

MAKING POVERTY WORK

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Those that get their living by their daily labour ... have nothing to stir them up to be serviceable but their wants which it is prudence to relieve, but folly to cure. ... From what has been said, it is manifest, that, in a free nation, where slaves are not allowed of, the surest wealth consists in a multitude of laborious poor (Bernard de Mandeville, *The Fable of the Bees*, 5th edition, London, 1728, p. 328, cited in K. Marx, *Capital*, Vol. 1, London, 1976, Ch. 25, p. 765).

The international development community, led by the World Bank, has recently committed itself to the abolition of poverty; and the World Bank has set out, in its most recent World Development Report, *Attacking Poverty*, the means by which the target of reducing the proportion of people living in absolute poverty by half by 2015 is to be achieved.¹ Indeed, the website of the World Bank Group now proclaims: ‘Our Dream Is A World Free of Poverty’. Rather than dismiss this as a flight of fancy, we should ask why the claim is made, and why it is the World Bank that makes it. The answer touches on two key contradictions in global capitalism — its need to represent the interests of a single class as those of society as a whole, reflected today in the systematic effort to present as benevolent a neoliberal revolution intended to deliver people everywhere into the clutches of capital; and its need to operate as a single system across a fragmented world of competing states with no overarching political authority, reflected today in the search for international regimes and organizations through which the global system might be managed. The World Bank’s affected concern for poverty, I argue, is a response to the combined effects of these two contradictions.

Over two centuries ago, it was possible for the Reverend Townsend to celebrate hunger, comparing it favourably to compulsion by force on the grounds that it ‘is not only a peaceable, silent, unremitting pressure, but as the most natural

motive to industry and labour, it calls forth the most powerful exertions'.² It is no longer prudent to sing the praises of starvation in quite these blunt terms, so capitalism must be sold as a *solution* to poverty. In broader terms, global capitalism must be represented as a universal good, rather than as what it is, a system which benefits a minority to the detriment of the majority. Secondly, in so far as capitalism operates on a world scale, its contradictions operate and must be addressed on a world scale. This creates a problem which elsewhere in this volume Ellen Meiksins Wood identifies as a key contradiction of globalization:

The economic imperatives of capitalism do indeed permit the reach of capital to extend far beyond the scope of direct political and military domination. Yet at the same time, capital can never dispense with the enforcement of market imperatives, and the system of property relations in which they are rooted, by legal and political means. If anything, capitalism more than any other system needs a stable and predictable political and legal order. That kind of order is, for all practical purposes, impossible on a global scale, and capital has hitherto found no better instrument of social order than the nation state, nor is it likely to find one in the foreseeable future.³

This argument is taken a step further here. In the long run capitalism may be doomed by its fundamental contradictions, but the agencies dedicated to staving off the contradictions which beset it are neither powerless nor stupid, and the World Bank is currently positioning itself as the leading agency overseeing the coordination and global marketing of strategies intended to cement the core disciplines of capitalism in place. It is putting in place new mechanisms — principally, its Comprehensive Development Framework and its newly devised Poverty Reduction Strategy Papers — to oblige the poorest countries to adopt its chosen policies, and seeking ways to extend their discipline to the 'middle-income' countries which make up the majority in the global economy. It is also building some key global alliances, the most significant of which is with the British New Labour government and its Treasury-led 'development' arm, DFID. Behind its proclaimed wish to see an end to poverty lies a diametrically opposite intention: to impose universally the conditions through which poverty is created and maintained. Far from wanting to abolish poverty, the World Bank wants poverty to work for capitalism.

MARX ON POVERTY: THE ABSOLUTE GENERAL LAW OF CAPITALIST ACCUMULATION

The logic of the Bank's proposal to 'abolish' poverty is perfectly disclosed in Marx's discussion of the reserve army of labour in *Capital*, to which it is useful to return in this context. Marx's view of the relationship between capitalism and poverty can be expressed in six related propositions: an ever-expanding proletariat is part and parcel of capitalist accumulation; supposedly 'free' workers themselves produce and reinforce the mechanisms by which capitalism exerts discipline over them; this process reaches maturity when rising labour productivity becomes the

driving force behind accumulation; mature capitalism requires and generates a 'relative surplus population' without which its discipline cannot work; the presence of an 'industrial reserve army' within this surplus population keeps wages low, and tending towards subsistence level; and a proportion of the surplus population is always in absolute poverty. In short, to abolish poverty would be to abolish capitalism itself.

Noting at the beginning of *Capital*, Volume 1, Chapter 25, that wages may temporarily rise when demand from capitalists for labour outstrips supply, Marx goes on:

[t]he more or less favourable circumstances in which the wage-labourers support and multiply themselves in no way alter the fundamental character of capitalist production. As simple reproduction constantly reproduces the capital-relation itself, i.e. the presence of capitalists on the one side, and wage-labourers on the other side, so reproduction on an expanded scale, i.e. accumulation, reproduces the capital-relation on an expanded scale, with more capitalists, or bigger capitalists, at one pole, and more wage-labourers at the other pole. The reproduction of labour power which must incessantly be re-incorporated into capital as its means of valorization, which cannot get free of capital, and whose enslavement to capital is only concealed by the variety of individual capitalists to whom it sells itself, forms, in fact, a factor in the reproduction of capital itself. Accumulation of capital is therefore multiplication of the proletariat.⁴

The system is thus driven forward not by the needs of the majority of the population, but by the opportunities for capitalists to make profits. These features are the *differentia specifica* of capitalist production:

[l]abour-power is not purchased under this system for the purpose of satisfying the personal needs of the buyer, either by its service or through its product. The aim of the buyer is the valorization of his capital, the production of commodities which contain more labour than he paid for, and therefore contain a portion of value which costs him nothing, and is nevertheless realized through the sale of those commodities. The production of surplus-value, or the making of profits, is the absolute law of this mode of production.⁵

Capitalism as a system comes into its own when increasing amounts of capital are applied to the labour process, increasing the productivity of labour and cheapening the price at which commodities can be produced. Competition between capitalists, attended by the failure of some, the 'centralization' or amalgamation of others and the emergence of new ones, drives the process forward in a dynamic but uneven fashion, generating cycles of activity punctuated by regular crises in an overall pattern of expansion. In the process, the 'organic composition of capital' — the ratio between the 'constant' part represented by means of production, and the 'variable' part reflected by the labour-power needed to set them in motion — steadily rises. Although the enormous expansion in the means of

production allows an expansion in the absolute size of the proletariat, 'the additional capital formed in the course of further accumulation attracts fewer and fewer workers in proportion to its magnitude. On the other hand, the old capital periodically reproduced with a new composition repels more and more workers formerly employed by it'.⁶

It follows that 'it is capitalist 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 valorization and is therefore a surplus population'.⁷ This is the 'law of population peculiar to the capitalist mode of production': '[t]he working population ... 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 process creates a 'disposable industrial reserve army', a 'mass of human material always ready for exploitation by capital', which makes possible rapid expansion when new opportunities for profit-making appear.⁸ Capitalism requires this relative surplus population at all times, if its self-expansion is to continue. Its production is therefore 'a necessary condition for modern industry'.⁹

The existence of a 'relative surplus population', then, is an essential element of an efficient capitalist system. Marx identifies three forms it may take — floating (members of the modern industrial proletariat who move in and out of work in accordance with the fluctuations of the market), latent (the surplus population in the countryside, 'freed' by capitalist investment in agriculture, and drawn to the towns when demand for labour rises), and stagnant (the 'inexhaustible reservoir of disposable labour-power' which provides a broad foundation for special branches of capitalist exploitation precisely because 'its conditions sink below the average normal level of the working class').¹⁰ The lowest sediment of the relative surplus population — those able to work but last to be employed, orphans and pauper children, 'the demoralized, the ragged, and those unable to work', and the 'actual lumpenproletariat' of vagabonds, criminals and prostitutes' — 'dwell in the sphere of pauperism'.¹¹ Marx argues, in sum, that capitalism requires, and produces, a relative surplus population, and that this in turn requires pauperism: 'its production is included in that of the relative surplus population, its necessity is implied by their necessity; along with the surplus population, pauperism forms a condition of capitalist production, and of the capitalist development of wealth'.¹² From this set of circumstances there arises what Marx terms 'the absolute general law of capitalist accumulation':

[t]he greater the social wealth, the functioning capital, the extent and the energy of its growth, and therefore also the greater the absolute mass of the proletariat and the productivity of its labour, the greater is the industrial reserve army. The same causes which develop the expansive power of capital, also develop the labour-power at its disposal. The relative mass of the industrial reserve army thus increases with the potential energy of wealth. But the greater this reserve army in proportion to the active

labour-army, the greater is the mass of a consolidated surplus population, whose misery is in inverse ratio to the amount of torture it has to undergo in the form of labour. The more extensive, finally, the pauperized sections of the working class and the industrial reserve army, the greater is official pauperism. *This is the absolute general law of capitalist accumulation.*¹³

This is not a natural law, but a central aspect of the ‘antagonistic character of capitalist accumulation’, and part and parcel of a set of characteristic features of capitalism — proletarianization, alienation, the subjection of the worker to the dictates of capital, and the systematic mystification of these processes in bourgeois ideology. Within this context,

the law which always holds the relative surplus population or industrial reserve army in equilibrium with the extent and energy of accumulation rivets the worker to capital more firmly than the wedges of Hephaestus held Prometheus to the rock. It makes an accumulation of misery a necessary condition, corresponding to the accumulation of wealth. Accumulation of wealth at one pole is therefore, at the same time accumulation of misery, the torment of labour, slavery, ignorance, brutalization and moral degradation at the opposite pole, i.e. on the side of the class that produces its own product as capital.¹⁴

The self-expansion of capital is a dynamic but uneven process, which needs to carry workers-in-waiting along with it. This ‘reserve army of labour’ is held effectively in place and available where all social institutions are oriented towards the enforcement of market dependence. Capitalism also requires potential new workers to be prepared for it, in areas where its disciplines are not yet fully in place. This process, described by Marx as original or primitive accumulation, consists in the main of *proletarianization* — forcibly depriving free producers of access to the means of subsistence, in order to convert them into an available proletariat. Capitalism requires that the great majority of the population should have no other means of survival than to offer themselves for work at the market wage; where competition between capitalists is allowed to operate untrammelled on as wide as possible a scale, the market wage tends towards subsistence; in an efficiently operating capitalist system there is always a fluctuating proportion of the proletariat out of work; and there is always a further layer of the utterly impoverished (‘absolutely poor’) at the edge of or beyond the reserve army of labour itself.

In the particular global circumstances of the late twentieth and early twenty-first centuries, the World Bank has assumed responsibility for outlining and enforcing the policies that are necessary for these conditions to obtain, and for securing their general acceptance by the majority whom they oppress. What the Bank envisages, in its grand plan for reducing absolute poverty by half by 2015, is an efficient global labour market in which the existing proletariat will ‘float’ easily in and out of work, and the ‘latent’ proletariat, whether small peasant producers or young women as yet insufficiently accessible to capital’s reach, will be ‘freed’ and fully proletarianized.

And despite its headline claims to the contrary, it recognizes that a third layer of the absolutely poor will continue to exist beyond these two, as a reservoir for further workers, and valuable source of discipline for the rest.

PROMOTING PROLETARIANIZATION, FACILITATING EXPLOITATION, ENHANCING MARKET DEPENDENCE

The World Bank has taken a new mission upon itself over the last decade. Spelled out discreetly but explicitly in successive World Development Reports since 1990, it is to complete the process of primitive accumulation on a global scale, and to promote reforms which enforce market dependence throughout the resulting global capitalist economy.¹⁵ In adopting this dual mission, it implicitly endorses the truth of capitalism as a social system — that ‘the surest wealth consists in a multitude of laborious poor’. As we shall see, the substance of World Bank policy recognizes this with unerring accuracy, while its rhetoric declares the opposite. Nor is this surprising — to advertise its goal as ‘Exploitation or Misery!’ would capture the truth but weaken its appeal. The Bank claims, in its latest World Development Report, *Attacking Poverty*, to be ‘promoting opportunity’, ‘facilitating empowerment’, and ‘enhancing security’.¹⁶ These phrases, on investigation, prove to conceal a fundamental contradiction of capitalism — that it ‘frees’ individuals by making them entirely dependent upon capital. The resources of the Bank are overwhelmingly devoted to defining policies which will promote proletarianization, facilitate exploitation, and enhance market dependence, guiding national governments in their adoption and implementation, structuring knowledge to minimize the availability and appeal of alternatives, and propagandizing the virtues of global capitalism. These are presented as offering freedom, but prove at every turn to replace constraints on the operations of the market with inescapable dependence upon the market.

The clues are there for anyone to read. The Bank places at the head of the second chapter of attacking poverty a graphic which helpfully translates the policy of global labour market expansion pursued for over a decade into the new language of liberation:

From World Development Report 1990 ...

- Labor-intensive growth
- Broad provision of social services

... to World Development Report 2000/2001

- Opportunity
- Empowerment
- Security

And if this were not clear enough, it quotes directly from its previous 1990 Report, *Poverty*, the paragraph which spelled out its commitment to a policy of global proletarianization:

[c]ountries that have been most successful in attacking poverty have encouraged a pattern of growth that makes efficient use of labor and have invested in the human capital of the poor. Both elements are essential. The first provides the poor with opportunities to use their most abundant asset — labour. The second improves their immediate wellbeing and increases their capacity to take advantage of the newly created possibilities. Together, they can improve the lives of most of the world's poor.¹⁷

It was clear, in 1990, that proletarianization was to be sold as an 'opportunity' that would allow the poor to 'take advantage' of their lack of other assets by selling their labour on the open market. But the truth behind it could be clearly discerned: when the World Bank spoke of providing the poor with 'opportunities to use their most abundant asset' — labour — it intended denying the poor any option *but* to use it. They were to be obliged to sell their labour power, while the Bank would support its efficient extraction by promoting targeted investment in health and education. Ten years on, the logic is the same, but the attempt to disguise it is more elaborate. Labour-intensive growth in which the poor are kept poor and obliged to sell their only asset is to be presented as offering the triple benefits of opportunity, empowerment and security. However, the process of mystification still shows through.

'Promoting opportunity' turns out to mean securing market dependence. It is initially translated as 'expanding economic opportunity for poor people by stimulating overall growth and by building up their assets and increasing the returns on these assets, through a combination of market and nonmarket actions'.¹⁸ The specific content is then spelled out. First, 'a business environment conducive to private investment and technological innovation is necessary, as is political and social stability to underpin public and private investment'. Second, 'markets are central to the lives of poor people'.¹⁹ The majority of the poor are to be proletarians. A minority are to be highly competitive small producers, particularly where patterns of land ownership and agriculture are currently inefficient. Basic social services and infrastructure — subsidies to capital — are presented as 'assets of the poor'; and for good measure the poor are offered the 'opportunity' of providing local services for themselves, for the further benefit of capital: 'local service delivery, engaging poor people and communities, can have a powerful impact on effectiveness'.²⁰

'Facilitating empowerment' turns out to mean attacking two obstacles to the free action of capital — 'rent-seeking' and other forms of corruption by representatives of the state, and political, legal and social barriers that limit access to sections of the potential working class. The World Bank advocates 'building administrative and regulatory capacity and reducing corruption', and challenging 'customary practices and discrimination on the basis of gender, ethnicity, race, religion, or social status' that hinder growth and development. As usual in the World Development Reports, no direct reference is made to the underlying theory — as usual, standard public-choice concerns regarding rent-seeking behaviour by holders of state power:

[e]mpowerment means enhancing the capacity of poor people to influence the state institutions that affect their lives, by strengthening their participation in political processes and local decisionmaking. And it means removing the barriers — political, legal, and social — that work against particular groups and building the assets of poor people to enable them to engage effectively in markets. Expanding economic opportunities for poor people indeed contributes to their empowerment. But efforts are needed to make state and social institutions work in the interests of poor people — to make them pro-poor.²¹

Again, the logic is transparent. The targets are cultural practices on the one hand, and the actions of the state on the other. The goal is to enable the poor ‘to engage effectively in markets’; the result is to deliver the poor into greater dependence upon markets. In other words, what is presented as a ‘pro-poor’ strategy is in fact a pro-capital strategy. The Bank is effusive about its ‘progressive’ potential, but silent about the envisaged outcome, in which the poor themselves act as vigilantes to enforce the disciplines which perfect and maintain their subordination to capital.

This is confirmed when the Bank turns to ‘enhancing security’. It first announces that enhancing security for poor people ‘means reducing their vulnerability to such risks as ill health, economic shocks, and natural disasters and helping them cope with adverse shocks when they do occur’. But it is immediately made clear that the purpose is not really to reduce ‘vulnerability to risk’ but to transform its character:

[p]overty reduction strategies can lessen the vulnerability of poor households through a range of approaches that can reduce volatility, provide the means for poor people to manage risk themselves, and strengthen market or public institutions for risk management. The tasks include preventing or managing shocks at the national and regional level — such as economic downturns and natural disasters — and minimizing the impact on poor people when they do occur. Supporting the range of assets of poor people — human, natural, physical, financial, and social — can help them manage the risks they face. And supporting the institutions that help poor people manage risk can enable them to pursue the higher-risk, higher-return activities that can lift them out of poverty.²²

The purpose behind ‘risk management institutions’ — health insurance, old age assistance and pensions, unemployment insurance, workfare programs, social funds, microfinance programs, and cash transfers — is to lock the poor into a permanent exposure to the risk of market dependence, by so calibrating those institutions that they propel the poor smartly back into the risk environment when they happen to fall out. What is going on? Simply, as the World Bank itself signals at the outset, that it has re-presented its 1990 message that the poor must work for a living in the captivating language of opportunity, empowerment and security — opportunity meaning the ultimate denial of opportunity, the removal of any alternative but

submission to the disciplines of capitalism; empowerment meaning the ultimate form of disempowerment — delivery entirely into the hands of capital; and security meaning the ultimate, most comprehensive abolition of security — eternal dependence upon the market. In other words, the mission of the Bank is not to abolish poverty, but to make it work to promote accumulation.

MAKING POVERTY WORK

The stated goal of the World Bank is to reduce the proportion of the world's population living in extreme poverty (defined as having an income of less than \$1 per day) by half over the period from 1990 to 2015. On the estimates published in the 2000/2001 Report, this would mean a decline from 1.2 billion to 0.8 billion over the period. First, then, this is not a policy to abolish extreme poverty, but to reduce it slowly over time — the Bank may dream of a world free from poverty, but it is not going to bring it about. Second, however, the target appears to be unrealistically high. According to the Report itself, between 1987 and 1998 the share of the population of developing and transitional countries living on less than \$1 a day fell from 28 per cent to 24 per cent, but as a consequence of population growth 'the number of people in poverty hardly changed'.²³

To put it another way, a reduction in the number of extremely poor of 2.7 per cent per year is needed to reach the target, and the current level recorded by the Bank is 1.7 per cent per year²⁴ — just about enough to keep the number of extremely poor constant if it were to continue. Third, the dismal record of poverty reduction over the last decade or so has been accompanied by spiralling inequality, on a global scale. Again, the Bank reports that per capita GDP in the richest twenty countries is thirty-seven times higher than in the poorest, and that the gap has doubled over the last forty years. It accepts, too, that income inequality between individuals, on a clearly upward trend for two centuries, has increased sharply over the same forty year period, and especially sharply in the very recent past.²⁵

And when the Bank turns to an alternative, variable measure of 'relative poverty' (less than one third of a country's average consumption level), nearly a third (32.1 per cent) of the world's population are classified as poor in 1998 — and over 50 per cent in both Latin America and Sub-Saharan Africa.²⁶

Keeping the 'nonpoor' working for capital

Having selected an income level of one dollar a day to define poverty, the World Bank coins the term 'nonpoor' to describe individuals above this level of austerity. This arbitrary and indefensible dividing line between the poor and the 'nonpoor' then plays a crucial strategic role in its analysis and policy prescriptions, making it clear that its principal intention is not to reduce poverty at all, but to subject the majority of the poor as commonly understood to dependence upon the market. The Report accepts the need to build coalitions between the poor and the 'nonpoor' in order to secure public acceptance of targeted poverty reduction programmes, and recognizes that whatever the system of targeting employed

some benefits regrettably 'leak to the nonpoor'.²⁷ At the same time, it is alive to the consequences, and vigilant to guard against them:

[c]hanges in the incentive system embedded in targeted programs could also facilitate cuts for nonpoor beneficiaries during periods of austerity. The argument is this: it is often said that for political economy reasons some of the benefits of targeted programs have to go to the nonpoor — through 'leakage' — to ensure continuing support for programs. The same forces will presumably act to limit the welfare losses to the nonpoor from cuts. One way to avoid this political economy constraint is to design programs with low marginal benefits or high marginal costs for the nonpoor.²⁸

The explicit logic of the programmes it proposes, then, is to make labour markets work efficiently by keeping income levels for those supported by public provision below market rates, and support programmes sufficiently unattractive to deter all but the most desperate. In the topsy-turvy world of the Bank, this approach goes under the benevolent heading of 'Helping Poor People Manage Risk', overlooking the fact that this risk is what the Bank is seeking to create in the first place. Accepting that even sound macro-economic policies and efficient labour markets will not fully eliminate the risk of unemployment or underemployment, the Bank calls for unemployment benefits to 'protect workers from large income losses and poverty'. It rules out unemployment insurance on the grounds that contributory systems do not work well in economies with large informal sectors and weak administrative structures: 'Better options for assisting the unemployed are means-tested social assistance and public work programs (workfare)'.²⁹

The logic of workfare programmes is two-fold. First, they are structured to attract only those who cannot find work at the bottom end of the labour market. Second, they incorporate initiatives intended to maximize the likelihood that those who are employed will remain available to re-enter the labour market in the future. In principle, therefore, they both preserve a reserve army of labour in times of recurrent crisis, and keep the total labour force at its maximum size over time. According to the Bank, their principal virtue is that by paying wages below market rates, such schemes can be self-targeting — in other words, in a manner impeccably consistent with the strategy of silent compulsion which eliminates the need for costly bureaucratic regulation, only the very neediest will contemplate entry to them. Beyond this, they can keep workers from falling permanently out of the labour market by being forced to sell assets and reduce food intake, and they can provide training to enhance skills. The Bank usefully provides a summary of the principles of successful workfare programmes, prefaced by the statement that '[i]n many programs for the poor a large share of benefits go to the nonpoor. This problem has stimulated interest in self-targeting schemes, such as public work programs (workfare), which have been especially effective':

[w]orkfare programs can improve their effectiveness by adhering to several principles.

- The wage rate should be determined by the local market wage for unskilled labor, not by the program's budget. If resources are insufficient to meet demand, the program should target areas with a high concentration of poor people. Using additional eligibility criteria should be avoided.
- Wage schedules should be gender neutral. Women can be encouraged to participate through suitable project selection, decentralized work sites, and the provision of child care.
- Labor intensity should be higher than the local norm for similar projects.
- Communities should be involved in project selection to maximize the capture by the poor of indirect benefits of the infrastructure created.
- To get the most risk mitigation, the program should be available at all times, expanding automatically during crises as demand increases.³⁰

In every point, these maxims reflect a strategy of creating and maintaining a reserve army of labour without competing with (and thereby driving up wages in) the local labour market. They confirm that the logic of World Bank proposals to 'free the world of poverty' corresponds exactly and in detail to a strategy of extending the breadth and depth of proletarianization on a global scale, and imposing the disciplines of capitalist competition upon the global proletariat.

BUILDING A GLOBAL ARCHITECTURE OF GOVERNANCE

The World Bank, in cooperation with the IMF and the WTO, is seeking to perfect a strategic division of labour and to delegate key tasks to nation states, under the closest supervision. This strategic coordination, seen as the appropriate response to the contradiction between the limited scope for agency by nation states, and the global reach of the imperatives of capitalism, is exemplified by the 'World Bank Group Strategic Framework' published on 24 January 2001. This outlines the mechanisms through which its 'Comprehensive Development Framework' is to be imposed upon societies throughout the world, and celebrates a strategic alliance with the IMF, with 'the Bank leading the dialogue on social/structural issues, and the Fund leading on macroeconomic and related issues'.³¹ It confirms the intention of the World Bank — originally conceived as an agency for channelling scarce capital to 'underdeveloped' countries — to reinvent itself as a vehicle for shaping institutions and policies from top to bottom in supposedly independent sovereign states.

At the same time it betrays an acute awareness that this project of aggressive global intervention creates a level of 'governance' far less legitimate and far more precarious than that operated by national governments. Hence its insistence that a central element of the strategy is to engineer 'ownership' of its policies by the target governments themselves. It is essential to the realization of its ambitions that

its policy framework should be adopted and internalized by governments throughout the world. The Comprehensive Development Framework seeks to shape social and structural policies so that they reinforce and extend macroeconomic discipline, principally by 'freeing' labour for capital. In order to enforce it, the World Bank has introduced the 'Matrix', a comprehensive tracking system, to be 'kept up-to-date using modern communication and information technology, possibly with open designated websites', to enable it to monitor national programmes in real time, down to provincial, state, city and municipal levels. In sum, says World Bank President James D. Wolfensohn, '[t]he Matrix will allow us to see quickly what is going on in a country from the point of view of structural and social development, and will also show us what is not going on'.³²

The operational tool through which the CDF and the Matrix is to be implemented is the Poverty Reduction Strategy Paper (PRSP), first proposed in 1999 and subsequently imposed as a contract between heavily indebted countries on the one hand, and the IMF and the World Bank on the other. The PRSP is to be monitored and updated annually, and reworked completely at three-year intervals. Through it, governments are to sign up to policies agreed on the basis of 'guidance that does not breach the principle of ownership in the context of joint missions to discuss strategy formulation with governments', backed by a comprehensive 'PRSP Sourcebook' and a programme of 'outreach and learning events'. *In extremis*, the Bank will kindly offer 'extra guidance on the expected core content of PRSPs and the participatory processes to be used in preparing them'.³³ Considerable progress has already been made in building the proposed system of global surveillance. By 2000 there were twelve pilot CDFs in place, and in ten of the twelve cases a Matrix was being developed or about to be adopted.³⁴ Six months later four full PRSPs and thirty-two Interim PRSPs had been agreed,³⁵ and the Bank was moving (with a target date of 1 July 2002) to a point where all Country Assistance Strategies (CAS) presented by the International Development Association to the Boards of the IMF and the World Bank would be underpinned by sector-by-sector SSPs (Sector Strategy Papers) and by an agreed PRSP, with the intention that 'all Bank lending and nonlending activities in IDA countries will be organized under a CAS business plan responding to the PRSP'.³⁶

Finally, the CAS-CDF-PRSP framework was being extended, beyond the small group of low-income countries covered by the Heavily Indebted Poor Countries initiative within which the system was initially developed, to the much larger group of World Bank-classified 'Middle-Income Countries', with the intention of generalizing the disciplinary framework developed in the CDF and the PRSP to all countries eligible for IBRD lending. Middle-income countries were to be invited to present a 'vision of development' in the form of a 'Letter of Development Strategy', incorporating a systematic and comprehensive diagnosis of their priorities. The matching Country Assistance Strategy would identify a programme of Economic and Sector Work (ESW), so that all the Bank's 'lending products' could be aligned to support medium-term reform

programmes. Thus the CDF-PRSP framework, with its supporting matrix, has been trialled with the most heavily indebted countries, prior to being extended to the remaining clients of the Bank and the Fund as a generalized means of intervention in economic and social policy and political governance.

NEW LABOUR SIGNS UP: DFID AND THE WORLD BANK

No government has been more active in adopting and promoting the World Bank agenda of global proletarianization than New Labour in Britain. Successive White Papers in 1997 and 2000 issued by the Department for International Development (DFID) have endorsed every element of the programme, while behind the scenes the British government has emerged as the World Bank's strongest supporter. While NGOs queued up, in response to a World Bank 'consultation' on its proposed Poverty Reduction Strategy Papers, to counsel against the tying of debt relief for the poorest countries to the adoption of poverty reduction strategies defined by the Bank, the British government came in right on cue with the most supportive of advice. The British Government's views on the Heavily Indebted Poor Countries (HIPC) Initiative were summarized by the World Bank's Development Committee as follows:

British government regards closer link between debt relief and reducing poverty as the very rationale of a revived HIPC. Relief should only be available to countries seriously committed to poverty reduction — should reward progress, outcomes. For this reason, wary of adding new short-term conditions. Instead, debt relief should be integrated with strategies aimed at encouraging long-term poverty reduction. i) The Comprehensive Development Framework provides mechanism for national leadership and integration of donor support. ii) Medium-Term Expenditure Frameworks, as developed in Special Program for Africa (SPA) and in consultation with IMF. iii) Code of Social Principles being discussed by World Bank and UN, building on Copenhagen Social Summit resolutions. Framework for ESAF conditionality and new Enhanced Poverty Framework called for by G-7 need to be brought together, and analysis is needed on how closely HIPC relief should be linked to ESAF.³⁷

In fact New Labour's commitment to neoliberal principles, and its desire to promote itself as a leading ally of the international organizations seeking to develop a framework for global governance, have shaped the activity of DFID since its creation.³⁸ The first White Paper endorsed the theme of 'eliminating world poverty', while the second adopted lock, stock and barrel the policies of global proletarianization backed by universal surveillance advocated by the Bank.³⁹ Following World Bank prescriptions to the letter, the British government urged that the poor should be 'freed' by being obliged to become workers or competing small producers within a thoroughly competitive global capitalist economy, while contributing further unpaid labour to community organization

and the provision of essential infrastructure.⁴⁰ The 1997 White Paper echoed the World Bank line on the need to submit the poor to the logic of capitalist markets: 'Individuals, households, enterprises and communities need the capacity to take advantage of opportunities to initiate and participate in new economic activity, to be provided with the appropriate incentives to stimulate their efforts to pursue and sustain income-generating activities, and to be encouraged through targeted instruments that promote economic activity'.⁴¹ It then set this micro-level discipline, applied to households, enterprises and communities, firmly in the macro-disciplinary framework provided by the World Bank, the IMF and the WTO: '[w]e will support a closely integrated approach in which the IMF contributes to the establishment of sound macro-economic and financial policies to encourage pro-poor growth, while the Bank complements these efforts by promoting policy, institutional reforms and projects that focus on the elimination of poverty'.⁴²

To support the effort, the British government volunteered to use its influence to persuade international actors that all aid and support should be conditional on signing up to the policies promoted by the World Bank and its allies, and offered partnership only to low-income countries 'committed to the elimination of poverty and pursuing sensible policies to bring that about'.⁴³ Potential partners in the developing world would have to adopt policies and budgetary allocation processes to the liking of the IMF, the World Bank, and the WTO, accept banking supervision and IMF surveillance of their financial systems, allow extensive evaluation and monitoring of their performance, and agree mechanisms for civil society oversight of government performance: '[t]here will thus be a range of relationships reflecting the circumstances of each country. What will remain consistent is the principle that the level of resources, length of commitment and flexibility in the use of resources provided to governments will be related not only to their needs but also to the confidence that we have in their policies not actions.'⁴⁴

Against this background, the 2000 White Paper proposes that international organizations should 'work with countries and international institutions to design 'road maps' for the opening up of capital accounts',⁴⁵ and calls for the IMF and the World Bank to play closely coordinated central roles, with developing countries obliged to adopt IMF-approved Poverty Reduction Strategies to gain access to funds.⁴⁶ The IMF's powers of surveillance are to be strengthened, for developed and developing countries alike, and extended to cover all aspects of the operation of financial markets: '[f]irst, we need improved surveillance — better monitoring of the performance of developed and developing country economies, and greater transparency in this process ... We believe that an enhanced IMF surveillance process ... provides the best framework'.⁴⁷ At the same time, domestic social policy must 'provide a better foundation for coping with shocks and help build the political consensus required to undertake adjustment and restore private sector confidence'.⁴⁸ The White Paper reflects pride in the fact that debt relief under the Heavily Indebted Poor Countries Initiative has been tied 'at

UK prompting' to the adoption of World Bank and IMF approved poverty reduction strategies, and proposes that this policy should be extended to cover *all* concessional resource flows:

[a]t the meetings of the World Bank and the IMF in 1999, it was agreed, at UK prompting, that the support provided by the World Bank and the IMF to developing countries should be focused around debt reduction strategies. These would be drawn up by the developing country government in consultation with its civil society. This new approach will be applied not only to the Heavily Indebted Poor Countries, but is intended also to become the basis for all concessional resource flows from the World Bank and the IMF and other development agencies. Implementation has so far focused on low income countries in Africa. We believe that the principle of a country-led poverty reduction strategy should apply to middle income countries and to other developing country regions too.⁴⁹

In support of this goal, the British government promises to develop 'country strategy papers' that will 'address the full range of policy reforms needed to enable countries to adapt successfully to the challenges of globalisation'. And the White Paper concludes with an ambitious programme for the creation of an international system in which the UN, the IMF, the WTO, the World Bank and the multilateral development banks, the G8, the OECD and the Commonwealth would all work together, guided by the World Bank's 'Comprehensive Development Framework' and the 'International Development Targets', to ensure that all countries in the global economy face a unified international framework from which there can be no escape.⁵⁰

CONCLUSION

The distinctive feature of World Bank policy and the British proposals which so closely echo it is that they have shifted decisively from promoting US (or British) capital abroad to promoting the development of *capitalism* on a global scale. The strategy is to make the extremely poor exploitable, by their own 'local' capitalists as much as by foreign capital, as a means of creating a vast army of workers on subsistence-level wages across the world. In other words, World Bank proposals for 'poverty reduction' reflect — for a *global* capitalist system — precisely the logic set out by Marx in *Capital*. First, policy is geared towards ensuring that the 'floating' proletariat does indeed float easily between employment and unemployment. Labour markets are to be deregulated, and every care is to be taken to avoid the introduction of unemployment support which competes with those markets. Second, a battery of measures is proposed, some operating over the short term and some over the long term, to draw the 'latent' proletariat into the proletariat proper. Third, the Bank proposes safety nets and other forms of support at a minimal level for a 'stagnant' surplus population of over a billion living below a 'poverty line' of \$1 a day. The policy, recognizing precisely the categories of 'relative surplus population' identified by Marx, is to

create and maintain a reserve army of labour, to throw the bulk of the cost onto the poor themselves, and to turn the poor systematically, by institutional and ideological means, into the agents of their own subordination to the disciplines of global capitalism.

In all of this, the definition of a poverty line at an income level of one dollar a day plays a crucial strategic role. The 'nonpoor' above it are to be a genuinely global proletariat, fully exposed to market dependence. The level itself denotes the border, policed on the one side to prevent the 'nonpoor' from sticking their greedy fingers into the resources targeted on the poor, and arrayed on the other side with mechanisms to suck new waves of workers into the global proletariat. And out on the margins a mass of the absolutely poor providentially acts as the ultimate guarantee that the disciplines of market dependence will operate with the maximum effect. Nothing could better illustrate practical commitment to the truth that the surest wealth consists in a multitude of laborious poor — a view to which the Bank clearly subscribes.

At this point, then, we may return to the two contradictions in global capitalism identified at the outset — its need to operate as a single system across a fragmented world of competing states with no overarching political authority, and its need to represent the interests of a single class as those of society as a whole. The World Bank is seeking to address the first by proposing itself as the source of strategic guidance on policy frameworks within which the conditions for capitalist accumulation can be secured and reproduced. This is the key to its role in the contemporary global economy. The manner in which it promotes its policies, passing off strategies of subjection to market dependence as promises to bring direct benefits to the poor, reflects but cannot overcome the second, more fundamental contradiction — that capitalism must subject the majority to poverty, but cannot admit it.

NOTES

1. IMF, OECD, UN, World Bank, *A Better World For All: Towards the International Development Goals*, Communications Development, Washington, 2000; 'United Nations Millennium Declaration', 55th General Assembly, Resolution 55/2, 18 September 2000; World Bank, *World Development Report 2000/2001: Attacking Poverty*, New York: Oxford University Press, 2001.
2. Cited in Karl Marx, *Capital*, Vol. 1, London: Penguin/New Left Review, 1976, Ch. 25, p. 800.
3. See Ellen Meiksins Wood, *infra*.
4. Marx, *Capital*, pp. 763-4.
5. *Ibid.*, p. 769.
6. *Ibid.*, pp. 780-1.
7. *Ibid.*, p. 782.
8. *Ibid.*, pp. 783-5.

9. Ibid., p. 786.
10. Ibid., p. 796.
11. Ibid, p. 797.
12. Ibid.
13. Ibid., p. 798.
14. Ibid., p. 799.
15. See Paul Cammack, 'Attacking the Poor', forthcoming, *New Left Review*, 2001.
16. World Bank, *Attacking Poverty*, p. 33.
17. World Bank, *World Development Report 1990: Poverty*, New York: OUP, 1990, p. 51.
18. Ibid.
19. Ibid., p. 38.
20. Ibid., pp. 38-9.
21. Ibid., p. 39. See also pp. 88-96.
22. Ibid., pp. 39-40.
23. Ibid., p. 21.
24. Ibid., p. 6.
25. Ibid., Box 3.3, p. 51.
26. Ibid., p. 24.
27. Ibid., p. 168.
28. Ibid., p. 169.
29. Ibid., pp. 154-5.
30. Ibid., Box 8.9, p. 156.
31. World Bank, 'World Bank Group Strategic Framework', Washington DC, 24 January 2001, p.8. For a fuller analysis, see Paul Cammack, 'The Mother of All Governments: the World Bank's Matrix for Global Governance', forthcoming in R. Wilkinson and J. Hughes, eds., *Engaging Global Governance: towards a new agenda?*, London: Routledge.
32. James D. Wolfensohn, 'A Proposal for a Comprehensive Development Framework', memo to Board, Management and Staff of World Bank Group, 21 January 1999, pp. 24, 28.
33. 'A Joint Memorandum from the Managing Director of the IMF and the President of the World Bank', 7 September 2000, in Development Committee, 'Heavily Indebted Poor Countries (HIPC) Initiative and Poverty Reduction Strategy Papers (PRSP): A Joint Memorandum from the Managing Director of the IMF and the President of the World Bank and Reports on Progress in Implementation', DC/2000-18, 8 September 2000, p. 6.
34. Development Committee, 'Comprehensive Development Framework: Progress Report', DC/2000-17, 7 September 2000. The twelve pilots were in Bolivia, Côte d'Ivoire, Dominican Republic, Eritrea, Ethiopia, Ghana, Kyrgyz Republic, Morocco, Romania, Uganda, Vietnam, and the West Bank/Gaza.

35. IBRD/IDA, 'Strategic Directions for FY02-FY04: Implementing the World Bank's Strategic Framework', 28 March 2001, p. 2.
36. International Monetary Fund and International Development Association, 'Poverty Reduction Strategy Papers — Progress in Implementation', para 45, p. 21, in Development Committee, 'HIPC Initiative and PRSP', *op. cit.*
37. Development Committee, 'Heavily Indebted Poor Countries (HIPC) Initiative: Strengthening the Link Between Debt Relief and Poverty Reduction', DC/99-24, 17 September 1999, Annex 1: Respondent's Views on HIPC Initiative, p. 39.
38. For the background, see Rorden Wilkinson, 'New Labour and the Global Economy', and Ralph Young, 'New Labour and International Development', in David Coates and Peter Lawler, eds., *New Labour in Power*, Manchester University Press, 2000, pp. 136-48 and 254-67.
39. HMSO Cm 3789, *Eliminating World Poverty: A Challenge for the 21st Century* (Stationery Office, 1997); Cm 5006, *Eliminating World Poverty: Making Globalisation Work for the Poor* (Stationery Office, 2000).
40. For a detailed analysis see Paul Cammack, 'Making the Poor Work for Globalisation', *New Political Economy*, forthcoming November 2001.
41. *A Challenge for the 21st Century*, Panel 10, p. 29.
42. *Ibid.*, para. 2.10, p. 34; see also para. 3.15, p. 58: 'The Government supports an open, fair and sustainable multilateral trading system — from which all countries can benefit. The World Trade Organization (WTO) provides the rule-based framework which underpins the system. We will encourage and assist developing countries to become more fully integrated into the multi-lateral system and to participate in the WTO. We want to support their efforts to reduce their trade barriers, taking account of the time needed for their economies to adjust'; and para. 3.47, p. 67.
43. *Ibid.*, para. 2.21, p. 38.
44. *Ibid.*, para. 2.25, p. 40. See also paras 2.13, 2.19, 2.22, and 3.56.
45. *Making Globalisation Work for the Poor*, paras 161-3, pp. 51-2.
46. *Ibid.*, paras 165-71, pp. 52-3.
47. *Ibid.*, paras 173-5, p. 53.
48. *Ibid.*, para. 179, p. 54.
49. *Ibid.*, paras 306-7, p. 91.
50. *Ibid.*, paras 314-50, pp. 92-101.