

THE STRUGGLE FOR DEVELOPMENT

BENJAMIN SELWYN



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For Mjriam

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Benjamin Selwyn

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First published in 2017 by Polity Press

Polity Press
65 Bridge Street
Cambridge CB2 1UR, UK

Polity Press
350 Main Street
Malden, MA 02148, USA

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ISBN-13: 978-1-5095-1278-2

ISBN-13: 978-1-5095-1279-9 (pb)

A catalogue record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data

Names: Selwyn, Ben, author.

Title: The struggle for development / Ben Selwyn.

Description: Cambridge, UK ; Malden, MA : Polity Press, 2017. | Includes bibliographical references and index.

Identifiers: LCCN 2017004330 (print) | LCCN 2017020101 (ebook) | ISBN 9781509512812 (Mobi) | ISBN 9781509512829 (Epub) | ISBN 9781509512782 (hardback) | ISBN 9781509512799 (pbk.)

Subjects: LCSH: Economic development.

Classification: LCC HD82 (ebook) | LCC HD82 .S428 2017 (print) | DDC 338.9--dc23

LC record available at <https://lccn.loc.gov/2017004330>

Typeset in 10 on 16.5pt Utopia Std by Servis Filmsetting Ltd, Stockport, Cheshire
Printed and bound in Great Britain By Clays Ltd, St Ives PLC

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Preface and Acknowledgements

This book contributes to development thinking, policy and practice in two ways. The vast majority of development literature and policy analyses are based upon elitist conceptions of social change, where states and corporations are identified as primary development actors. This book, by contrast, views social change from the bottom up. Its first contribution is to conceptualise development from the perspective of labouring classes. Doing so provides an answer to the puzzle of expanding (and highly concentrated) wealth in a sea of global poverty. Secondly, it contends that collective actions by labouring classes, far from undermining development, which is how elite conceptions of social change portray them, generate real human development. Once this two-part argument is grasped, then the project of seeking to engender human development assumes a new perspective.

Some of the chapters in this book draw upon and develop arguments previously published. Part of chapter 3 was published as a Centre for Global Political Economy working paper (no. 10, 2016). Parts of chapters 4 and 5 were published in *Third World Quarterly* (both vol. 7, 2016).

In writing this book I have incurred many intellectual debts. First and foremost, my colleagues in the Historical Materialism World Development Research Seminar (HMWDRS) continue to provide the most stimulating forum within which to collectively understand and apply Marxist political economy to contemporary capitalism. Over

the years HMWDRS has included Liam Campling, Satoshi Miyamura, Jon Pattenden, Gavin Capps, Elena Baglioni, Owen Miller, Alessandra Mezzadri, Sam Ashman, Helena Pérez Niño, Demet Dinler, Jeff Webber, Penny Howard and Kristian Lasslett.

Many people have read parts of this book and/or discussed it with me and in the process have suggested improvements. They include Tom Selwyn, Andy Sumner, Thomas Pogge, David Woodward, Luke Martell, Adam Fishwick, Felipe Antunes, Lucia Pradella, Ray Kiely, Mary Mellor, Siobhán McGrath, John Minns, Leslie Sklair, Peter Newell, Tom Marois, David Ockwell, Julian Germann, Sam Knafo, Earl Gammon, Andreas Bieler, Kalpana Wilson, Feyzi Ismail, Haroon Akram-Lodhi, Carlos Oya, Tony Norfield, Paul Cammack and Juanita Elias.

I am truly lucky to work alongside wonderful colleagues in the Department of International Relations and in the Centre for Global Political Economy (CGPE) at the University of Sussex. Rorden Wilkinson and Andrea Cornwall, as head of department and head of school respectively, deserve special thanks as they have worked extra hard to generate creative time and space for colleagues to pursue their research. Students at Sussex, at undergraduate, MA and PhD level, are simply marvellous and have, over the years, provided much critical stimulation to my thinking about global development.

I am deeply indebted to four brilliant thinkers who, knowingly or not, helped me construct my intellectual foundations. These are Henry Bernstein, Chris Harman, Ellen Meiksins Wood and Michael Lebowitz.

I am very grateful to John Minns, director of the Australian National Centre for Latin American Studies (ANCLAS) at the Australian National University, who made it possible for me to spend six fantastic weeks conducting research and writing at the centre in late 2015.

I thank Louise Knight, Nekane Tanaka Galdos, Clare Ansell, Caroline Richmond and David Held at Polity for supporting this project.

PREFACE AND ACKNOWLEDGEMENTS

Our daughter Valentina has provided continuous entertainment over the last three years. Most profoundly, I thank my wife Mjriam, who supported me all the way through this and previous labours, and who has always pushed me to explain my ideas with more clarity. To her I dedicate this book.

‘The great are only great because we are on our knees. Let us rise up.’

Louis-Marie Prudhomme, *Révolutions de Paris*

The Big Lie

Introduction

In his dystopic novel *1984*, George Orwell depicts a world of perpetual war, total government surveillance and infinite ideological manipulation of the population. The novel's main character, Winston, describes how the state pursues ideological manipulation through the practice of doublethink, which he defines as follows:

To know and not to know, to be conscious of complete truthfulness while telling carefully constructed lies, . . . to use logic against logic, to repudiate morality while laying claim to it . . . To tell deliberate lies while genuinely believing in them, . . . to deny the existence of objective reality and all the while to take account of the reality which one denies. (Orwell 1977: ch. 3, ch. 9)

In this book I argue that contemporary reasoning about development, as propounded by institutions such as the United Nations, the International Labour Organization, the World Bank, many non-governmental organisations, state leaders and the mass media, represents a giant exercise in doublethink. It is based on an endlessly repeated set of interlinked claims:

- 1 that continued economic growth represents the surest route towards poverty reduction and development;
- 2 that a rising number of people across the world are enjoying the fruits of this development;
- 3 that this improvement is due to their increasing participation in global markets; and
- 4 that it is possible to envision a world free of poverty within our lifetimes.

These arguments, and those actors and institutions that promote them, are here labelled the Anti-Poverty Consensus (APC).¹

Global capitalism and human impoverishment

Global capitalism is an immense wealth-generating system. Despite the chronic global economic crisis that emerged in 2007, total global wealth (the sum total of money and other assets) continues to multiply. In 2013 it reached an all-time high of US\$241 trillion, an increase of 68 per cent since 2003. The Swiss-based financial organisation Credit Suisse estimates that total global wealth will reach US\$345 trillion by mid-2020.² While some of this wealth is a product of new financial technologies and instruments, and might thus be labelled fictitious, its growth represents a general trend within capitalism – of systemic wealth accumulation. This growing pot of wealth is generated by the continual transformation of nature into products (and the services and information required to sell and use them) performed by an ever-expanding global labouring class.

If economic growth and expanding global wealth are the determi-

nants of an improving world, then the APC is correct. But total wealth itself tells us nothing about either the conditions of the world's population or the health of the planet. Capitalism's core social relations – the exploitation of labour by capital and endless competition between firms – ensure that, rather than eliminating them, economic growth reproduces inequality, poverty and environmental destruction.

Ending global poverty through economic growth alone will take more than 200 years (based on the World Bank's inhumanly low poverty line of \$1.90 a day) and up to 500 years (at a more generous poverty line of \$10 a day) (Hoy and Sumner 2016; and see chapter 2). The damage to the natural environment caused by several more hundreds of years of capitalist growth would wipe out any gains in poverty reduction (see Woodward 2015).

APC proponents seldom enquire into the conditions under which such wealth is produced and distributed. When they do, such enquiries are guided by the presumption that employment benefits workers. In this way, the APC seeks to disable any genuine investigation into ways in which capitalism, and in particular the capital-labour relation, is, itself, the cause of global poverty.

But let us consider the following data:

- in 2015, sixty-two individuals owned the same wealth as 3.6 billion people, the bottom half of humanity;
- the wealth of the richest sixty-two people increased by 44 per cent between 2010 and 2015 – an increase of over half a trillion dollars – to US\$1.76 trillion;
- during the same period, the wealth of the bottom 50 per cent of humanity fell by over US\$1 trillion – a drop of 38 per cent. (Hardoon et al. 2016)

Global wealth continues to concentrate. By early 2017 the richest eight men in the world owned the same wealth as the bottom half of humanity (Oxfam 2017). Speaking as a member of the US's capitalist class, billionaire Warren Buffett has commented that 'there's been class warfare going on for the last 20 years, and my class has won.'³ The data above show that this class warfare, from above, is a global phenomenon.

If the world was governed by just principles, these data would generate a genuine, open and public consideration of whether wealth concentration is predicated upon the proliferation of poverty. But it is not. Orwellian doublethink cloaks capitalism's exploitative social relations and their destructive effects in emancipatory clothing. The APC proclaims loudly and ceaselessly that globalisation is good for the poor. Based on an international poverty line of \$1.90-a-day purchasing power parity, the World Bank claims that, in 2015, the proportion of the world's population living in extreme poverty fell to under 10 per cent.⁴ (The concept of purchasing power parity will be explained in chapter 2.)

This figure and the interpretations derived from it are weak, to say the least. It derives from the generation and application of an inhumanly low poverty line to calculate global poverty levels. The claim that global poverty is low and falling is entirely dependent upon where the poverty line is set. Slightly higher poverty lines (which are still, in reality, very low) show persistently high (and, depending on the poverty line, sometimes increasing) levels of global poverty over the last four decades.

Sanjay Reddy and Thomas Pogge (2010: 42–54) show, for example, that, when global poverty is measured according to the World Bank's 'official' poverty line (which used to be \$1.25 a day), it decreased by 27 per cent between 1981 and 2005. However, if a slightly higher poverty

line of \$2.00 a day is used, during this period poverty increased by 1 per cent. A poverty line of \$2.50 a day reveals an increase of 13 per cent. Such considerations extend beyond academic discussion. For example, using the World Bank's poverty line, the poverty rate in Mexico in the early 2000s was approximately 5 per cent. However, according to Mexican federal government poverty measures, approximately 50 per cent of the national population suffered from poverty (Boltvinik and Damián 2016: 176–7).

World Bank claims that global poverty is low and falling do not tally with data on global hunger trends. The Food and Agriculture Organization (FAO) generates data about daily calorie intake based on 'normal' (white-collar-type) activities and 'intense' activities (such as working in fields, plantations, factories and mines). In 2012, based upon calorie requirements to support normal activities, 1.5 billion people were hungry. For people undertaking intense activities, the numbers suffering from hunger increased from around 2.25 billion in the early 1990s to approximately 2.5 billion in 2012 (FAO 2012; Hickel 2016: 759–60). Many experts on poverty argue that the World Bank's poverty line is much too low, and they recommend that it be raised significantly, so that it is between four and ten times higher (Edward 2006; Woodward 2010; Pritchett 2006; Sumner 2016; and chapter 2 below). At these levels, the majority of the world's population lives in poverty.

The anti-poverty consensus

The anti-poverty consensus (APC) consists of numerous institutions across the political spectrum, ranging from the United Nations, the World Bank, the International Monetary Fund and the World Trade Organization to, perhaps more surprisingly, the International Labour Organization and many 'progressive' institutions, organisations and

intellectuals. *The Economist* expresses succinctly the core of APC ideology: ‘Most of the credit [for global poverty reduction] . . . must go to capitalism and free trade, for they enable economies to grow – and it was growth, principally, that has eased destitution.’⁵ To be sure, some APC institutions such as the World Bank (and *The Economist*) are more liberal, while others such as the International Labour Organization are more ‘interventionist’. The former argues that states must support market expansion, while the latter argues for closer state involvement and intervention in markets to protect and promote labour standards. Both, however, maintain that poor country integration into global capitalist markets (under the correct conditions) and continued economic growth represent the surest path to poverty reduction.

The anti-poverty consensus portrays capitalist development in win-win terms, where the correct type of global integration benefits capital and labour. But this win-win scenario is a myth. It is a lie sold to the world’s poor in order to legitimate continued capital accumulation and economic growth. In reality, the APC justifies and contributes to global wealth concentration while hiding the continual impoverishment of the world’s majority. It rationalises the oppression and exploitation of the world’s poor in the name of helping them. It presents as solutions to poverty the causes of poverty. Its arguments are supported by sophisticated pseudo-scientific methods. The APC’s win-win portrayal of capitalist development contributes to the delegitimation and physical repression of forms of human development that do not correspond to its model of perpetual economic growth.

However, the APC’s core claim – that continuous economic growth represents the surest way to achieve generalised human development – is being rejected increasingly across the globe. For example, Pope Francis, speaking to (perhaps on behalf of) a broad constituency of the world’s poor, argues that capitalism imposes ‘the mentality of profit at

any price, with no concern for social exclusion or the destruction of nature.' Further, 'this system is by now intolerable: farm workers find it intolerable, labourers find it intolerable, communities find it intolerable, peoples find it intolerable. The earth itself . . . finds it intolerable.'⁶

The anti-poverty counter-consensus

It is not only this book that argues against the APC. There is powerful, vocal, and often popular opposition to the APC which highlights many of its limitations and suggests alternative, state-led or state-assisted, development strategies. It is advanced by writers such as Amartya Sen, Joseph Stiglitz, Thomas Piketty, Branco Milanović, Mariana Mazzucato, Ha-Joon Chang, Robert Wade, K. S. Jomo, Dani Rodrik, Erik Reinert and many other critics of neoliberal global capitalism. This opposition is labelled here the anti-poverty counter-consensus (APCC).

This counter-consensus punches big holes in the APC's narrative. It demonstrates the mendacity of the World Bank's \$1-a-day poverty line and how it manipulates evidence to generate favourable results (Wade 2004; Milanović 2011). It illustrates the inequality-inducing effects of neoliberalism (Piketty 2014). It shows the erroneous basis of neoliberal growth theory and the deleterious impacts of neoliberal policies for developing countries (Stiglitz 2007; Rodrik 2003; Jomo 2001). It explains, historically and theoretically, how economic growth, structural diversification and technological upgrading require an active state role (Mazzucato 2013; H.-J. Chang 2002; Wade 1990; Reinert 2007). Some of these authors promote a benign vision of human-centred development (Sen 1999).

Despite these critiques, however, the APCC shares much common ground with the APC. In fact more unites the two than divides them. Both hold that sustained economic growth represents the foundation

upon which human development can be achieved. For example, Jomo argues that ‘the only sustainable basis for mass poverty reduction involves economic growth, development policy and employment creation’ (2016: 36). Similarly, in their popular book *Reclaiming Development*, Ha-Joon Chang and Ilene Grabel aim to promote ‘rapid economic growth that is equitable, stable and sustainable’ (2004: i).

The APC and APCC share the following common assumptions:

- economic growth is the basis for human development;
- growth is based upon capital–labour relations where capital is free to manage the labour process independently of workers’ influence;
- capitalist property rights are necessary, and the right of the capitalist investor to their profit is sacrosanct;
- poverty is caused by malfunctioning capitalist markets, not by capitalism per se;
- the capital–labour relation cannot be the source of oppression and/or exploitation as it is freely entered into by workers and capitalists.

Authors in the APCC argue for, and passionately believe in, the possibilities of achieving a benign global capitalism. In all of these ways the APC and the APCC generate an image of capitalism as a sphere of (potential) developmental opportunity. Neither school considers how capitalism is a system that operates through exploitation, oppression and unpaid-for wealth appropriation. Nor do they examine the systematic evacuation of democracy from the economic sphere. Without addressing these questions, however, it is impossible to understand properly the great paradox of global capitalism – systematic wealth generation in the midst of widespread poverty.

Global poverty, inequality and wealth concentration are intrinsic to capitalism. These phenomena reflect not lack of resources, wealth or mal-integration into capitalist markets but capitalism's particular exploitative social relations, wedded to an institutional denial of democracy across large swathes of social life. As the late Ellen Meiksins Wood wrote, the essence of the capitalist economy is that

a very wide range of human activities, which in other times and places were subject to the state or to communal regulation of various kinds, have been transferred to the economic domain. In that ever-expanding domain, human beings are governed not only by the hierarchies of the workplace but also by the compulsions of the market, the relentless requirements of profit-maximization and constant capital accumulation, none of which are subject to democratic freedom or accountability. (Wood 2012: 317; see also Cammack 2002; Harman 2002b; Bernstein 2010; Lebowitz 2010)

Capitalism's economic sphere, where workers are directly exploited by capital, must remain devoid of democracy. If democracy were to penetrate and flourish within the workplace, and workers could make choices about resource allocation and working conditions, the disciplinary power of capital would begin to crumble.

Is it possible to think of and generate forms of human development that are not rooted in capitalist social relations? This book argues that such an objective is possible and, moreover, that myriad attempts to establish alternative forms of human development are occurring at present across the globe. To comprehend such attempts better, however, it is necessary to approach development from the perspective of labouring classes.

From labour-centred to labour-led development

A labour-centred approach requires viewing development from the perspective of labouring classes. The concept of labour-centred development (LCD) is deliberately broad, and it encompasses a variety of strategies designed to ameliorate labouring-class conditions. These range from what may be called enlightened elite policies to activities undertaken by labouring classes themselves. This book's labour-centred development approach can be divided into three sub-processes. These are:

- *pro-labour development*: where state actors design policies and enact policies that benefit workers;⁷
- *labour-driven development*: where workers' collective actions push states and capital to make concessions to labour;
- *labour-led development*: where workers' collective actions aim to generate, and succeed in generating, tangible gains for them and their communities.

An example of *pro-labour* development feeding into *labour-driven* development is the recent Mahatma Ghandi Rural Employment Guarantee Act in India. This act pledges 100 days' paid employment to every rural household as a state-led strategy for overcoming rural destitution (Carswell and De Neve 2014). The Act, as Jon Pattenden (2016) shows, has in turn given confidence to rural labourers to bargain for better conditions (labour-driven development) and to begin to combat the widespread existence of servitude in the Indian countryside.

The establishment of the European and North American welfare states represents a high point of labour-driven development. Following