The Global Development Crisis

Ben Selwyn

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ACKNOWLEDGEMENTS

This book is a collection of essays and something greater. It is a collection of essays because sections of the core chapters have been written or published previously as individual articles. It is more than a collection because I have modified every chapter from the original article, and I have added substantial additional chapters. My hope is that while each chapter can stand alone, together they provide a more integrated argument about processes of development under, against and potentially beyond capitalism.

Each chapter engages with fundamental themes in development studies. The difference between this work and other books that discuss theories of development is that I engage critically and hopefully creatively with rival theories, from the perspective of labour, derived from Marxian political economy.

The chapters in this book draw upon and develop arguments previously published. Part of chapter 2 was published in *New Political Economy* (volume 14, 2009), part of chapter 3 was published in *Global Labour Journal (*volume 4, 2013), a large part of chapter 4 was published in *Economy and Society* (volume 40, 2011), and part of chapter 7 was published in *Economic and Political Weekly,* volume 46, 2011).

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THE GLOBAL DEVELOPMENT CRISIS

The central paradox of the contemporary world is the simultaneous presence of wealth on an unprecedented scale, and mass poverty. Liberal ideology and practice, as propounded by international financial institutions (IFIs) and heads of trans-national corporations, state leaders and their intellectual supporters explains the relationship between capitalism and poverty as one based around the dichotomy of inclusion (into capitalism) vs exclusion (from capitalism). The global capitalist system, or ‘the world market’ or ‘the free market’, is portrayed as a sphere of economic dynamism, an arena where freedom to exchange prevails, and as a source of developmental opportunities for less developed countries.

Within such explanatory frameworks poor countries and their populations are held to be poor not because of the nature of the capitalist world system, but because of their effective exclusion from it. Policies such as trade liberalization and the deregulation of markets (in particular financial, commodity and labour markets) are designed to remove state ‘distortions’, and thus enable poor countries to harness the dynamism of the market. An example of this way of thinking is provided by Anthony Giddens, who argues that the main problems experienced by poor countries ‘don’t come from the global economy itself, or from the self-seeking behaviour on the part of the richer nations. They lie mainly in the societies themselves – in authoritarian government, corruption, conflict, over-regulation and the low level of emancipation of women' (Giddens 2000, 129). In this way of thinking the world market is often portrayed as a ladder (of opportunity and wealth), where, once on the bottom rung, poor countries have the possibility of climbing further up and, by doing so, accelerating the human development of their population.

The inclusion/exclusion discourse reflects what Henry Bernstein (1992) labels a 'residualist' understanding of the relationship between capitalism and poverty, where 'exclusion' from 'the market' is the main cause of poverty. At the heart of this understanding is the assumption that 'inclusion' (into capitalism, or globalization, or the world market) brings economic growth and development, and improves the incomes and livelihoods of all participants. An example of a residualist perspective is UN Millennium project director Jeffrey Sachs' defence of the proliferation of sweatshop labour across the global south. He argues that 'rich-world protestors … should support increased numbers of such jobs' and that '[t]he sweatshops are the first rung on the ladder out of extreme poverty' (Sachs 2005, 11) (see chapter 5 for a direct critique of this argument).[1]

The ideological appeal of the residualist discourse to defenders of neoliberal globalization should be clear. It shifts our focus away from investigating how a particular type of economic system (capitalism) simultaneously generates poverty and wealth. It reframes the debate around the axiom that capitalism must, by definition, provide the solutions to the world's poor, and that therefore, the problem of development is not the capitalist system itself, but exclusion from it. Through this discursive act capitalism remains a pristine non-object of analysis (Wood 1991, 1–11).

Neoliberalism represents the contemporary ideological defence and justification of capitalism, where markets are said to operate optimally when they are 'freed' from state and other forms of non-market interference. The ideological power of this definition of capitalism is that markets are portrayed as neutral arenas of exchange that do not favour any particular social group or class. However, behind the ideology, neoliberal policy relies heavily upon states to reshape class relations in favour of capital, in particular finance capital (Harvey 2005, Harman 2008, Panitch and Konings 2009). As shall be argued throughout this book however, capitalist markets are not neutral arenas of exchange, or benign spheres of developmental opportunity. Rather, they are sets of social relations that reproduce the subordination of the greater part of society (labourers) to the minority (owners of capital). Because markets are contested social relations, they are based upon rival interests and visions of how the ownership, control and consumption of of wealth should be organized. Neoliberal policy and ideology seeks to strengthen the social institutions that 'advance the disciplinary power of markets' over labouring classes (Taylor 2006, 7). Economic thought that understands markets as nonpolitical arenas of exchange logically precludes political economy analysis, as 'politics' are externalized from market activities.

The portrayal of capitalism as a benign sphere of human activity goes hand-in-hand with another firmly held axiom within development thinking – that development 'policy' consists of enlightened actors (states, entrepreneurs, international institutions and Non-Governmental Organizations) carrying out actions *for* the poor (or at best, constituting the leading 'partner' with the poor). The way 'the poor' are portrayed in much development discourse are as the 'disempowered' who need to be 'empowered' by benign assistance from above. At the sharp end of this mode of thought, the poor need to be forcefully liberated from oppressive state rulers through Western foreign military intervention and effective re-colonization (Collier 2007). Contrary to such paternalist conceptions of development policy this book argues for a conception of development that is undertaken by 'the poor' themselves –

that is, a labour-centred conception of development. Such a conception is premised upon a fundamental critique of capitalism.

It is the argument of this book that if we are to understand the apparent paradox of immense wealth and mass poverty, then rather than following a residualist mode of analysis, we require a deep and sustained theoretical and empirical scrutiny of capitalist processes of development.

In opposition to residualist conceptions of development, Henry Bernstein proposes a relational conception, which

> Investigate[s] the causes of … poverty in terms of social relations of production and reproduction, of property and power that characterize certain types of development, and especially those associated with the spread and growth of capitalism. A relational approach thus asks rather different questions [to the residualist approach]: are some poor *because* others are rich (and vice versa)? What are the mechanisms that generate both wealth and poverty as two sides of the same coin of (capitalist) development? (Bernstein 1992, 24, original emphasis)

What are the social relations to be conceptualized and investigated in a relational political economy of development? Again, Bernstein (2010, 22–4) provides us with a useful guide. Four key questions, or registers, that constitute such a political economy are: Who owns what? (the question of property rights); Who does what? (the question of the social division of labour); Who gets what? (the question of the social division of fruits of labour); and, What do they do with it? (the question of the social relations of consumption). These four registers exist and mutually constitute each other nationally and internationally.

Early in their political careers Marx and Engels recognized the paradox of the simultaneous expansion of global wealth and poverty. In the Communist Manifesto, written in 1848, they observed how:

> The bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together. Subjection of Nature's forces to man, machinery,

> application of chemistry to industry and agriculture, steam-navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalization of rivers, whole populations conjured out of the ground – what earlier century had even a presentiment that such productive forces slumbered in the lap of social labour?

They also noted how, in the periodic economic crises that beset capitalism since its birth:

> … there breaks out an epidemic that, in all earlier epochs, would have seemed an absurdity – the *epidemic of over-production.* Society suddenly finds itself put back into a state of momentary barbarism; it appears as if a famine, a universal war of devastation, had cut off the supply of every means of subsistence; industry and commerce seem to be destroyed; and why? Because there is *too much civilization, too much means of subsistence, too much industry, too much commerce.* (Marx and Engels 1848, emphasis added)

While in this text Marx and Engels portray the phenomenon of excess surpluses as a product of periodic economic crisis, it will be argued in the following chapters that it represents a deeper, structural problem of capitalism itself.

It needs to be emphasized at the outset that the argument here is *not* that capitalist states and markets cannot achieve and deliver economic growth. As the above quotes make clear, Marx and Engels understood the immense dynamism of capitalism as dwarfing anything achieved in previous modes of production. Capitalist states and markets generate rapid rates of economic growth, technological innovation and wealth generation. The argument, which will be developed throughout this book, is that while capitalism's productive dynamism represents a potential source of real human development, capitalism's social relations, in particular the non-democratic ownership of wealth and means of creating wealth by a tiny percentage of the world's population, preclude such possibilities.

The discrepancy between capitalism's dynamism and widespread global poverty demands a fundamental questioning and re-thinking of what we understand by development. Does it mean economic growth? Does it mean the ending of global poverty? Does it mean economic ‘catch-up’, where previously poor states re-organize their resources (natural and human) and achieve rapid rates of economic growth, to become rich and stand alongside leading capitalist states in the world system? Amartya Sen rejects the reduction of development to economic measurements, arguing instead that development consists simultaneously of the ‘removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency’ and conjointly, ‘a process of expanding the real freedoms that people enjoy’ (Sen 1999, xii, 3). While I concur with Sen, I disagree with his understanding of how such a process of development can come about.

It is the argument of this book that capitalism precludes Sen’s vision, as it is founded upon the systemic exploitation and repression of the majority (the world’s labouring classes) by the minority (the world’s capitalist classes and states). Exploitation under capitalism is understood by institutions such as the International Labour Organization (e.g. ILO 1999) and by liberal economists, as, for example, the payment of below-market wages, of excessively long working hours or demeaning working conditions.[2] This book argues that exploitation under capitalism is, rather, the pre-condition and basis of the capital–labour relation, and cannot, therefore, be ‘solved’ by benign state intervention (as advocated by the ILO) or of better functioning markets (as argued for by liberal economists). Rather, exploitation consists of capital’s ability to pay workers a ‘fair’ wage in the labour market, but then use workers’ labour power in the sphere of production to generate greater value (surplus value) than the price of the original wage. Capital can achieve this act based upon its ownership of social wealth and the means of producing that wealth (the ‘means of production’ in standard Marxist terminology) and worker’s need to sell their labour power in order to earn a wage. To be sure, the forms of exploitation that the ILO and liberal economists identify exist across the world (north and south), but even if these forms were eliminated labour would still be exploited by capital.

Capitalism's dynamism, evidenced by its ability to propagate rapid economic growth, technical change and wealth generation is pursued and achieved in the interests of capital (firms) and states, and not in the interests of the majority of the world's population. Capital's ability to systematically and continually exploit labour requires a political-economic infrastructure to reproduce this unequal relationship. Democracy and freedom of choice are therefore limited, often to the sphere of electoral politics and to consumerism (itself determined by workers' relatively limited purchasing power). However, while the relationship between capital and labour is based on an unequal, antagonistic and exploitative relationship, this does not preclude labouring classes from mobilizing to demand improvements in their pay and working conditions and over the extent of their democratic participation within society.

These mobilizations can force capitalist states to engage in progressive actions, such as the establishment of universal suffrage, welfare states and regulation of labour markets and workplaces in order to limit the kinds of exploitation identified by liberals and the ILO. These gains are a product of labouring-class struggles, real and potential, and their ability to threaten the stability of capitalist social relations.

Struggles between capital and labouring classes have short, and medium/long-term institutional and developmental outcomes. Short-term outcomes may reflect more or less concession to labour from capital (for example higher or lower wages). Medium and long-term outcomes become institutionalized in the form and extent of labouring-class representation (e.g. what kinds of actions trade unions can engage in), and in state formation, where labouring classes are more or less incorporated into the state structure (compare, for example, the Brazilian state's structures in relation to labour before and after the 1964 military coup). These processes, in turn, reflect the balance of class power, which describes a situation where representatives of one class are able to formulate their own objectives and force other classes to concede to them (Cliff 1979, 1995; Harman 1984a). Shifts in the balance of power towards labouring classes can have positive institutional and developmental outcomes for labouring classes.

The above arguments about capitalism's incompatibility with human development, and the balance of class power as a core variable in the developmental processes and outcomes of the world's labouring classes, may strike many within the development studies community as counter-intuitive. In the following section I suggest that this is because the evolution of development studies and thinking about development more broadly has been characterized by an intellectual hollowing out, often resulting in explicit or implicit celebrations of capitalism, rather than in a systemic critique of the system itself.

The Rise, Fall and Re-Birth of Thinking about Development/Development Thinking

Reflection on the nature of development can be traced back at least as far as Aristotle's concept of Eudaimonia (which is often understood to mean the process of human flourishing) or to Adam Smith's conception of different phases of human development (the ages of hunters, of shepherds, of agriculture and finally of commerce).

The systematic and institutionalized study of development and its translation into national and international policy emerged, however, during the moment of de-colonization following the Second World War. The post-colonial moment represented a particular world historical conjuncture, entailing anti-colonial struggles and revolutions, the threat of the global expansion of soviet-style ‘communism’, the emergence of the United States as the hegemonic power of the economically more advanced Western hemisphere, and the successful Marshall Plan in Western Europe. It occurred in the midst of the Keynesian revolution (Keynes 1936), which, for a generation at least, overthrew established neoclassical ways of thinking.

Northern states and the international institutions that they created at the 1944 Bretton Woods conference sought to incorporate certain Keynesian precepts into their national and international policies, in particular the recognition of the possibility and necessity of states stimulating economic growth. These actions established what, by comparison to the prior colonial period and today’s neoliberaldominated policy consensus, Philip McMichael (2000) labels the ‘development project’. States in the emerging ‘Third World’ were encouraged and assisted by northern states and international institutions in pursuing active development policies. Within this unique conjuncture, institutional space was created in universities, funded by the post-war boom and relatively progressive fiscal policies, in particular in economics and sociology departments, for the study of the problems faced by the world’s poorer countries (Leys 1996).

The post-colonial moment, then, generated a rich proliferation of thinking and debate about development. From Rostow’s (1960) modernization theory to Frank (1966) and Wallerstein’s (1974) dual riposte in the forms of dependency and World Systems theory respectively, themselves drawing on the Latin American structuralist school of development thinking (Kay 1989), to the burgeoning attempts to construct a specific sub-field of development economics by figures such as Hirschman, Gerschenkron, Rosenstein-Rodan, Lewis and Myrdal (discussed in chapter 4), development thinking enjoyed something of a 'golden age'.

Prior to the Keynesian revolution and the emergence of development economics, thinking about development, informed primarily by neoclassical economics, had operated according to a double set of assumptions based on monoeconomics and mutual gains (Hirschman 1981). The monoeconomic assumption was that economic 'laws' were applicable across time and space.[3] The assumption of mutual gains from trade was derived from Ricardo's model of comparative advantage. Albert Hirschman (1981) notes how development economics rejected monoeconomics, but retained the expectation of mutual gains. The rejection of monoeconomics opened the door, intellectually and politically, to diverse forms of industrial, trade and technology policy, and to questions of the state's role in coordinating the economy. The expectation of mutual gains (that advanced economies would gain from poor countries' development) created an institutional environment in the advanced economies favourable to heterodox development thinking.

Within the expanding sub-field of development economics there was considerable scope for investigating and theorizing how capitalism generated simultaneous economic dynamism and stagnation. Development economics represented, to a significant degree, a commitment to a relational political economy. While most of its proponents were committed to establishing viable national capitalist economies, they did not shy away from subjecting capitalism itself to a relatively critical scrutiny. While few of these development economists considered how labouring classes and their struggles to ameliorate their conditions could be constitutive of human development, the rise of development economics nevertheless represented an important moment in intellectual and policy history.

The ‘golden age’ was not to last however, and gave way, under conditions of world economic crisis, slowing growth and indebtedness across much of the Third World, to what John Toye (1987) described as the neoliberal counter-revolution. The counter-revolution re-enshrined the principles of monoeconomics within much development thinking. The re-founded dominance of (neo)liberal monoeconomics generated the so-called Washington Consensus, centred around removing state ‘distortions’ from the economy, which, it was endlessly proclaimed, would lead to renewed growth, poverty alleviation and accelerated human development (Williamson: 1989). Under these intellectual and political conditions, development thinking, with its commitment to heterodox political economy, witnessed a rapid impoverishment, so much so that by late 1980s it was common to describe development studies as having reached an ‘impasse’ (Booth 1985; Sklair 1988; Kiely 1995).

To be sure, the neoliberal counter-revolution did not eliminate all non-liberal thinking. There were stimulating intellectual developments in gender and development analysis (see Kabeer 1994; Visvathan et al. 1997), in ‘Post-development’ (Sachs 1992; Escobar 1995) and within Marxism (Warren 1980; Shaikh 1980; Byres 1991). And, as we shall discuss in chapters 2 and 4, Statist Political Economy represented a very powerful counter-position to neoliberal thought. However, these currents were sideshows to an increasingly hegemonic neoliberal monoeconomics.

Despite the intellectual simplicity and hence policy attractiveness, and institutional power of neoliberal monoeconomics, and contrary to many expectations, development studies did not disappear. Rather, and perhaps paradoxically, it was re-born, manifested by the rapid expansion of development studies departments in much of the northern-English speaking world and beyond. Part of the reason for this re-birth was the recognition from the early

1990s onwards, that the Washington Consensus's 'minimum programme' of 'freeing' markets from distorting state activities had not, and could not, lead to the kinds of growth rates that its exponents were promising and hoping for. With this recognition, the Post-Washington Consensus emerged, with a central role for the state (Stiglitz 1998; and for a critique see Fine 1999).

However, rather than a return to the heterodox, relational political economy of the 'golden age', under the hegemony of the Post-Washington consensus, the state was (re)conceptualized as a 'supporting' actor in expanding and delivering market 'opportunities' to the populations of the global south (and north). Consequently, as Bernstein (2005) suggests, while in the 1980s development thinking experienced a process where 'less became more' (based on the assumptions that limiting state activity in the economy would 'free up' market dynamism), in the 1990s and beyond 'more became less' as the myriad policy mechanisms required to 'support' the market contributed to the expansion of development studies' remit, but at the continued expense of its earlier, more critical and relational incarnation. Within its expanded remit development studies (in universities) and development discourse (as propounded by governments, aid agencies and many campaigning organizations) revolves increasingly around a residualist perspective, where solutions, based on ever-greater market integration, are posed to problems ranging from poverty reduction and environmental destruction to anti-corruption and state-reform. As Bernstein (2005, 119) argues

> [N]otions such as 'pro-poor growth' … expresses … the commitment of contemporary development discourse and doctrine to 'win-win' solutions and its faith that an inclusive … market economy … contains no intrinsic obstacles to a better life for all.

Bernstein argues that what has been lost to development thinking/ studies as a consequence of the hegemony of neoliberal monoeconomics is ‘the wider intellectual, and political, understanding of development as a process of struggle and conflict, and use of the diverse intellectual resources available to advance such an understanding’ (Bernstein 2005, 119). It is such an understanding, and the generation of the intellectual tools necessary to support it, that represents this book’s rationale. This rationale is reinforced when we consider the nature of the paradox of global wealth and poverty.

Some Considerations on Global Wealth and Poverty

Soon after the onset of the current global economic crisis the World Bank estimated that its effects would generate ‘from 55 million to 90 million more extreme poor in 2009 than expected before the crisis’ (World Bank 2009, 2). Since then the crisis has deepened and shows little sign of abating. The plight of the global poor contrasts with the fortunes of the world’s 100 richest people who, in 2012 alone, became $241 billion richer (Miller and Newcomb 2013). Oxfam calculates that this $241 billion would be enough to end extreme poverty (those living under US$1.25 a day) four times over (Oxfam 2013). These figures only describe documented *income*, and are thus an underestimate of global wealth. The extent of unaccounted-for wealth is significantly greater. By 2010, for example, there was somewhere between $21 and $32 trillion of hidden financial assets held offshore, and thus untaxed, by ‘high net worth individuals’ (Tax Justice Network 2012a, 33).

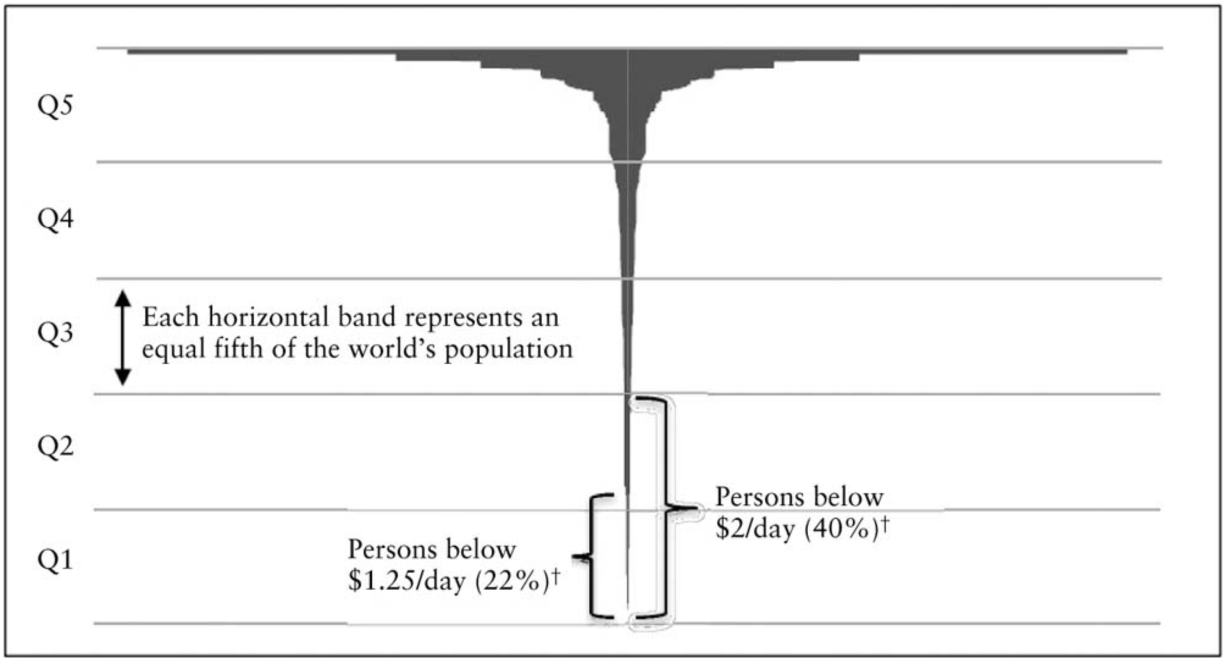

Figure 1.1 Global Income Distribution by Quintiles of the Population in 2007 (or latest available) in PPP constant 2005 International dollars

(Permission to reproduce this figure obtained from the UN.)

Source: Adapted from UNDP (2005) using World Bank (2011), UNL-WIDER (2008) and Eurostat (2011)
*According to the global accounting model
†Based on Chen and Ravallioin (2008)

Figure 1.1 provides a static image of the *global division of wealth by income* by dividing the distribution of world GDP into quintiles (world population divided into fifths). Ironically it is shaped like a champagne glass and shows that in 2007 61 million individuals (around one per cent of the global population) had incomes equal to the bottom 3.5 billion individuals (56 per cent of the global population) (Ortiz and Cummins 2011). A dynamic image of this division of wealth would consider how the *income gap* between the richest and poorest fifth of the world's population has been widening over the last half-century: From 30:1 in 1960, to 60:1 in 1990 and 74:1 in 1997 (UNDP, cited in Glenn 2007,156). One manifestation of this growing income gap is reflected by how 'the relative income share of the poorest

30 per cent of humanity was *reduced* by about one-fifth during the 1988–2002 period: from 1.52 to 1.22 per cent of global household income' (Pogge 2010, 11, 105–6, emphasis added).

While the data shown in figure 1.1 detail patterns of the global distribution of wealth, they tell us relatively little about how wealth is distributed within the countries of the global south. The Tax Justice Network (2012a), however, provides data for 139 'mostly low-middle income countries' and notes that:

> [T]raditional data show aggregate external debts of US$4.1 trillion at the end of 2010. But take their foreign reserves and unrecorded offshore private wealth into account, and the picture reverses: they had aggregate net debts of *minus US$10.1–13.1 trillion* … [T]hese countries are big net creditors, not debtors. [However], their assets are held by a few wealthy individuals, while their debts are shouldered by their ordinary people through their governments.

A recent study by Boyce and Ndikumana (2011) shows how:

> [S]ub-Saharan Africa experienced an exodus of more than $700 billion in capital flight since 1970 … Africa is a net creditor to the rest of the world in the sense that its foreign assets exceed its foreign liabilities. But there is a key difference between the two: the assets are in the hands of private Africans, while the liabilities are public, owed by the African people at large through their governments.

This is compared to Africa's $177 billion in external debts (Ndikumana and Boyce 2011).[4] If this wealth was subject to some form of democratic control in its distribution, it would be possible to envision an Africa with significantly lower levels of absolute and relative poverty. Democratic control over wealth generation and ownership is not, however, a subject of discussion within mainstream development discourse.

The discrepancies between extreme wealth and poverty reflect deep structural processes within the contemporary world system. According to the Food and Agriculture Organization the numbers of undernourished people in the world increased from 825 million in 1995–1997, to 923 million in 2007 and to 1023 million in 2009. The rapid increase between 2007 and 2009 was in part due to financial speculation on commodities in response to falling profits elsewhere in the world economy. While the numbers of undernourished people fell to 925 million in 2010 this was a consequence of falling (and continually fluctuating) prices, rather than an increase in food security for the world's poor (FAO 2011). The prevalence of global malnutrition does not, however, reflect a lack of food. As the World Food Programme notes 'Food has never before existed in such abundance … In purely quantitative terms, there is enough food available to feed the entire global population of seven billion people'.[5] The total quantity of food produced globally is 'more than one and a half times what is needed to provide every person on earth with a nutritious diet' (Weis 2007, 11). As Farshad Araghi notes, we now live in a world where 'hunger amidst scarcity' has given way to 'hunger amidst abundance' (Araghi 2000, 155).

The magnitude of the development crisis that confronts the populations of the global south is caputured well by Thomas Pogge:

> At 18 million per year, the global poverty death toll over the 15 years since the end of the Cold War was around 270 million, roughly the population of the US. If the magnitude of the world poverty problem remains constant, the poverty death toll for the period from the Millenium Declaration [2000] to 2015 will likewise be about 270 million. (Pogge 2003, 17).

Capitalism, Exploitation and Economic Growth

These discrepancies – between immense economic wealth concentrated in the hands of the global elite, and widespread poverty – are the source of resentment and rebellion across much of the global south (and north). Such rebellions were on the agenda even before the onset of the global economic crisis. US geostrategist Zbigniew Brezinski described a situation where '[I]n the twenty-first century the population of much of the developing world is … politically stirring. It is a population conscious of social injustice to an unprecedented degree and resentful of its deprivations and lack of personal dignity' (Brezinski 2007, 203). Since the onset of the crisis these rebellions have deepened in their intensity and widened geographically. As Immanuel Wallerstein (2012) puts it 'the geography of protest constantly shifts. Tahrir Square in Cairo yesterday, unauthorized massive marches with pots and pans in Montreal today, somewhere else (probably somewhere surprising) tomorrow.'

Neither (neo)liberals nor their statist critics like to dwell on capitalism's mis-match between ever-increasing global wealth and continued mass poverty. Nor do they incorporate the above-mentioned mass movements into their consideration of development processes. They are particularly loath to associate the simultaneous reproduction of immense wealth and widespread poverty with exploitation. While they disagree on the precise balance of state-led and market-led economic activity, both camps agree that economic growth is the most effective (almost magical) solution to the problem of poverty (Wade and Wolf 2002). But is it? Not only does such a faith in growth obviate the need to look elsewhere for sources of human development, it also represents a profoundly a-political conception of the capitalist economic system. Gareth Dale provides a sharp explanation for the predominance of the growth paradigm:

> [G]rowth serves as an *idealized refiguration* of capitalist social relations; it serves to naturalize and justify the prevailing social order…. Discussion of the economic by way of biological analogy implies continuity (gradual change), and unity (it is the 'social whole' that grows). When represented through the discourse of growth, the interests of capital come to be identified with the common good, because the profitability of capital … appears as a necessary condition for the satisfaction of all other interests. Without profitable enterprises there will be no investment, no employment,

no taxation, and no money for workers to pursue their goals. (Dale 2012, 106)

Economic growth under capitalism is generated by capital's imperative to continually expand. While this expansion is widely interpreted and proclaimed, within liberal and non-liberal ideology, as benefiting all members of society, the following chapters investigate how it is based upon the production and reproduction of exploitative capital– labour relations. Because of this unpalatable fact most political economy, whether liberal or statist, rests upon the continued obfuscation of human social relations under capitalism. Indeed 'as a system of competition capitalism depends on the growth of capital; as a class system it depends on obscuring the source of that growth' (Kidron and Gluckstein 1974, 35).

Capitalist exploitation takes place across five distinct but interconnected and mutually constituting moments. These are:

(1) Within the sphere of production (the workplace) where surplus value is generated by workers and extracted by capital;
(2) Within the sphere of exchange (the labour market) where workers' labour power is institutionally organized so that it can be sold to capital for its subsequent exploitation in the workplace, and where workers' wages constitute 'effective demand' for capital's products;
(3) Within the private sphere (the family) where (mostly) women's unpaid labour contributes to the generational reproduction of the labour force (Weeks 2011);
(4) Through 'race' and racism, which facilitates the generation of categories of worker for particular occupations, reproduces cultural 'distinctions' and divisions among labouring classes and 'justifies' unequal economic rewards (Wolf 1982; Callinicos 1995).
(5) In capitalist societies' interface with its substratum (nature) where the latter is commodified and used by capital as an input into production and as a dumping ground for waste production (Foster 2010; Moore 2011).

The following chapters emphasize mainly the first and second moments of capitalist exploitation and reproduction. While questions of gender and race are taken up briefly in this book, I recognize that their coverage is limited compared to my focus on the process of exploitation of labour within the workplace and the labour market. In the future I hope to address the latter moments (points 3–5) more systematically. If it is accepted that capitalism is a system of exploitation, which by necessity reduces the majority of humanity and nature to the status of commodity inputs into profit-oriented production and exchange, then there is a strong case for thinking about non-capitalist alternatives. But where are the actors who can and do resist capitalist exploitation, and who could potentially generate a non-capitalist developmental future? I suggest that the women and men (and sometimes children) who make up this potentially developmental actor exist within the global labouring class.

Labouring Classes Under Global Capitalism

Throughout this book, the term 'labouring classes' is used to refer to 'the growing numbers … who now depend – directly and indirectly – on the sale of their labour power for their own daily reproduction' (Panitch and Leys 2001). Over the last four decades or so there has been an enormous expansion of the global labouring class – from 1.1 billion people in 1980 to 3.05 billion in 2005. Women have been increasingly integrated into the global labour force – rising from 38.6 per cent to 40.1 per cent (Kapsos 2007, 13). Fifty-five percent (around 1.7 billion people) of the global labour force is located within East, South East Asia and South Asia. During the above period regional labour forces more than doubled in Central America, the Caribbean and South America, expanded by around 149 per cent in the Middle East and North Africa (making it the fastest-growing labour force in the world), and by approximately 2.7 per cent per annum in Sub-Saharan Africa (Kapsos 2007, 16) (see also Freeman 2006 and Haynes 2011).

In 2010 there were approximately 942 million working poor (almost 1 in 3 workers globally living on under US$2 a day). The ILO notes that '[t]he poor are … unlikely to be unemployed' and that the 'majority of persons living in extreme poverty cannot afford to be unemployed' (ILO/KILM 2011). However, it calculates poverty levels using the World Bank's (self-acknowledged) extremely conservative nominal poverty lines of US$1 and US$2 a day (Ravillon 2004). Woodward (2013) suggests a more realistic (and humane) global poverty line, of US$5 a day. If adopted, the ILO would have to concede that the majority of the world's labouring class lives in poverty (see also NEF 2010).

Social classes can be defined as 'common positions within the social relations of production, where production is analysed above all as a system of exploitation' (Wright 1979, 17). The term 'labouring classes' includes urban/industrial workers ('the working class' in traditional Marxian terminology), the 'new middle class' of white-collar workers (Callinicos and Harman 1989) and informal workers that populate the ever-expanding 'planet of slums' (Davis 2006; Standing 2011). The definition extends to some workers in the rural sphere who are sometimes classified as 'peasants' (in particular the poorer peasants) (Bernstein 2009). As Panitch and Leys (2001) note, 'capital is more geographically diversified than it used to be because it now has more working classes to exploit.' The geographical spread and diverse forms that capital take are mirrored by a huge diversity of forms and conditions of labour.

This diversity is manifested in a number of ways that can be illustrated schematically. First, workers employed within globalized production networks, with workshops located in Export Processing Zones (EPZs) north and south, are experiencing an intensification of work driven by capital's attempts at increasing the rate of exploitation. Many of these workers receive poverty wages that are insufficient to