World Poverty, Pauperization, & Capital Accumulation

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A discourse on poverty and the necessity of reducing its magnitude, if not eradicating it, has become fashionable today. It is a discourse of charity, in the nineteenth-century-style, which is does not seek to understand the economic and social mechanisms that generate poverty, although the scientific and technological means to eradicate it are now available.

Capitalism and the New Agrarian Question

All societies before modern (capitalist) time were peasant societies. Their production was ruled by various specific systems and logics—but not those which rule capitalism in a market society such as the maximization of the return on capital.

Modern capitalist agriculture—encompassing both rich, large-scale family farming and agribusiness corporations—is now engaged in a massive attack on third world peasant production. The green light for this was given at the November 2001 session of the World Trade Organization (WTO) in Doha, Qatar. There are many victims of this attack—and most are third world peasants, who still make up half of humankind.

Capitalist agriculture governed by the principle of return on capital, which is localized almost exclusively in North America, Europe, Australia, and in the Southern Cone of Latin America employs only a few tens of millions of farmers who are no longer peasants. Because of the degree of mechanization and the extensive size of the farms managed by one farmer, their productivity generally ranges between 1 to 2 million kilograms (2 and 4.5 million pounds) of cereals per farmer.

In sharp contrast, three billion farmers are engaged in peasant farming. Their farms can be grouped into two distinct sectors, with greatly

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different scales of production, economic and social characteristics, and levels of efficiency. One sector, able to benefit from the green revolution, obtained fertilizers, pesticides, and improved seeds and has some degree of mechanization. The productivity of these peasants ranges between 10,000 and 50,000 kilograms (20,000 and 110,000 pounds) of cereals per year. However, the annual productivity of peasants excluded from new technologies is estimated to be around 1,000 kilograms (2,000 pounds) of cereals per farmer.

The ratio of the productivity of the most advanced capitalist segment of the world's agriculture to the poorest, which was around 10 to 1 before 1940, is now approaching 2000 to 1! That means that productivity has progressed much more unequally in the area of agriculture and food production than in any other area. Simultaneously this evolution has led to the reduction of the relative prices of food products (in relation to other industrial and service products) to one fifth of what they were fifty years ago. The new agrarian question is the result of that unequal development.

Modernization has always combined constructive dimensions, namely the accumulation of capital and increasing productivity, with destructive aspects—reducing labor to the state of a commodity sold on the market, often destroying the natural ecological basis needed for the reproduction of life and production, and polarizing the distribution of wealth on a global level. Modernization has always simultaneously *integrated* some, as expanding markets created employment, and *excluded* others, who were not integrated in the new labor force after having lost their positions in the previous systems. In its ascending phase, capitalist global expansion integrated many along with its excluding processes. But now, in the third world peasant societies, it is excluding massive numbers of people while including relatively few.

The question raised here is precisely whether this trend will continue to operate with respect to the three billion human beings still producing and living in peasant societies in Asia, Africa, and Latin America.

Indeed, what would happen if agriculture and food production were treated as any other form of production submitted to the rules of competition in an open and deregulated market, as decided in principle at the November 2001 WTO meeting in Doha. Would such principles foster the acceleration of production?

One can imagine that the food brought to market by today's three billion peasants, after they ensure their own subsistences, would instead be produced by twenty million new modern farmers. The conditions for the success of such an alternative would include: (1) the transfer of important pieces of good land to the new capitalist farmers (and these lands would have to be taken out of the hands of present peasant populations); (2) capital (to buy supplies and equipment); and (3) access to the consumer markets. Such farmers would indeed compete successfully with the billions of present peasants. But what would happen to those billions of people?

Under the circumstances, agreeing to the general principle of competition for agricultural products and foodstuffs, as imposed by WTO, means accepting the elimination of billions of noncompetitive producers within the short historic time of a few decades. What will become of these billions of humans beings, the majority of whom are already poor among the poor, who feed themselves with great difficulty. In fifty years' time, industrial development, even in the fanciful hypothesis of a continued growth rate of 7 percent annually, could not absorb even one-third of this reserve.

The major argument presented to legitimate the WTO's competition doctrine is that such development did happen in nineteenth and twentieth century Europe and the United States where it produced a modern, wealthy, urban-industrial and post-industrial society with modern agriculture able to feed the nation and even export food. Why should not this pattern be repeated in the contemporary third world countries?

The argument fails to consider two major factors that make the reproduction of the pattern in third world countries almost impossible. The first is that the European model developed throughout a century and a half along with labor-intensive industrial technologies. Modern technologies use far less labor and the newcomers of the third world have to adopt them if their industrial exports are to be competitive in global markets. The second is that, during that long transition, Europe benefited from the massive migration of its surplus population to the Americas.

The contention that capitalism has indeed solved the agrarian question in its developed centers has always been accepted by large sections of the left, an example being Karl Kautsky's famous book, *The Agrarian Question,* written before the First World War. Soviet ideology inherited that view and on its basis undertook modernization through the Stalinist collectivization, with poor results. What was always overlooked was that capitalism, while it solved the question in its centers, did it through generating a gigantic agrarian question in the peripheries, which it can only solve through the genocide of half of humankind. Within the Marxist tradition only Maoism understood the magnitude of the challenge.

Therefore, those who accused Maoism of a "peasant deviation" show by this very criticism that they lack the analytical capacity to understand imperialist capitalism, which they reduce to an abstract discourse on capitalism in general.

Modernization through capitalist market liberalization, as suggested by WTO and its supporters, finally aligns side by side, without even necessarily combining, the two components: the production of food on a global scale by modern competitive farmers mostly based in the North but also possibly in the future in some pockets of the South; and, the marginalization, exclusion, and further impoverishment of the majority of the three billion peasants of the present third world and finally their seclusion in some kinds of reserves. It therefore combines a pro-modernization and efficiency-dominant discourse with an ecological-cultural-reserve set of policies allowing the victims to survive in a state of material (including ecological) impoverishment. These two components might therefore complement, rather than conflict with, one another.

Can we imagine other alternatives and have them widely debated? Ones in which peasant agriculture would be maintained throughout the visible future of the twenty-first century, but, which simultaneously engage in a process of continuous technological and social progress? In this way, changes could happen at a rate that would allow a progressive transfer of the peasants into non-rural and non-agricultural employment.

Such a strategic set of targets involves complex policy mixes at national, regional, and global levels.

At the national level it implies macro policies protecting peasant food production from the unequal competition of modernized farmers and agribusiness corporations—local and international. This will help guarantee acceptable internal food prices—disconnected from international market prices, which are additionally biased by the agricultural subsidies of the wealthy North.

Such policy targets also question the patterns of industrial and urban development, which should be based less on export-oriented priorities (e.g., keeping wages low which implies low prices for food) and more attentive to a socially-balanced expansion of the internal market.

Simultaneously, this involves an overall pattern of policies to ensure national food security—an indispensable condition for a country to be an active member of the global community, enjoying the indispensable margin of autonomy and negotiating capacity.

At regional and global levels it implies international agreements and policies that move away from the doctrinaire liberal principles ruling the

WTO—replacing them with imaginative and specific solutions for different areas, taking into consideration the specific issues and concrete historical and social conditions.

The New Labor Question

The planet's urban population now represents about half of humanity, at least three billion individuals, with peasants making up all but a statistically insignificant percentage of the other half. The data on this population allow us to distinguish between what we can call the middle classes and the popular classes.

In the contemporary stage of capitalist evolution, the dominant classes—formal owners of the principal means of production and senior managers associated with bringing them into play—represent only a very minor fraction of the global population even though the share they draw from their societies' available income is significant. To this we add the middle classes in the old sense of the term—non-wage-earners, owners of small enterprises, and middle managers, who are not necessarily in decline.

The large mass of workers in the modern segments of production consists of wage-earners who now make up more than four-fifths of the urban population of the developed centers. This mass is divided into at least two categories, the border between which is both visible to the outside observer and truly lived in the consciousness of affected individuals.

There are those who we can label *stabilized* popular classes in the sense that they are relatively secure in their employment, thanks among other things to professional qualifications which give them negotiating power with employers and, therefore, they are often organized, at least in some countries, into powerful unions. In all cases this mass carries a political weight that reinforces its negotiating capacity.

Others make up the *precarious* popular classes that include workers weakened by their low capacity for negotiation (as a result of their low skill levels, their status as non-citizens, or their race or gender) as well as non-wage-earners (the formally unemployed and the poor with jobs in the informal sector). We can label this second category of the popular classes "precarious," rather than "non-integrated" or "marginalized," because these workers are perfectly integrated into the systemic logic that commands the accumulation of capital.

From the available information for developed countries and certain Southern countries (from which we extrapolate data) we obtain the relative proportions that each of the above-defined categories represent in the planet's urban population.

Although the centers account for only 18 percent of the planet's population, since their population is 90 percent urban, they are home to a third of the world's urban population.

Table 1. Percentages of Total World Urban Population

(Percentages may not add up exactly due to statistical approximations.)

	Centers	Peripheries	World
Wealthy and middle classes	11	13	25
Popular classes	24	54	75
Stabilized	(13)	(11)	(25)
Precarious	(9)	(43)	(50)
Total	33	67	100
Population concerned (millions)	(1,000)	(2,000)	(3,000)

The popular classes account for three-quarters of the world's urban population, while the precarious subcategory represents two-thirds of the popular classes on a world scale. (About 40 percent of the popular classes in the centers and 80 percent in the peripheries are in the precarious subcategory.) In other words, the precarious popular classes represent half (at least) of the world's urban population and far more than that in the peripheries.

A look at the composition of the urban popular classes a half century ago, following the Second World War, shows that the proportions that characterize the structure of the popular classes were very different from what they have become.

At the time, the third world's share did not exceed half of the global urban population (then on the order of a billion individuals) versus two-thirds today. Megacities, like those that we know today in practically all countries of the South, did not yet exist. There were only a few large cities, notably in China, India, and Latin America.

In the centers, the popular classes benefited, during the postwar period, from an exceptional situation based on the historic compromise imposed on capital by the working classes. This compromise permitted the stabilization of the majority of workers in forms of a work organization known as the "Fordist" factory system. In the peripheries, the proportion of the precarious—which was, as always, larger than in the centers—did not exceed half of the urban popular classes (versus more than 70 percent today). The other half still consisted, in part, of stabilized wage-earners in the forms of the new colonial economy and of the modernized society and, in part, in old forms of craft industries.

The main social transformation that characterizes the second half of the twentieth century can be summarized in a single statistic: the proportion of the precarious popular classes rose from less than one-quarter to more than one-half of the global urban population, and this phenomenon of pauperization has reappeared on a significant scale in the developed centers themselves. This destabilized urban population has increased in a half-century from less than a quarter of a billion to more than a billion-and-a-half individuals, registering a growth rate which surpasses those that characterize economic expansion, population growth, or the process of urbanization itself.

Pauperization—there is no better term to name the evolutionary trend during the second half of the twentieth century.

Overall, the fact in itself is recognized and reaffirmed in the new dominant language: "reducing poverty" has become a recurring theme of the objectives which government policies claim to achieve. But the poverty in question is only presented as an empirically measured fact, either very crudely by income distribution (poverty lines) or a little less crudely by composite indices (such as the human development indices proposed by the United Nations Development Program), without ever raising the question of the logics and mechanisms which generate this poverty.

Our presentation of these same facts goes further because it allows us precisely to begin explaining the phenomenon and its evolution. Middle strata, stabilized popular strata, and precarious popular strata are all integrated into the same system of social production, but they fulfill distinct functions within it. Some are indeed excluded from the benefits of prosperity. The excluded are very much a part of the system and are not marginalized in the sense of not being integrated—functionally—into the system.

Pauperization is a modern phenomenon which is not at all reducible to a lack of sufficient income for survival. It is really the modernization of poverty and has devastating effects in all dimensions of social life. Emigrants from the countryside were relatively well integrated into the stabilized popular classes during the golden age (1945–1975)—they tended to become factory workers. Now those who have recently arrived and their children are situated on the margins of the main productive systems, creating favorable conditions for the substitution of community solidarities for class consciousness. Meanwhile, women are even more victimized by economic precariousness than are men, resulting in deterioration of their material and social conditions. And if feminist movements have without doubt achieved important advances in the realm of ideas and behavior, the beneficiaries of these gains are almost exclusively middle-class women, certainly not those of the pauperized popular classes. As for democracy, its credibility—and therefore its legitimacy—is sapped by its inability to curb the degradation of conditions of a growing fraction of the popular classes.

Pauperization is a phenomenon inseparable from polarization on a world scale—an inherent product of the expansion of really-existing capitalism, which for this reason we must call imperialist by nature.

Pauperization in the urban popular classes is closely linked to the developments which victimize third world peasant societies. The submission of these societies to the demands of capitalist market expansion supports new forms of social polarization which exclude a growing proportion of farmers from access to use of the land. These peasants who have been impoverished or become landless feed—even more than population growth—the migration to the shantytowns. Yet all these phenomena are destined to get worse as long as liberal dogmas are not challenged, and no corrective policy within this liberal framework can check their spread.

Pauperization calls into question both economic theory and the strategies of social struggles.

Conventional vulgar economic theory avoids the real questions that are posed by the expansion of capitalism. This is because it substitutes for an analysis of really-existing capitalism a theory of an imaginary capitalism, conceived as a simple and continuous extension of exchange relations (the market), whereas the system functions and reproduces itself on the basis of capitalist production and exchange relations (not simple market relations). This substitution is easily coupled with the a priori notion, which neither history nor rational argument confirm, that the market is self-regulating and produces a social optimum. Poverty can then only be explained by causes decreed to be outside of economic logic, such as population growth or policy errors. The relation of poverty to the very process of accumulation is dismissed by conventional economic theory. The resulting liberal virus, which pollutes contemporary social thought and annihilates the capacity to understand the world, let alone transform it, has deeply penetrated the various lefts constituted since the Second World War. The movements currently engaged in social struggles for "another world" and an alternative globalization will only be able to produce significant social advances if they get rid of this virus in order to construct an authentic theoretical debate. As long as they have not gotten rid of this virus, social movements, even the best intentioned, will remain locked in the shackles of conventional thought and therefore prisoners of ineffective corrective propositions—those which are fed by the rhetoric concerning poverty reduction.

The analysis sketched above should contribute to opening this debate. This is because it reestablishes the pertinence of the link between capital accumulation on the one hand and the phenomenon of social pauperization on the other. One hundred and fifty years ago, Marx initiated an analysis of the mechanisms behind this link, which has hardly been pursued since then—and scarcely at all on a global scale.

Cotton...production is crucial to economic development in West and Central Africa, as well as to the livelihoods of millions of people there. Cotton accounts for up to 40 percent of export revenues and 10 percent of gross domestic product in our two countries [Burkina Faso and Mali], as well as in Benin and Chad....In the period from 2001 to 2002, America's 25,000 cotton farmers received more in subsidies—some $3 billion—than the entire economic output of Burkina Faso, where two million people depend on cotton. Further, United States subsidies are concentrated on just 10 percent of its cotton farmers. Thus the payments to about 2,500 relatively well-off farmers has the unintended but nevertheless real effect of impoverishing some 10 million rural poor people in West and Central Africa....

—President Amadou Toumani Touré of Mali, and President Blaise Compaoré of Burkina Faso, "Your Farm Subsidies are Strangling Us," *New York Times*, Op-Ed page, July 11, 2003