitive accumulation acts as a constant reminder of the background against which population becomes relatively surplus – globally or in a specific country. Commentaries on *Capital* have often ignored the organic link between the two crucial aspects of Marx’s analysis of accumulation of capital. Yet we have to be cautious in theorising the link. While there is no doubt that increasing peasant dispossession and devastation of some sections of the middle classes and self-employed groups of population is a secular feature of global economy today, as many have pointed out, the resilience of peasant, small holding based, primary crop dominated economy is not over.<sup>24</sup> It will for long provide partial sustenance to the vast majority of population in ex-colonial countries. This feature not only reflects on the question of transition, it also tells us how the disposition of entire population groups will be negotiated by neo-liberal capitalism.

Before we end this paper, five observations reflecting on this are in order, and they all point to the contradictory nature of the population question under capitalism:

First, in the background of globalisation where neoliberalism has combined with postcolonial capitalism, “population” is no longer seen as an unmixed burden. While four decades ago, population was seen as a burden in postcolonial countries, today as we are told “mass” of young, educated to some extent, employable population is a gift. Given that migrant workers are needed throughout the globe as farm workers, contract labour in construction industry, service workers in education, care, and entertainment industry, IT workers, and labour in several other sectors of economy, migration has become today an inbuilt factor in the population question. The fate of capitalism in the West and globally will depend on the flow of labour. Much of the disposition of this labour will be in the form of informal arrangements with roving bands of labour reminding one of

nineteenth century. Capitalists of a postcolonial country now look forward to inward remittances to augment the country's total profit stock couched in the language of GDP. Population hence today is a global question. Indeed, migration management becomes the core of population management and population control. It becomes the key to have politics with right kind of population, the right size and right shape. But this also brings out a great paradox of our time: On one hand, population management is increasingly securitised with the military forces deployed to contain population mobility, on the other hand capitalism in its neoliberal form is dependant more than ever on migrant labour. Migration is the theatre of the mimesis of capitalism.

Second, neoliberalism has taught the society that the latter has to be market enabled. Thus everyone – the poor, disabled, the refugee, the child – literally everyone can become a market enabled actor in one way or another. It will begin from home, which can become a site of production for the market. This is the education by social governance. Technology is an intrinsic part of the social management of population, it now shapes population. Yet in this case too, the globalisation of access to market runs along with a contradictory phenomenon of capitalism, namely the increasingly skewed nature of the market of commodities, such as foodstuff and other essentials of life. If the emergence of a country, say China, betoken a redistribution of the cake among its eaters, not without reason bourgeois politicians and crown kings are worried today over the total availability of food and a consequent rise in food prices. We cannot be surprised then when we hear a bourgeois politician like Hillary Clinton concerned with finding right policy solutions on issues like biotechnology and genetically modified organisms (GMOs) like food, climate change, animal rights, use of antibiotics for farm animals for non-therapeutic reasons, guaranteeing farm subsidies, food safety, and enacting immigration reforms towards ensuring a steady supply of agricultural labour in the United States.<sup>25</sup> They all reflect on the vexed relation between technology and population. They also collectively act as the other scene of a similarly vexed relation between climate change and population management. In the late nineteenth century, Mike Davis showed how *El Nino* famines and large scale peasant disposessions combined to produce what he called the “late Victorian holocausts”.<sup>26</sup> With the disasters of past ages inscribed in the historical memory of bourgeois society, capitalism is now engaged with shaping its population policy regarding mass diseases and climatic disorders like sustained draughts and floods. Unsurprisingly, the solution is not new. It is geared towards earmarking, containing, confining, and isolating the “carrier groups” (of diseases or draughts).

Third, with the re-emergence of primitive accumulation (through various forms and regimes of dispossession<sup>27</sup>) and a large army of labour, the breakdown of subsistence agriculture does not lead to any Malthusian scenario. From plough to pick – from tilling to artisanal mining - there is now a range of labour forms serving the dynamics of capital accumulation. Entire life is now subject to labouring needs of capital. And, this transformation is taking place under democratic functioning, which means the democratic right to join the labour market. Democracy had never been so capital-friendly. A mix of social governance, welfarism, and state role in expanding the market and weathering adverse effects of market contraction has become now crucial in making the population capital-friendly.<sup>28</sup> Yet populations cannot be capital-friendly across the range in the same manner, because population control technologies produce racial divisions in the form of identifying groups as targets of these technologies.

Fourth, as hereditary and accumulated wealth becomes crucial for the expansion of capital (there is never a pure aristocrat!!) in form of rent, interest, social capital, etc., capital's expansion tries to avoid the albatross of a population hanging around its neck. Idle bourgeoisie, idle towns, idle assets, and idle countries may become a big feature of global capitalism.<sup>29</sup> Coupled with the re-

emergence of a bourgeoisie wallowing in interest and rent produced wealth, there is a rise in penal populations everywhere sought to be confined to islands, penal colonies, and at times entire countries marked as penal lands such as parts of Africa, Central America, and the Middle East. Again they remind us of a nineteenth century history of penal colonies such as Penang, Malacca, or the Andaman. These penal lands are also lands whose millions of people have been punished through war (Libya, Iraq, or Afghanistan). In fact war reappearing as the other side of wealth periodically rearranges population groups for global labour market – a fact underplayed by demographers and economists.<sup>30</sup> The consequent re-ordering of space in its relation to population results in distinct spaces of war, deluge, and exclusion, and other spaces of production, consumption, and wealth. How will the expansion of the democratic right of all population groups to market succeed in this context?

Finally, the rise of a corporate class marked by opulence (and philanthropy) has been possible because commodities are being produced and supplied in the global market by the new factories of the world, for instance China or India, which results in massive expansion of the global working force. It provokes what Immanuel Ness calls “Southern Insurgency”. It also brings back to our analysis of Marx’s argument about relative surplus population and a reserve army of labour. The global reserve army of labour of course today has among its ranks refugees, internally displaced, dispossessed peasants, convicts, child labour, workers under new forms of servitude, ecologically marginal groups, and all those who are at the receiving end of what Michel Foucault would have perhaps called “just measure of punishment” – punishment according to the requirements of the bourgeois society. And yet, and by the same token, it is not only the punitive policy under capitalism that contributes to the growth in penal populations, it is machines and technologies that work to an increasing extent as the “measure of men”.

So to the question - is there any theory of population in *Capital* - the short answer will be that capital needs its law of population contingent of course on its specific form and time. Producing a relative surplus population is an absolute law of capital. But there is a long answer, and this too comes out of Marx’s writings, namely that, how life is processed in the dynamics of capital will shape the form of working population. Remember, for capitalism life is working life; population is working population. From research in life sciences, food stuff, agriculture, robotics, and several other things – the idea is to produce life (we call it artificial life, artificial intelligence, strong, sturdy, yet “docile bodies” capable of flexible tasks) so that capitalism can escape the triangulation of life, labour, and capital. Recall also our earlier discussion on the fixed and variable. Capitalism would increasingly like everything be fixed and least variable. Yet in reducing the uncertainties of life and labour, capitalism attempts to create a system which cannot be “fixed as real life”. In the floating dynamics marked by flexible arrangements of labour supply, raw material supply, and commodity supply – a kind of flexible arrangement that is enabled by logistical finesse and constant policy shifts<sup>31</sup> – we have the biggest irony. The irony lies in the attempt by capitalism to make labour fixed and capital, which now takes various life forms, variable. It is as an unbearable tension that often breaks out in crises forms and can result in a strategic break down in near foreseeable future. Neoliberalism is trying desperately to defuse the possibilities of such breakdown with its new found arsenal of making populations resilient. At the same time, it is an evidence of a false dichotomy. We should by now realise why Marx refused to categorise “people” and “population” as distinctly separate entities in his study of capitalism.

## Notes and References

<sup>1</sup> J.G.A Pocock, *The Machiavellian Moment: Florentine Political Thought and the Atlantic Republican Tradition* (Princeton, NJ: Princeton University Press, 1975); also Antonio Negri, *Insurgencies: Constituent Power and the Modern State*, trans. Maurizio Boscagli (Minneapolis: University of Minnesota Press, 1999)

<sup>2</sup> Thomas Malthus, *An Essay on the Principle of Population: An Essay on the Principle of Population, as it Affects the Future Improvement of Society with Remarks on the Speculations of Mr. Godwin, M. Condorcet, and Other Writers*. (London, 1798), p. 8 - <http://www.esp.org/books/malthus/population/malthus.pdf> (accessed on 1 November 2017)

<sup>3</sup> Karl Marx, *Theories of Surplus Value*, Chapter 19, Section 11, “Over-Production, ‘Unproductive Consumers’, etc”

<sup>4</sup> The purpose is to encourage investment in Africa, the second largest continent with several languages spoken by its 1.1 billion population strength. Commonwealth Funds has developed the Africa Fund, designed to benefit from the emerging African economies and growing consumer strength. The Fund aims to access companies involved in enterprises in financial products, healthcare initiatives, transportation, tourism, and power generation facilities. Towards this aim it studies inter-government networks and other private networks, particular marketplaces where the financial instruments of the companies are traded, legal frameworks and governance modes and procedures, and financial systems for providing information for the investors.

<sup>5</sup> On this - <http://www.un.org/millenniumgoals/> (accessed on 1 October 2017)

<sup>6</sup> For after all life and labour still remain organically connected under postcolonial condition, while elsewhere capitalism succeeded to a considerable extent separating the two, where life denotes leisure, creativity, and culture, and labour seems to signify routine, draining, obligatory things of life. The social world of labour has been disconnected from the productive world of labour, whereas in the postcolonial world the two worlds seem to connect to each other more and more. In some way a shoe worker's son, Harry Braverman anticipated this contradiction in *Labour and Monopoly Capital: The Degradation of Work in the Twentieth Century*, Twenty-fifth anniversary edition (1974, New York: Monthly Review Press, 1998). Braverman noted the contradiction between “descriptions of scientific-technical revolution and increasing division of work into petty operations” (p.3). Braverman set his findings in the context of contemporary euphoria over capitalism enabling greater leisure for the working people because of industrial advance. New technology had raised levels of skill and responsibility. New wealth and leisure meant increased well-being rather than increased misery, and industrialism was pluralistic and power was diffuse (pp. x-xi). But, importantly, Braverman did not argue that the average level of skill in society would decline as a result of further division of labour under capitalism but with new machines the gap between “the scientific and educated content of labour” and the average worker would increase; thus it was not a “question of averaging but polarising” between scientific knowledge and skill embodied in the new machines and the routine, fragmentary operations embodied in labour needed for the former. (p. 294-295)

<sup>7</sup> Guillaume Sibertin-Blanc explains this question in the following way, “... some central problems transmitted by the Marxian analysis of the *reproduction of the force of labour* in the capitalist mode of production: a/ Firstly, the contradiction between the *mobility* of labour-power which is required by its merchandization (and this means not only its insertion in a competitive market of labour, but also its incessant displacement according to the differential rates of exploitation of surplus-labour with regard to the sites and sectors of production), and the *stabilization* of this same labour force, which is no less indispensable to its “consummation” in a process of production leaning on an increasing concentration of means of production. b/ Secondly, the contradiction between the “*massification*” of the labour-power concentrated in production sites of unknown dimensions, and so to speak the “*massification*” of the resistances themselves, that is to say the socialization of the collective forces able to counteract the “workshop despotism”, the methods of exploitation and the tendencies to overexploitation.” – “How to Govern Populations in an Economy of Destruction: Remarks about a ‘Biopolitical’ Contradiction”, Paper Presented at the Symposium on “Heritages of Karl Marx’s *Capital* and Contemporary Thought: In Commemoration of the 130th Anniversary of the Death of Karl Marx”, Fudan University, Shanghai, 16-17 November 2013; Guillaume Sibertin-Blanc also discusses in the same paper the

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significance of the concept of the “necessary” and the perennially fluctuating boundary between the necessary and surplus in theorising the issue of reproduction of labour power .

<sup>8</sup>Karl Marx, *Capital: A Critique of Political Economy*, Volume 1, trans. Ben Fowkes (London: Penguin Books, 1990), chapter 25, section 3, : “Progressive Production of a Relative Surplus Population or Industrial Reserve Army”, p. 446

<sup>9</sup>Michel Foucault, *The History of Sexuality: Volume 1, An Introduction*, trans. Robert Hurley (New York: Pantheon Books, 1978), pp. 141-142

<sup>10</sup>Michel Foucault, *Society Must be Defended*, Lectures at College de France, 1975-76, trans. David Macey (New York: Picador, 2003), p. 249

<sup>11</sup>Yet these decades were also of neo-colonial wars and plunder. Precisely at this time when neo-liberal thought was taking shape, Paul Sweezy and Paul A. Baran wrote *Monopoly Capitalism* (New York: Monthly Review Press, 1966), and Paul Sweezy and Harry Magdoff wrote, *The End of Prosperity* (New York: Monthly Review Press, 1977)

<sup>12</sup>Brad Evans and Julian Reid, *Resilient Life: The Art of Living Dangerously* (London: Polity Press, 2014); also David Chandler and Julian Reid, *The Neoliberal Subject: Resilience, Adaptation, and Vulnerability* (London: Rowman and Littlefield, 2016)

<sup>13</sup>This is a well-documented history. Interested readers may see, Wolf Ladejinsky, *Agrarian Reforms as Unfinished Business: The Selected Papers of Wolf Ladejinsky*, ed. Louis J. Walinsky (Oxford: Oxford University Press, 1977); Francine R. Frankel, *India's Political Economy: The Gradual Revolution, 1947-1975* (Princeton, NJ: Princeton University Press, 1979); also *India's Green Revolution: Economic Gains and Political Costs*, 1971 (reprint, Princeton, NJ: Princeton University Press, 2015). On bank nationalization in India in the same period, Suhit K. Sen, “The Politics of Bank Nationalisation in India” in Iman Kumar Mitra, Ranabir Samaddar, and Samita Sen, *Accumulation in Post-Colonial Capitalism* (Singapore: Springer, 2017), chapter 7, pp. 125-145. Reservation for the small-scale sector was first introduced in 1967, and gradually the number of reserved items was increased. Besides bank nationalization and reforms in setting agricultural prices, during the same period Clause 5B in the Industrial Disputes Act was introduced in 1976 making difficult for larger firms to close down. During this era coal mines were nationalised. Finally in 1985 the Sick Industrial Companies Act came and the Board for Industrial and Financial Reconstruction (BIFR) was set up. Attempts to stabilize the small holdings are to be seen in this background.

<sup>14</sup>*Capital*, Volume 1 (Penguin edition), p. 306

<sup>15</sup>*Ibid.*, p. 782

<sup>16</sup>*Ibid.*, pp. 783-784

<sup>17</sup>William Beveridge's book, *Full Employment in a Free Society* (1944) argued that because individual employers were incapable of ensuring full employment, the state must come forward to make it possible. Full employment meant a condition where there were slightly more vacant jobs than there are available workers, so people who lost jobs could find new ones immediately. He argued that the upward pressure on wages, due to the increased bargaining strength of labour, would be eased by rising productivity, and kept in check by a system of wage arbitration. The cooperation of workers would be secured by the common interest in the ideal of full employment. Pre-war unemployment, beginning with the Great Depression, was due to ineffective demand for industrial products, imperfect labour mobility and general labour market disorganisation. Instead, the economy should be planned, so that demand is socialised, and supply is maintained at all times. Fiscal policies should be accordingly framed, and the budget should encourage increased spending. The Social Security proposals known as the Beveridge Report reflected these ideas. One could see, how on one hand war and pre-war unemployment with attending misery, were ghosts stalking the capitalist order, on the other hand the bourgeois experts refused to admit that unemployment was a natural state of things, and it was a condition which could be and had to be rectified.

<sup>18</sup>On this one of the insightful discussions, William Walters, *Unemployment and Government: Genealogies of the Social* (Cambridge University Press, 2000)

<sup>19</sup>*Capital* (Volume One, Moscow edition), p. 248

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<sup>20</sup>*Ibid.*, p. 253

<sup>21</sup> *Ibid.*, pp. 450-451

<sup>22</sup> *Ibid.*, Chapter 17, n 7, p. 374

<sup>23</sup> *Ibid.*, p. 419

<sup>24</sup> On the historical significance of this feature, Ravi Palat, *The Making of an Indian Ocean World-Economy, 1250-1650: Princes, Paddy Fields, and Bazaars* (Basingstoke, Hampshire: Palgrave MacMillan, 2015)

<sup>25</sup> "Election 2016: Hillary Clinton could continue food policy progress" –

<https://www.fooddiver.com/news/election-clinton-food-policy/428930/> (accessed on 1 November 2017); see also, <http://www.presidency.ucsb.edu/ws/index.php?pid=115944> (accessed on 1 November 2017)

<sup>26</sup> Mike Davis, *Late Victorian Holocausts: El Nino Famines and the Making of the Third World* (London: Verso, 2002)

<sup>27</sup> On regimes of dispossession, see Michael Levien, "From Primitive Accumulation to Regimes of Dispossession: Six Theses on India's Land Question", 2015 - <http://krieger.jhu.edu/arrighi/wp-content/uploads/sites/29/2015/03/Theses-on-Indias-Land-Question-3.4.pdf> (accessed on 12 October 2017)

<sup>28</sup> The idea of basic income flows from this. It brings back the idea of full employment by another door. The assumption that basic income can be an improvement on the status quo is contingent on several factors. As has been pointed out, income support was provided to keep the dangerous classes in check, and income support was provided from time to time at levels low enough to maintain a supply of the worst paid workers. Neoliberalism intensifies the effort to ensure a plentiful supply of low paid and precarious workers. Basic income not only avoids struggle for better wages, it is a regressive model at one level for the poor people outside of the workforce, and at another level, for the lowest paid workers. In effect it may become a subsidy to employers paid for out of the tax revenues and financed by cuts to broader public services. See on this - <http://socialistproject.ca/bullet/1494.php#continue>

<sup>29</sup> This is the context in which one has to read Marx's analysis in Section 3 of Chapter 24 of *Capital*, titled, "Separation of Surplus-Value into Capital and Revenue: The Abstinence Theory"

<sup>30</sup> The question of war in this context is brought out by among others Partha Chatterjee, "Land and the Political Management of Primitive Accumulation" in Anthony P. D'Costa and Achin Chakraborty (eds.), *The Land Question in India: State, Dispossession, and Capitalist Transition* (Oxford: Oxford University Press, 2017), pp. 1-15 (19?)

<sup>31</sup> On the background of the emergence of policy regimes enabling this flexibility in postcolonial economy, see Itty Abraham, "From the Commission to the Mission Model: Technology Czars and the Indian Middle Class", *The Journal of Asian Studies*, Volume 76 (3), 2017, pp. 675-696



# Marx's Theory of Rent: A Speculative Reading

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In the first passage of the first chapter on rent (Chapter XXXVII, Part VI, Vol. III), Marx forewarns his readers not to judge his writing simply empirically.<sup>1</sup> He first makes an assumption in his usual emphatic tone that 'agriculture is dominated by the capitalist mode of production' and clarifies its real implication: '[the capitalist mode of production] rules all spheres of production and bourgeois society, so that its prerequisites, such as free competition among capitals, the possibility of transferring them from one sphere of production to another, a uniform level of the average rate of profit, etc., are fully matured.'<sup>2</sup> He adds immediately, 'The form of landed property which we consider here is a specifically historical one.' Also, he alerts us, this 'form' was '*altered*' (Marx's emphasis) through capital and the capitalist mode of production itself and evolved out of the 'feudal land ownership' or 'small peasants' agriculture.'<sup>3</sup> 'For the results of our analysis,' he asserts, 'the objection, that other forms of landed property and of agriculture have existed or still exist, is quite irrelevant.'<sup>4</sup> The object of his ire is, once again, those economists whose empiricism blinds them to the 'historical' nature of the form of landed property and makes them treat it as 'an eternal category.'<sup>5</sup> This historical form is not accidental: it 'demands the expropriation of the rural labourers from the land and their subordination' to a capitalist farmer.<sup>6</sup> In this way, he goes back to the Volume One of *Capital* and its celebrated chapter on primitive accumulation.

But, unlike that chapter, Marx here is not trying to map the historical processes through which this transition happened. 'The analysis of landed property in its various historical forms belongs outside of the limits of this work' – the chapter begins with this disclaimer.<sup>7</sup> Marx wants to talk about this history only if it helps him understand how 'a portion of the surplus-value produced by the industrial capital falls into the hands of the land owner.'<sup>8</sup> This is also the reason why he makes the assumption about the dominance of the capitalist mode in agriculture. In a way, it sounds like a tautology: the problematic and the assumption are feeding into each other. But then, as David Harvey observes, 'Rent...troubled Marx deeply.'<sup>9</sup> The chapters on rent, Harvey comments, 'lack 'the usual magic of [Marx's] touch' and seem like a 'minefield.'<sup>10</sup> Coming from a loyalist like Harvey, it speaks a lot. We also have another loyalist as witness – Frederick Engels. And from his account we come to know why at places the 'usual magic' seems missing. The manuscript of Volume III, Engels wrote in his editor's preface, was more a draft than a final product and highly uneven in its writing style, argumentation, and structure because of Marx's failing health and increasing workload as a political organiser:

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The beginnings of the various sections were, as a rule, pretty carefully elaborated, or even polished as to style. But the farther one proceeded, the more sketchy and incomplete was the analysis, the more excursions it contained into side issues whose proper place in the argument was left for later decision, the longer and more complex became the sentences, in which the rising thoughts were deposited as they came.<sup>11</sup>

Engels also informed that Marx could not finish his actual plan for the part on rent, for which he studied and took long notes of the changes in the real estate in Russia after the Emancipation Reform in 1861: ‘this country was to play the same role in the part on ground rent that England did in Volume I in the case of industrial wage labour.’<sup>12</sup>

Though deemed incomplete and sometimes self-contradictory, Marx’s theory of rent has attracted a lot of attention over the years. Two of these interpretations deserve special mention – David Harvey’s and Enrique Dussel’s – for their emphases on two relatively less discussed aspects of the theory. Harvey’s *Limits to Capital* (1982) is pioneering in its deployment of the concept of space in Marxian thought as well as for initiating a conversation between critical geography and political economy. But his chapter on rent is more remarkable for bringing forth an implication of Marx’s theory which got little or no attention in the earlier Marxian literature – the ‘commodity’ status of land and the connection between rent and ‘fictitious capital.’ Dussel’s *Towards an Unknown Marx* (originally written and published in Spanish in 1988) reads through the *Manuscripts of 1861-63* – which contained an early draft of Volume III and a second draft of Volume I – in order to show how Marx was trying to bring together different concepts and theories within a comprehensive system – ‘the process of capitalist production as a whole.’<sup>13</sup> Rent, in Dussel’s reading, appears as a major breakthrough in terms of delineating certain concepts such as the price of production, market value, cost price, market price and cost of production which work as the bridge between the theories of production and distribution. Much of these delineations will later be included in different chapters in the published version of Volume III, including the ones on rent. But since ‘rent’ is the second last topic that Marx discusses in this version, the concepts start appearing much earlier in the text, giving the impression that the theory of rent is riding on an already defined framework. Dussel’s intervention, thus, has a historical value in showing Marx’s intellectual trajectory, in which the Third Volume in the *Manuscript of 1861-63* precedes the final version of the First Volume (1867) – the only volume which came out under Marx’s supervision. The concepts discussed in the Manuscript of Volume III, therefore, leave their impression quite firmly in the published First Volume – an important point to remember while talking about the relationship between production and distribution.

These two interpretations of rent by Harvey and Dussel have a point in common. They both insist that rent is the most complex category that Marx had to deal with while thinking of the capitalist system as a whole. The challenge was, of course, to accommodate rent in the labour theory of value. Dussel is more upfront and elucidatory about this problematic. He refers to a letter written by Marx to Engels (August 1862) which shows how much stake was involved. It was the last hurdle in gifting the world with a masterpiece: ‘All I have to prove theoretically is the possibility of absolute rent, without infringing the law of value.’<sup>14</sup> In the letter, he was convinced that Ricardo and Smith could not get this far because of their mistake of supposing an identity between cost prices and values of commodity. Dussel shows how Marx, taking clues from Johann Rodbertus, the German Ricardian socialist, approached this task by taking up the question of competition for the first time in treating capital in general. ‘“Competition” is the movement of the totality of capital,’ Dussel explains, ‘within which prices are levelled, equalized (*ausgleichen* means to level, make equal), and so, an ‘average level’ (*Durchschnittsniveau*) is produced in all branches of production.’<sup>15</sup> Undoubtedly, the assumption

made in the beginning of the first chapter on rent in Volume III – the one on the prevalence of the capitalist mode of production in agriculture where competition facilitates free movement of capital across different sectors and ensures a ‘uniform level of the average rate of profit’ – follows from this decision to incorporate ‘competition’ as a conceptual category.

If Dussel locates ‘competition’ as a central moment in Marx’s theory of rent, for Harvey it is the ambiguous status of land as a commodity which aggravated Marx’s ‘trouble’ with the concept. A commodity is supposed to have value, i.e., crystallised socially necessary labour time. If land – or, for that matter, any natural phenomenon like a waterfall – is not produced by labour, it cannot have value. Rent as a return on land thus becomes baseless. Marx does mention that the rent is paid to the landlord in a fully monetised economy with a legally bound structure of exchange relations, viz., the contract. ‘But,’ writes Harvey, ‘he is equally aware that this legal basis decides nothing and that the full explanation of rent has to render compatible a payment made ostensibly to land with a theory of value that focuses on labour.’<sup>16</sup> Harvey reads Marx’s struggle with this predicament through the other component in the initial disclaimer by Marx – the historical specificity of rent in its current form. In Harvey’s reading – and quite accurately so – this specificity resides in the history of landed property and it can only be excavated by identifying the ‘truly capitalist form of landownership.’<sup>17</sup> In so doing, Harvey recognises the ‘difficulty’ of spotting ‘the [historical] logic of a necessary transformation of landed property into its capitalistic form.’<sup>18</sup> Finally, he argues that a solution to the problem can be achieved by focusing on the fictitiousness of land as a commodity without value under exchange relations. In a section on land market and fictitious capital, he explains:

The theory of ground-rent resolves the problem of how land, which is not a product of human labour, can have a price and exchange as a commodity. Ground-rent, capitalized as the interest on some imaginary capital, constitutes the ‘value’ of the land. What is bought and sold is not the land, but title to the ground-rent yielded by it. The money laid out is equivalent to an interest-bearing investment. The buyer acquires a claim upon anticipated future revenues, a claim upon the future fruits of capital. Title to the land becomes, in short, a form of fictitious capital....<sup>19</sup>

This argument, quite enticing and remarkably adventurous, has attained a definitive status over the last few decades. In many ways, it can be seen as a pioneering attempt to bring the questions of the concrete virtuality of the production of space, and the dominantly speculative nature of contemporary capitalism. The popularity of this argument also comes from its capacity to be used as a metaphorical framework for any kind of ‘value-less’ transaction bypassing the immediate dialectic between labour and capital. A recent publication on re-conceptualisation of value and labour in the ‘digital age,’ for example, has a section titled ‘Rent and the Commons’ with articles on extraction of surplus value over profit, enclosure of the intellectual commons by the popular search engines, ground-rent of advertising space in the internet, etc.<sup>20</sup> There is almost a consensus now that the advent of neoliberal capitalism has blurred the distinction between profit and rent (and interest and rent) with its virulently monopolistic form.

However, there are voices of disagreement. Brett Christophers has argued against this over-metaphorisation of rent and land by pointing out the limitations of Marx’s (and Harvey’s) notion of fictitious capital itself.<sup>21</sup> According to him, the binary between real (produced by labour) and fictitious capital does not hold in today’s time and land should be treated as any other commodity which is bought and sold in the market. Apart from the neoclassical simplicity of the argument, it provides a hurried reading of Marx and, ironically, gets itself implicated in the same binary that it wants to challenge. But Christophers is not alone in his disagreement. The other person who would be unhappy with Harvey’s conceptualisation of rent as ‘interest on imaginary capital’ is Marx himself.

‘The mistaking ground-rent for the interest form,’ he writes in the same introductory chapter on rent in Volume 3, ‘which it assumes for the buyer of the land – a mistake due to a complete unfamiliarity with the nature of ground-rent – must lead to the most absurd conclusions.’<sup>22</sup> Marx’s reservation against this identity between rent and interest has an ethical aspect as it can be used to trivialise primitive accumulation and justify enclosure and private property. Not only that, the ‘same reason would, in that case, serve also to justify slavery, since the returns from the labour of the slave, whom the slave holder has bought, represent merely the interest on the capital invested in this purchase.’<sup>23</sup> This is the same ethical consideration which propels him to defend the law of value despite the existence of ground rent: ‘because what matters is the labour objectified in value, living labour: the *human being* itself.’<sup>24</sup>

But apart from that, Harvey’s theory of rent as capitalised interest does not answer the real question: why does rent exist at all? ‘To derive from the sale and purchase of ground-rent a justification for its existence signifies to justify its existence by its existence,’ Marx remarks.<sup>25</sup> Evidently, Harvey, though earnest in his attempt, comes up with a tautological response to Marx’s original problematic, because he confuses between price and value. If we reread the first and the second lines of the passage cited above, we shall see that he is using ‘price’ and ‘value’ interchangeably. The implication of this confusion is far-reaching. Dussel points out that the first step that Marx takes in the *Manuscripts* to situate the ‘problem’ of rent is to reject the idea that average price is equal to the value.<sup>26</sup> Though Harvey’s book predates Dussel’s original work in Spanish by at least six years, there are many passages in the chapters on rent in Volume III itself where these points are discussed in great detail. One such chapter is the Chapter XXXVIII – the second chapter in the part on rent – titled, quite sparsely, ‘Differential Rent. General Remarks.’<sup>27</sup> If we take Engels’ observation seriously, it is one of those chapters in the beginning where Marx shows more clarity of thought and neatness of organisation. Even if that is not the case, this chapter along with the first one titled ‘Preliminaries’ is remarkable in its analytical rigour, though many of Marx’s interlocutors (including Harvey) have paid negligible attention to these two chapters and have started directly with the classification of differential and absolute rents from the subsequent chapters. In the rest of this paper, the author shall engage in a close reading of the Chapter XXXVIII in order to facilitate a conversation between Harvey and Dussel. In spite of the apparent confusion between value and price, Harvey is an important figure within the Marxian scholarship – not only because he re-introduced the concept of space in *Capital* and, thus, re-imagined the theory of accumulation; but also, because he is a relentless commentator of contemporary capitalism, and we may derive some great pointers about it from his discussion of the land market as a site of speculation. Having him speak to Dussel who is unique in his take on the categorial innovations engendered by the different versions of *Capital* will allow us to think in a new direction about some of the most controversial chapters in *Capital*. In this exercise, the author shall try to avoid a shortcut: the almost common-sensical association between rent and monopoly capital (as if rent is a symptom of a special case of capitalism). Hopefully the following pages will be of some help to dispel the myth of common sense and steer the discussion on rent towards a more creative direction.

Like the previous chapter called ‘Preliminaries,’ the Chapter XXXVIII starts with an assumption about ground-rent: ‘products paying such a rent, that is, products a portion of whose surplus-value and general price resolves itself into ground-rent, are sold at their prices of production, like all other commodities.’<sup>28</sup> The concept of ‘prices of production’ appears for the first time in Volume III in the heftily titled Chapter IX, ‘Formation of a General Rate of Profit (Average Rate of Profit) and Transformation of the Values of Commodities into Prices of Production,’<sup>29</sup> where it is defined as the sum of the cost price and average profit. Cost price, as we know, is the value of a

commodity minus surplus value – or the sum of the costs of constant and variable capital – which ‘necessarily appears’ to the capitalist as ‘the actual cost of the commodity’ because of his illusion of thinking himself as the ‘actual producer.’<sup>30</sup> Marx explains once again in Chapter XXXVIII what prices of production (selling prices of commodities) entail: ‘the elements of [the commodities] cost (the value of the consumed constant and variable capital) plus a profit, which is determined by the average rate of profit and calculated on the total capital advanced, whether consumed or not consumed.’<sup>31</sup> Again, in the next line, he insists on the identity between the production prices and ‘the average selling prices’ of the products which pay ground rent.<sup>32</sup> Thereafter he formulates the problematic in clear terms: ‘how can a ground-rent develop under these conditions, how can a portion of the profit become converted into ground-rent, so that a portion of the prices of the commodities falls into the heads of the landlord.’<sup>33</sup>

We encounter two kinds of ‘average’ in this framing of the problematic: average profit and average selling price or the price of production. In order to appreciate the methodological ingenuity of the chapter, we need to find out how Marx comes up with these concepts. For that, we shall go back to Chapter IX where he discusses the prices of production exactly in this context – how average profit is determined. We may consider that, according to Dussel’s reading of the *Manuscripts of 1861-63*, these concepts have actually been developed during Marx’s deliberations on rent in the first draft of Volume III.

In Chapter IX, Marx initiates his probe with the statement that the organic composition of capital is determined by first ‘the technical relation of the employed labour-power [variable capital] to the mass of the employed means of production [constant capital]; secondly, on the price of these means of production [cost price].’<sup>34</sup> As we progress in the chapter, it becomes apparent that Marx is now more interested in delineating the distinction between individual capital and the total capital advanced. Individual capitals are mutually distinguishable by their different organic compositions. Let us have a look at the table Marx draws to explain this:

Capitals	Rate of Surplus Value	Surplus Value	Value of Product	Rate of Profit
I. 80c + 20v	100%	20	120	20%
II. 70c + 30v	100%	30	130	30%
III. 60c + 40v	100%	40	140	40%
IV. 85c + 15v	100%	15	115	15%
V. 95c + 5v	100%	5	105	5%

Marx imagines five spheres of production with equal amounts of capital advanced – 100 for each. Every sphere is distinguishable from each other by their different organic compositions. However, the rate of surplus value is the same for every sphere. The calculation of the surplus value is done on the basis of variable capital – the labour power involved in production in each sphere. The value of product of each sphere is the sum of the cost price and surplus value. The rate of profit (the ratio of surplus value and total capital), subsequently, corresponds to the rate of extraction of surplus value (the ratio of surplus value and variable capital) and is different for each sphere according to their organic compositions. Marx then adds up the individual capitals to the total of 500 and calculates the average rate of profit as 22%. The average price is, therefore, the sum of individual cost price and the rate of profit, calculated to be 122 (100+22). If we compare values of individual products and the average price, we shall find that some are well above the price level and some are below, but, ultimately, total value is equal to five times the average price.

So far so good. The calculations seem extremely simple and intuitive. Everything has neatly fallen into place, mostly because of the round figure of hundred being the total cost price. But Marx does not want us to get a wrong impression: 'In order not to arrive at entirely wrong conclusions, it is necessary to assume that not all cost prices are equal to 100.'<sup>35</sup> It is hardly the case, he explains, that the entire constant capital (c) is transferred to the product of one particular year. Constant capital, or the produced means of production, has two components – fixed and circulating capital. Marx asserts that the fixed part of the constant capital wears more rapidly than the circulating part, resulting the transfer of unequal quantities of value to the product in each period. The rate of profit, however, remains unchanged: 'Whether the 80 c transfer the value of 80, or 50, or 5, to the annual product, whether the annual product is consequently  $80c + 20v + 20s = 120$ , or  $50c + 20v + 20s = 90$ , or  $5c + 20v + 20s = 45$ , in all of these cases the excess of the value of the product over its cost-price is 20, and in every case these 20 are calculated on a capital of 100 in ascertaining the rate of profit.'<sup>36</sup> Again Marx draws a table, this time with non-uniform amounts of 'used-up capital', i.e., the portions of constant capital transferred to the value of each product.

Capitals	Rate of Surplus Value	Surplus Value	Rate of Profit	Used up C	Value of Commodities (Cost Price + Surplus Value)	Cost Price (Used up C + Variable Capital)	
I. 80 c + 20 v	100%	20	20	50	90 (70+20s)	70 (50c+20v)	
II. 70 c + 30 v	100%	30	30	51	111 (81+30s)	81 (51c+30v)	
III. 60 c + 40 v	100%	40	40	51	131 (91+40s)	91 (51c+40v)	
IV. 85 c + 15 v	100%	15	15	40	70 (55+15s)	55 (40c+15v)	
V. 95 c + 5 v	100%	5	5	10	20 (15+5s)	15 (10c+5v)	
390 c + 110 v		110	110%				Total
78 c + 22 v		22	22%				Average

In this new, modified table, Marx shows that whatever be the portion of constant capital transferred to the value of product, both the average surplus value and average profit remain the same as before, 22 and 22% respectively. Marx now draws the third table in the chapter which explains how one arrives at the notion of the price of production from the analysis laid down so far.

Capitals	Surplus Value	Value	Cost Price of Commodities	Price of Commodities (Cost Price + Rate of Profit)	Rate of Profit	Deviation of Price from Value
I. 80 c + 20 v	20	90	70	92	22%	+ 2
II. 70 c + 30 v	30	111	81	103	22%	- 8
III. 60 c + 40 v	40	131	91	113	22%	- 18
IV. 85 c + 15 v	15	70	55	77	22%	+ 7
V. 95 c + 5 v	5	20	15	37	22%	+ 17

With the help of this table, Marx defines prices of production: ‘The prices which arise by drawing the average of the various rates of profit in the different spheres of production and adding this average to the cost-prices of the different spheres of production, are the *prices of production*.’<sup>37</sup> This table is quite different from the first table he drew where he was yet to define the prices of production – the price at which a commodity is sold at the market. The development of the concept required him to argue that portions of the constant capital remains unused in a particular year of production because of its fixed part wearing more rapidly than the circulating part. But more importantly, as he observes himself, the prices of production are conditioned on the existence of an average rate of profit attained by the ‘means of competition.’<sup>38</sup> Since the different spheres of production are part of the same industry, there has to be an average price of production (total price of production divided by the number of separate spheres) which will offset the deviations between the value and price (+ 2 - 8 - 18 + 7 + 17 = 0). If we recall Dussel, discovery of this equalising power of competition was the turning point for Marx while he was writing on rent in the first draft of Volume 3 in 1862. This discovery also led him to the concept of average profit and, consequently, that of the prices of production.

Having set the premise, we can return to Chapter XXXVIII. As the author had mentioned earlier, Marx assumes that the agricultural products are also sold in the market at their prices of production and articulates the problematic of rent on the basis of that assumption. Interestingly, to solve this problem, he does not take recourse to any example from agriculture, but asks his readers to imagine that ‘most of the factories of a certain country are driven by steam engines, while a certain smaller number of them are driven by natural waterfalls.’<sup>39</sup> Two points are to be noted here: (1) the comparison is between the steam engine – constant capital/produced means of production – and the *natural* waterfall; and (2) both the factories are producing the same product. The implications of the second point are such: both have the same average price of production and the same average profit. ‘We have previously shown,’ writes Marx, ‘that this price of production is not determined by the individual cost-price of every single producing industrial, but by the cost-price required on an average for the commodity under the average conditions of capital in the entire sphere of production’<sup>40</sup> – the average cost price determined by the use of steam engine in this example. By invoking the notion of ‘average conditions of capital,’ Marx goes back to the concept of the ‘socially necessary labour time’ and connects it to the notion of ‘market price’ – a substitute term for price of production but

essentially meaning the same thing, the supply price of the commodity – where ‘the nature of value asserts itself in commodities,’ not determined by the labour time necessary for an individual producer, but by the socially necessary labour time. The average, therefore, is social – so much so that, at one point in this chapter, Marx uses the expression ‘the general social price of production.’<sup>41</sup>

With this set of observations, Marx proceeds to argue that ‘the cost-price in the factories driven by water power’ is less than that in the factories employing steam engine. Why? Because ‘a smaller quantity of labour is required for their production, namely less labour materialised in the constant capital [since no steam engine].’<sup>42</sup> Also: ‘It requires less living labour, because the water wheel need not be heated.’<sup>43</sup> The individual industrialist who can avail the use of the natural waterfall has to pay less for both constant and variable capital, thus bringing down both his cost price and the price of production below the social average which is unaffected by this use. This gap is defined as ‘surplus profit’ which is conditioned upon the difference between individual and general cost prices and prices of production respectively. But this gap, as Marx points out himself, is usual in case of any comparison between individual spheres and the totality of production, as we have seen in the tables above. ‘To what circumstances does the industrial capitalist in the present case owe his surplus-profit, the surplus resulting for him personally from the piece of production regulated by the average rate of profit?’ asks Marx.<sup>44</sup> The answer is remarkably simple: ‘He owes it in the last resort to a natural power, the motive power of water, which is found ready at hand in nature and which is not itself a product of labour like coal, which transforms water into steam [in case of the steam engine].’<sup>45</sup> Since the water has no value, it does not add up to the cost-price or price of production and creates the gap between the individual and the average elements to be extracted by the capitalist producer as surplus profit.

Marx has not used the term ‘rent’ yet, but soon he will to show how this surplus profit has a specific character with relation to the other forms of surplus profit. He knows very well that there is a scope to misunderstand him regarding the supra-economic power of nature in churning out surplus over socially determined average profit. To dispel the almost metaphysical tone of the last passage, he asserts immediately that the producers with the steam engine also use unpaid natural powers which are ‘quite as much monopolised by capital as the natural powers of social labour arising from co-operation, division, etc.’: ‘The manufacturer pays for the coal, but not for the faculty of the water to alter its aggregate state, of passing over into steam, not for the elasticity of the steam etc. The monopolisation of natural powers, that is of the increased productivity of labour due to them, is common to all capital working with steam engines.’<sup>46</sup> Once again, Marx insists on a more nuanced analysis than those using monopoly as a blanket explanation of the existence of ground rent: ‘There must be still other modifying circumstances.’<sup>47</sup> He argues that the surplus profit in a particular sphere of production may arise from reduction in cost price due to technological innovation or greater productivity of labour, and subsequently, it will alter the general rate of profit by means of competition. ‘But it is different with the surplus profit of industrial capitalist who uses water power,’ he adds.<sup>48</sup> The explanation that is offered at this stage takes us to back to the specifically historical nature of rent implicated in private property:

This surplus profit] arises from the greater natural power of production of labour in conjunction with some other natural power, which natural power is not at the command of all capitals in this sphere, whereas such a thing as the elasticity of steam is. The application of this other natural power does not follow as a selfunderstood matter, whenever capital is invested in this sphere. It is a monopolised natural power, which like a water fall, is only at the command of those who can avail themselves of particular pieces of the globe and its opportunities.<sup>49</sup>



This is a particularly important argument. Three conditions need to be fulfilled in order to secure surplus profit of this kind: (1) the local existence of a natural resource: 'Water power is found only locally in nature;' (2) the impossibility of its production by labour and capital; and (3) somebody's monopoly control over its localised existence.<sup>50</sup> 'Now let us assume,' Marx writes, 'that the waterfalls with the land on which they are found are held in the hands of persons, who are considered the owners of these portions of the globe, who are land owners.'<sup>51</sup> These landowners may permit the capitalist the use of the waterfall in his production in exchange of a payment. Surely that payment will come from the surplus profit generated from the use of the waterfall: 'Under these circumstances the surplus-profit is transformed into ground-rent, that it falls into the hands of the owner of the waterfall.'<sup>52</sup> The entirety of the surplus profit does not go to the landlord, only a portion; the rest is enjoyed by the industrial capitalist. In that case, the capitalist who works with the waterfall 'is just as well off, or probably better, as all other capitalists of his sphere of production, who work with steam.'<sup>53</sup>

This is the first time when Marx uses the term 'ground rent' in this chapter – which shows clearly that the existence of ground rent is conditioned on the existence of a group of people who have a monopoly control over a piece of the globe which has some 'natural power' attached to it. The existence of rent, therefore, has both a historical and a geographical context, intertwined in the laws of private property and social average. But, the existence of private property, Marx cautions us, is not the source of the surplus profit: 'it merely enables the landowner, who has the possession of the waterfall, to coax this surplus profit out of the pocket of the industrial capitalist into his own.'<sup>54</sup> Like in all the other spheres of production, it is the labour power materialised in the constant capital and employed as the variable capital which remains the source of the extra profit: 'The natural power is not the source of the surplus profit, but only its natural basis....'<sup>55</sup> An analogy is drawn here with a familiar conceptual relation from the chapter on commodity in the First Volume: 'In the same way the use-value is the general bearer of the exchange-value, but not its cause.'<sup>56</sup> The translation of the use value into exchange value is happening under the condition of private property, but merely as a context, as a mediating factor. In the same way, the existence of the landowner is also incidental to the analysis: they do not form a class which participates in the production of value. The rent may go to anybody, any individual or institution, with the control over a particular piece of land at a particular time.

The difference with Ricardo's theory of differential rent is clear now. Ricardo identifies the 'natural prowess of land' as the source of rent. He wants to distinguish between this natural prowess and all the capital invested in the land because, in his opinion, the revenue arising from the capital should be classified as interest, and not as rent. His theory also has the capitalist and the rentier as two classes with oppositional interests who have to confront each other to secure their respective revenues. In fact, as Ricardo would want us to believe, the landlord presents a threat not only to the livelihood of the capitalist, but also to the survival of the capitalist system as well, since, with increasing rent, the share of the profit in total revenue will fall and initiate a collapse of the system. Marx counters Ricardo on all of these points. Even though Marx uses the term 'natural powers,' in his version, it is not the source of rent, but its material basis, in the same manner as use value is the material basis of exchange value. Marx also does not offer a pure distinction between natural powers and capital; rather, in his theory, the existence of natural powers brings down the cost price by employing less constant capital. The interests of the industrial capitalist and the landlord are not necessarily oppositional in Marx's case, as he shows that the capitalist is still better off by paying only a portion of his surplus profit to the rentier. The point about the falling rate of profit does not arise in this case. Although Marx discusses the law of the falling tendency of the rate of profit, it has

nothing to do with rent, as the latter does not affect the average profit. In the case of the falling tendency, technological innovation and/or other factors bring a change in the average conditions of production, which, in turn, alters the rate of the profit. In case of the waterfall, Marx asserts again and again that its use is not going to affect the average conditions, but only the individual cost price of the capitalist who can avail such use.

However, the most interesting aspect of this general framework of rent is that it does not confine itself to agriculture alone. In fact, in this chapter, Marx does not talk about a comparison between the industrial and the agricultural spheres of production. Instead, he compares two types of factories within the same sphere of production, one of which employs ‘natural powers’ and the other, machinery. This rendition, therefore, gives us a broader framework of rent where a monopoly control over a piece of globe which is favourable to production but does not have any value can create surplus profit. The question with which Marx begins – how can nature generate rent when it does not have any value – is now turned on its head. Nature can generate rent precisely because it does not have any value. In this schema, nature is marked by its capacity to produce an ‘excess’ over the average – the excess in the form of a surplus profit – but this ‘excess’ is not autonomous to the working of the capitalist system, or the social conditions of capitalist production. The natural excess is ‘natural’ only if there is a concept of the social average: ‘Were it not for the fact that the different values are neutralised into prices of production, and the different individual prices of production into one average price of production regulating the market, the mere increase in the productivity of labour by the use of a waterfall would merely lower the price of the commodities produced with the waterfall, without adding anything to the share of profit contained in those commodities.’<sup>57</sup> This passage summarizes Marx’s method succinctly: first, values of different magnitude are ‘neutralised’ into prices of production by adding the average profit with cost prices; secondly, the different prices of production are again ‘neutralised’ into an average price of production which ‘regulates’ the market. Both acts of neutralisation presume ‘competition’ as the equalising factor– the motive force of the market. Evidently, in this framework, rent is not necessarily a special case of monopoly capital; it exists comfortably and essentially within competitive capitalism whenever there is monopoly control over natural powers. The nuanced difference between monopoly capital and monopoly control within competitive capitalism is a fundamental contribution of the Chapter XXXVIII.

With this reading of Marx’s theory of rent, which is inspired by Dussel’s thesis about the discovery of competition, cost price and prices of production in the *Manuscript of 1861-63*, we may return to Harvey’s argument about the land market. As we have noted before, Harvey uses the terms ‘value’ and ‘price’ interchangeably: ‘Ground-rent, capitalized as the interest on some imaginary capital, constitutes the “value” of the land.’ Though within quotes, Harvey does not clarify the meaning of the term ‘value’ in the rest of the section titled ‘The Land Market and Fictitious Capital.’ In all probability, he is drawing attention to the fictitious appearance of ‘value’ in the form of capitalised rent. We have already seen how, for Marx, it creates an ethical problem, as the whole process bypasses the labour theory of value. Marx, however, does speak about the price of natural power (where land is a specific case; so is the waterfall) in the way Harvey describes it, and it emanates from the landowner’s monopoly control over it: ‘The ownership of land enables the landowner to catch the difference between individual profit and the average profit. The profit thus acquired, which is renewed every year, may be capitalised, and then it *appears* as the price of a natural power itself.’<sup>58</sup> The apparent price is calculated on the basis of an average rate of interest capitalised on the acquired annual surplus profit over a specific period in the future. However, Marx also adds, when the land changes hand, i.e., when the landowner transfers the monopoly control over to somebody else in lieu of this price, ‘it does not enter directly into the general price of production of

the commodities, although it would enter into the individual cost-price of the industrial capitalist.<sup>59</sup> In other words, since the land does not have any value – and its price appears in the form of capitalised rent precisely because of that reason – the socially determined average price of production will remain unchanged.

This observation presents us with a question, which Harvey does not need to ask, because he does not approach the theory of rent from the perspective of an interplay of monopoly control and social average: how does this interplay work in the market for land as a commodity? Harvey observes that Marx did not offer any theory of the land market; he was more interested in devising a theory of the ground rent ‘because this was where he considered the real theoretical challenge lay.’<sup>60</sup> Extrapolating a theory of the land market from the same framework, Harvey proceeds with the assumption that the landowners will actively pursue the development of a land market based on the speculative potential of capitalised rent: ‘By actively pursuing the appropriation of values landholders can force production on the land into new configurations and even push surplus value production on a scale and with an intensity that might not otherwise occur.’<sup>61</sup> Here again, we may see that Harvey is talking in terms of value, and not in terms of price, which creates a fallacy. If the landholder is involved in speculation on the basis of capitalising rent (which does not have any component of labour and value), the desire to appropriate values may work against him, as it will change the average conditions of production and, as a result, will change both the individual prices of production and the social average. In that sense, how is it different from the use of natural power materialised in the steam engine, from which Marx separates the production process employing the waterfall so carefully? The distinction between these two processes is vital to the existence of rent itself. Otherwise, the rent as the margin between the individual and the average prices of production will not exist and will not be available for capitalisation in the long run.

At one instance, it seems that Harvey is unconvinced himself of his formulation: he agrees that it is practically impossible to convince the landholders to sacrifice the high margin that they enjoy in the short run from the monopoly control over land.<sup>62</sup> In other words, the landholder will not agree too easily to do anything which will unsettle the average price of production. ‘The situation changes materially,’ Harvey argues, ‘if interest-bearing capital circulates through land markets perpetually in search of enhanced future ground-rents and fixes land prices accordingly. In this case, the circulation of interest-bearing capital promotes activities on the land that conform to highest and best uses, not simply in the present, but also in anticipation of future surplus value production.’<sup>63</sup> This argument, again implicated in the confusion between value and price, refers to the concept of ‘differential rent 1 (DR-1)’ by Marx, where rent is defined as the difference between individual prices of production in the worst and best qualities of land with the equal amounts of investment of capital. In Harvey’s reading, it reads almost identical to the Ricardian framework where the price (exchange value) is fixed at the margin (worst quality land). Both Harvey and Ricardo assume an identity between value and exchange value – the distinction between which is fundamental to Marx’s theory of rent.

Harvey also claims that the landowners who treat the land as a ‘pure financial asset’ will ensure enhancement of ground rent by coercion or collusion with the capitalists: ‘In the case of an active alliance between landowner and capitalist, the former takes on the role of developer who seeks to capture enhanced rents while the capitalist captures profit.’<sup>64</sup> In this remark, he refers to Marx’s concept of ‘differential rent 2 (DR-2)’ where the surplus arises from employing two different amounts of capital in the same plot. Again, based on how Marx defines ground rent in its generality, the returns from such acts of ‘developing’ by the landowner will not necessarily contribute to the enhancement of rent. It is not clear from Harvey’s account how the collusion between the landowner

and the capitalist will lead to a neat distribution of the revenue into rent and capital, though there is no doubt that it will increase the total revenue from land. But will it not initiate a falling tendency of average profit (as well as that of average interest) with the increase in the share of constant capital? If that is the case, how can the landowner expect to capitalise future rents?

Though Harvey's reading of Marx is replete with such contradictions, it provides a useful response to this question. As he observes towards the end of his chapter, the speculations on land as a purely financial asset will involve a 'complex interaction of DR-1 and DR-2' which will distribute the relative advantages enjoyed by individual landowners (reflected in the margin between their individual prices of production and the social average) into all the plots, thus dissolving the possibility of sustenance of a surplus profit in the long run. This will result 'a nightmare of incoherency and periodic orgies of speculation' which will eventually bring an end to the capitalist system.<sup>65</sup> Harvey argues, 'Capital has only two lines of defence in such situations: monopolization or state control.'<sup>66</sup> The monopolisation of the land development process, i.e., concentration of large holdings in the hands of the few, will ensure a more systematic condition of speculation, but, as Harvey points out himself, it will occlude any possibility of differential rent, and will only create monopoly rent which is not conducive to accumulation. The role of the state in manipulating the 'land use regulation, land expropriation, land use planning and, finally, actual investment' proves to be more sustainable in terms of managing the speculative incoherency of the land market. Harvey, however, is in two minds about the practicality of this solution: 'While the state can undoubtedly put its stamp on geographical structures, it does not necessarily do so in ways that effectively bind the use of land to competition or the process of geographical re-structuring to the accumulation of capital. Too great a level of state involvement also begins to call into question the whole validity of property rights over the means of production in general as well as over the land.'<sup>67</sup> In the author's view, Harvey has undervalued the significance of the state greatly by assuming that it works as an impediment to competition – an assumption which clearly has a liberal lineage.

Marx talks about the state on one occasion in the part on rent – when he is talking about 'labour rent.'<sup>68</sup> Speaking of the direct producers who own their own means of production except the access to the land, he concludes that it is the simplest form of ground rent where the entire surplus value is appropriated in the form of rent by the feudal landlord. 'If the direct producers are not under the sovereignty of a private landlord,' writes Marx, 'but rather under that of a state which stands over them as their direct landlord and sovereign, then rent and taxes coincide, or rather, there is no tax which differs from this form of ground-rent.... The state is then the supreme landlord.'<sup>69</sup> This can be argued as a primary conceptualisation of a 'rentier state' which, as Harvey would also concede, is detrimental to the accumulation of capital in its fullest capacity. However, this argument has more significance than it lets out at the first glance. If we think about it, the state can and does act like a supreme landlord on many occasions, especially in dealing with the monopoly control over natural resources, which, in most cases, are directly owned by it. But more importantly, it does not have to act as an impediment to competitive capitalism in doing so. If we consider the case of special economic zones – one of the regular features of neoliberal capitalism – we can see the same interplay of monopoly control and social average at work. The establishment of a special economic zone by the state as a seemingly deregulated space without labour laws and other constraints – brings down the individual cost prices of the corporations entitled to this special treatment with respect to the social averages. The collusion between the state and the corporations, therefore, capitalises of the surplus profit in the form of rent without running the risk of bringing the social average down with itself – an inverse of what Harvey has suggested in his reading. Also, the implication of this form of accumulation is not limited to the agriculture but can be extended to any sphere of production which

depends on the state to exercise its monopoly control. Instead of calling it the ‘interest form of rent’ – a term with which Marx has fierce reservation – we may call it the ‘rent form of interest.’ Rather than thinking that the state has weakened under neoliberalism, this framework where the state has this unique control over the translation of surplus profit into rent may prove to be a more effective way to describe contemporary capitalism.

## Notes

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<sup>1</sup> Karl Marx, *Capital: A Critique of Political Economy. III: The Process of Capitalist Production as a Whole*, Tr. Ernest Untermann, Ed. Frederick Engels (Chicago: Charles H. Kerr and Company, 1909), 720-21.

<sup>2</sup>*Ibid*, 720.

<sup>3</sup>*Ibid*, 720-21.

<sup>4</sup>*Ibid*, 721.

<sup>5</sup>*Ibid*.

<sup>6</sup>*Ibid*.

<sup>7</sup>*Ibid*, 120.

<sup>8</sup>*Ibid*.

<sup>9</sup>David Harvey, *The Limits to Capital* (Oxford: Basil Blackwell, 1982), 330.

<sup>10</sup>*Ibid*.

<sup>11</sup>Frederick Engels, ‘Preface’ in Karl Marx, *Capital*, 11.

<sup>12</sup>*Ibid*, 16.

<sup>13</sup>Enrique Dussel, *Towards and Unknown Marx: A Commentary on the Manuscripts of 1861-63* (London and New York: Routledge, 2001).

<sup>14</sup>Marx cited in Dussel, *Op. Cit.*, 82.

<sup>15</sup>Dussel, *Op. Cit.*, 84. The German words in the brackets are Marx’s.

<sup>16</sup>Harvey, *Op. Cit.*, 331.

<sup>17</sup>*Ibid*, 333.

<sup>18</sup>*Ibid*, 346.

<sup>19</sup>*Ibid*, 367. My emphasis.

<sup>20</sup>Eran Fisher and Christian Fuchs (eds.), *Reconsidering Value and Labour in the Digital Age* (London: Palgrave Macmillan, 2015).

<sup>21</sup>Brett Christophers, ‘For Real: Land as Capital and Commodity’, *Transactions of the Institute of British Geographers* 41 (2016), 134-48.

<sup>22</sup>Marx, *Op. Cit.*, 731.

<sup>23</sup>*Ibid*, 732.

<sup>24</sup>Dussel, *Op. Cit.*, 82.

<sup>25</sup>Marx, *Op. Cit.*, 732.

<sup>26</sup>Dussel, *Op. Cit.*, 82.

<sup>27</sup>Marx, *Op. Cit.*, 749-60.

<sup>28</sup>*Ibid*, 749-50.

<sup>29</sup>*Ibid*, 182-203.

<sup>30</sup>*Ibid*, 39.

<sup>31</sup>*Ibid*, 750.

<sup>32</sup>*Ibid*.

<sup>33</sup>*Ibid*.

<sup>34</sup>*Ibid*, 182.

<sup>35</sup>*Ibid*, 184.

<sup>36</sup>*Ibid*.

<sup>37</sup>*Ibid*. Marx’s emphasis.

<sup>38</sup>*Ibid*, 186.

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- <sup>39</sup>*Ibid*, 750.  
<sup>40</sup>*Ibid*.  
<sup>41</sup>*Ibid*, 751.  
<sup>42</sup>*Ibid*.  
<sup>43</sup>*Ibid*, 752.  
<sup>44</sup>*Ibid*, 753.  
<sup>45</sup>*Ibid*.  
<sup>46</sup>*Ibid*, 753-54.  
<sup>47</sup>*Ibid*, 754.  
<sup>48</sup>*Ibid*, 755.  
<sup>49</sup>*Ibid*, 755.  
<sup>50</sup>*Ibid*, 756.  
<sup>51</sup>*Ibid*.  
<sup>52</sup>*Ibid*, 757  
<sup>53</sup>*Ibid*.  
<sup>54</sup>*Ibid*, 758.  
<sup>55</sup>*Ibid*, 757.  
<sup>56</sup>*Ibid*, 758.  
<sup>57</sup>*Ibid*, 758.  
<sup>58</sup>*Ibid*, 759. My emphasis.  
<sup>59</sup>*Ibid*, 758-59.  
<sup>60</sup>Harvey, Op. Cit., 367.  
<sup>61</sup>*Ibid*, 368.  
<sup>62</sup>*Ibid*.  
<sup>63</sup>*Ibid*.  
<sup>64</sup>*Ibid*.  
<sup>65</sup>*Ibid*, 370.  
<sup>66</sup>*Ibid*.  
<sup>67</sup>*Ibid*, 371.  
<sup>68</sup> Marx, Op. Cit., 917-22.  
<sup>69</sup> *Ibid*, 918-19.

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