Capital and labour from centre to margins

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I am flattered to be asked to address the first session of this conference with two such luminaries as Marty Chen and Ravi Kanbur. They have done serious work in areas central to the themes of this conference, while I have done so only tangentially through my interests in agrarian change - interests pursued within a tradition of political economy of capitalism that centres on the social class relation of capital and labour. Neither capitalism nor class are explicit in the conference motivation, while it refers to ‘social exclusion, informality, adverse incorporation, structural poverty, and vulnerability’. These are not novel features of the historical development of capitalism or the ‘normal’ functioning of capitalist societies, but their scale, intensity and effects, for classes of labour today appear closely linked to globalisation. I use the term ‘classes of labour’ 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: ix; my emphasis). I use ‘globalisation’ as conventional shorthand for the current phase of the restructuring of capital and its conditions of accumulation, manifested in new forms of the international centralisation and concentration, as well as mobility (and ‘financialisation’), of capital. And I distinguish globalisation from neo-liberalism as a political and ideological project to support and promote the restructuring of capital and its modalities of accumulation.

My position is that, on one hand, ‘social exclusion, informality, adverse incorporation, structural poverty, and vulnerability’ have their roots in the definitive class relations and accumulation dynamics of capitalism more generally; on the other hand, that understanding their concrete forms entails investigating the specificities of different times and places within the long histories of capitalism, on different planes from the global through the national to the local. Such concrete investigation always reveals diversity and complexity. Capital assumes a vast range of specific social forms, while the differentiation of classes of labour affects how, and how adequately, its various components satisfy their reproduction. In trying to understand this in today’s conditions - where we are now - I have benefited from the work of Giovanni Arrighi, Jan Breman, Mike Davis, Barbara Harris-White, Kate Meagher and Guy Standing, among others. The indispensable theorisation of capitalism (the capitalist mode of production) in more general terms remains Marx’s Capital, with which I start, specifically with Vol 1, Ch 25 ‘The General Law of Capitalist Accumulation’, section 3 ‘The progressive production of a relative surplus population or industrial reserve army’.

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1 This may be for ‘Aesopian’ reasons, as Lenin once put it (1917/1964: 187) - that it’s not politic to refer to class - or because the authors of the motivation feel that the importance of ‘gender, identity, place and culture’ outweighs that of class, or some mixture of the two. Portes and Hoffman (2003: 42) note that ‘The concept of class is commonly excluded from... official publications because of its Marxist origin and consequent evocations of conflict, privilege and exploitation... Its omission obscures significant aspects of contemporary social dynamics and deprives us of a valuable analytic tool.’ I expect that a number of presentations and discussions in the next few days will engage with capitalism.

2 I prefer the term ‘classes of labour’ to the inherited vocabulary of proletarianization/proletariat (and semi-proletarianization/semi-proletariat), as it is less encumbered with problematic assumptions and associations in both political economy (e.g., functionalist readings of Marx’s concept of the reserve army of labour; on which also note 12) and political theory and ideology (e.g., constructions of an idealized [Hegelian] collective class subject; on which also note 18).

3 And which also informs my thinking about agrarian change, most recently Bernstein and Woodhouse (2006); Bernstein (in press). As some comrades here know, I am an avid reader and fan of almost everything Mike Davis writes - which is everything from historical climate change, imperialism and famine to urban sociology via avian ‘flu and the class coordinates of American politics. No-one could ever write better about informal economy in just eight pages than Davis does in one section of his Planet of Slums (2006: 178-85).
First, Marx states that ‘it is capitalist accumulation itself that constantly produces... 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... The fact that the means of production and the productivity of labour increase more rapidly than the productive population expresses itself... in the inverse form that the working population always increases more rapidly than the valorization requirement of capital’ (Marx 1976/1867: 782, 798). In turn, the relative surplus population or industrial reserve army of labour is ‘the background against which the law of the demand and supply of labour does its work’ in relation to wage levels (ibid: 792).

Second, the size and composition of the industrial reserve army of labour fluctuates; it expands and contracts with the periodic alternations of the accumulation cycles of capital and the demand for labour power they generate, that is, their structures of employment (ibid: 790).

Third, Marx sketches different forms of the relative surplus population that he termed ‘floating’, ‘latent’, ‘stagnant’, and papuperism. Of these, he remarks that the ‘stagnant’ component is part of the active labour army but ‘with extremely irregular employment’, providing capital with ‘an inexhaustible reservoir of disposable labour-power’ with maximum hours and minimum wages, especially in ‘special branches of capitalist exploitation’ like ‘domestic industry’ (ibid: 796). Now this has a contemporary ring to it, as studies by Marty Chen and her WIEGO colleagues, and others, show. In fact, I suggest that there are few social forms and practices of exploitation and accumulation in the past histories of capitalist development that can not be found somewhere today. ‘Domestic industry’ may appear ‘archaic’ in its relatively simple technologies and technical divisions of labour, and often brutal oppression of labour. Yet as we know, it is incorporated in some of the ‘cutting edge’ organisational forms of contemporary large-scale capital (global commodity chains, varieties of outsourcing, and so on). In short, such incorporation provides specific examples of the combined and uneven development of capitalism on a world scale.

Finally, let me quote Marx on pauperism (might we say ‘chronic poverty’?), which includes ‘the demoralized, the ragged and those unable to work, chiefly people who succumb to their incapacity for adaptation, an incapacity which results from the division of labour; people who have lived beyond the worker’s average life-span; and the victims of industry, whose number increases with the growth of dangerous machinery, of mines, chemical works etc., the mutilated, the sickly, the widows, etc. Pauperism is the hospital of the active labour-army and the dead weight of the industrial reserve army.’

These observations, and many more, resonate powerfully in the twenty-first century world of globalising capitalism – not bad for someone who wrote them in the 1860s. Marx’s ideas about the conditions and crises of reproduction of labour, and their con-
nection with the accumulation cycles and strategies of capital, provide my point of entry to the notion of ‘living on the margins’ of capitalism. Of course, there are important issues today that Marx did not consider (or not in any systematic fashion), which is hardly surprising given the momentous historical distance between what he observed and analysed over three or four decades in nineteenth-century England and the world of global capitalism now. That distance is inscribed in the formation, cycles and mutations of the world economy since his time, and their links with the histories of colonial imperialism and their legacies; with the developmentalism of the newly independent countries of Africa and Asia (and their Latin American counterparts) in the context of the ‘long boom’/‘golden age’ of the world economy in the 1950s and 1960s; and with the subsequent crisis of accumulation that terminated the ‘golden age’ and catalysed both contemporary globalisation and the hegemonic ambitions of the neo-liberal project.

The crucial decade of this momentous shift was the 1970s. As Beverly Silver and Giovanni Arrighi put it (2000: 56): ‘The deep capitalist crisis of the 1970s was first and foremost a reflection of the inability of world capitalism as instituted under US hegemony to deliver on the promises of a Global New Deal’. This led to ‘a liquidation of the labour-friendly and development-friendly international regime of the preceding thirty years in favour of a capital-friendly regime... Under the new regime, the crisis of capitalism quickly turned into a crisis of organized labour and of the welfare state in rich countries, and of the crisis of Communism and of the developmental state in poorer countries’.

Like others, Silver and Arrighi also remark that this new ‘capital-friendly regime (is) reminiscent of late nineteenth- and early-twentieth century laissez-faire capitalism’, which perhaps indicates the contemporary resonances of Marx (who died in 1888) and of Lenin who extended Marx’s economic analysis, precisely between the 1890s and 1910s. Marx would not be surprised that the size of the reserve army of labour, as ‘surplus’ to the current valorisation requirements of capital, has increased as a result of globalisation; nor that this is driven by a major crisis of accumulation and subsequent restructuring of capital; nor perhaps, as we observe virtually everywhere today and especially in the ‘global South’, that the boundaries between the active and reserve armies of labour become ever more fluid, together with a shrinking ‘core’ of relatively secure wage employment in the former, and a growing component of the latter that is chronically pauperised.

4 Compare this with the ‘long view’ of modern capitalism formulated by Mike Davis (2006:174): ‘The brutal tectonics of neoliberal globalization since 1978 are analogous to the catastrophic processes that shaped a “Third World” in the first place, during the era of late Victorian imperialism (1870-1900). At the end of the nineteenth century the forcible incorporation into the world market of the great subsistence peasantries of Asia and Africa entailed the famine deaths of millions and the uprooting of tens of millions more from traditional tenures. The end result (in Latin America as well) was rural “semi-proletarianization”, the creation of a huge global class of immiserated semi-peasants and farm laborers lacking existential security of subsistence. As a result, the twentieth century became an age not of urban revolutions, as classical Marxism had imagined, but of epochal rural uprisings and peasant-based wars of national liberation.’ The utility of this is that the first ‘golden age’ of globalization (1870s-1914), as it is sometimes termed, is characterised by Davis in terms of labour (and processes of primitive accumulation) rather than its common designation by capital, traced in patterns of investment, trade, and financial flows.
Taking off from Silver and Arrighi’s observations, there is a particular double-edged aspect of a central plank of globalisation, namely deregulation which is promoted in neo-liberal ideology as the expansion of freedom. This is certainly true for capital as deregulation means removing controls on its mobility and operations, including its modes of recruitment and deployment of labour - so-called labour market flexibilisation. It also means, in effect, reducing its contributions to the social income of the workers employed by particular companies and to the social reproduction fund generally through taxation and government spending on social provision (the redistributive ‘transfers’ abhorred by neo-liberalism). On the part of labour, deregulation means a loss of freedom, of its hard won rights in labour markets, in opportunities and terms of employment, and in claims on social income that supplement wages in various ways, to various degrees - or that ‘compensate’ for the lack of wages, to greater or lesser degrees. Once more, Marx is apposite here: pauperisation (‘chronic poverty’) ‘forms part of the faux frais (‘incidental expenses’) of capitalist production: but capital usually knows how to transfer these from its own shoulders to those of the working class and the petty bourgeoisie’ (1976/1867: 797).

If all this results in growing income as well as employment insecurity and the downward pressures on reproduction exerted by the erosion of social provision for those in ‘standard’ wage employment - who are shrinking as a proportion of classes of labour in the South, as noted, and in many instances in absolute terms as well - it probably has even more serious consequences for the growing numbers of the reserve army or ‘informalised’ classes of labour. According to the CIA’s World Factbook of 2002, ‘By the late 1990s a staggering one billion workers representing one-third of the world’s labour force, most of them in the South, were either unemployed or underemployed’. I take the quotation from Mike Davis, who restates it in his own way: ‘(T)he global informal working class... is about one billion strong, making it the fastest-growing, and most unprecedented, social class on earth’ (2006: 199, 178). Two immediate qualifications are in order, however. One is that the notion of un- or under-employment is misleading. As everyone here knows, ‘informal’ workers have to work extremely hard to be able to eat. Davis (ibid: 182) suggests that the informal sector ‘generates jobs not by elaborating new divisions of labour, but by fragmenting existing work, and thus subdividing incomes’. This is no doubt the case for many of its characteristic activities of petty production, trade and other services, but less so perhaps for substantial ‘informal’ capitalist enterprises like those discussed in Breman (1996), although Breman, as well as others (eg Harris-Wuite 2003; Meagher 1995), specifies conditions in which there is no incentive for ‘informal’ capitalist enterprises in particular branches of production to invest in technology that would increase labour productivity.

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5 At the same time, of course, the outright or creeping privatisation of public goods represents a massive new frontier for investment and profit by transnational capital in water, energy supply, telecommunications, transport systems, health services, pensions, and so on.

6 For trends of growing employment and income insecurity across the major regions of the world, see Standing (1999) and ILO (2004). Portes and Hoffman (2003) is a rare and extremely useful empirical account of changes in class structures - in this case in Latin America during the 1980s and 1990s (the ‘neoliberal era’) - which it conceptualises and plots with considerable care, including the growth of (a differentiated) informal economy and trends of the informalisation of labour.

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cation is that ‘the global informal working class’ is inevitably highly differentiated in various ways (as Davis among other shows), some of which correspond to different notions of centre and margins in the contemporary world. Here are five (hypo)theses that bear on the differentiation of classes of labour.

1. In the words of Silver and Arrighi once more (2000: 54) ‘the so-called North-South divide continues to constitute... the main obstacle to the formation of a homogeneous world proletarian condition. In spite of the relocation of industrial activities from North to South typical of the current crisis, conditions of working-class formation remain thoroughly dependent on the huge and still widening gap that separates the wealth, status and power of a relatively small number of Western countries from those of the countries that contain the vast majority of the world’s population.’

2. Beyond this, there are important variations between different regions and countries of the ‘South’, not least in terms of the extent and forms of activity of the reserve army of labour, as well as of its internal differentiation, including in the informal economy. My (hypo)thesis is that the relative size and weight, and importantly the composition, of the informal economy varies significantly with historically specific patterns of capitalist development.

3. Classes of labour, especially in the ‘South’, have to pursue their reproduction through insecure and oppressive - and typically increasingly scarce - wage employment and/or a range of likewise precarious small-scale and insecure ‘informal sector’ (‘survival’) activity, including farming in some instances; in effect, various and complex combinations of employment and self-employment. Additionally, many pursue their means of reproduction across different sites of the social division of labour: urban and rural, agricultural and non-agricultural, as well as wage employment and self-employment - the ‘footloose labour’ that Jan Breman’s studies of south Gujarat document and analyse in such compelling manner (Breman 1996). The social locations and identities that classes of labour inhabit, combine and move between, make for ever more fluid boundaries where the masses of ‘surplus’ labour, the ‘informal working class’ and formal and informal economies intersect. In short, there is no ‘homogeneous proletarian condition’ within the ‘South’, other than that essential condition I started...
from: the need to secure reproduction needs (survival) through the (direct and indirect) sale of labour power. The ways in which this is done defy inherited assumptions of fixed (and uniform) notions of ‘worker’, ‘peasant’, ‘trader’, ‘urban’, ‘rural’, ‘employed’ and ‘self-employed’.10

4. While concepts of ‘self-employment’ are often highly problematic (Meagher 1995; Standing 1999; Harriss-White and Gooptu 2000; Davis 2006)11, the prevalence of petty commodity production, in all its extraordinary diversity of activities and forms, makes its own particular contribution to what I term the fragmentation of classes of labour. In capitalism petty production is a contradictory combination of the class places of capital and labour, hence of exploitation: of ‘self’ and commonly of others too (Gibbon and N eocosmos 1985; Bernstein 2000). This why the informal economy is a domain of ‘relentless micro-capitalism’: ‘Petty exploitation (endlessly franchised) is its essence, and there is growing inequality within the informal sector as well as between it and the formal sector’ (Davis 2006: 181).

5. The ‘myriad… networks of exploitation’ of the informal economy (ibid) are permeated by ‘social regulation’ in Barbara Harriss-White’s term (2003/4), that is to say, social differences/divisions of a typically hierarchical, oppressive and exclusionary nature, of which gender is the most ubiquitous and which often also include race and ethnicity, religion and caste.12 Thus the ‘structural’ sources of exploitation and inequality inherent in all capitalist production (petty and grand, informal and formal) combine with other sources of social inequality and oppression to create divisions within classes of labour. Such divisions are often indicators of the boundaries between the active and reserve armies of labour, and of the distribution of social categories of labour between formal and informal employment and between relatively better and worse prospects within each.

10 Part of the informal proletariat, to be sure, is a stealth workforce for the formal economy… Likewise, there is probably more of a continuum than an abrupt divide between the increasingly casualized world of formal employment and the depths of the informal sector… (Davis 2006:181).

11 Many of those classified as ‘self-employed’, including poorer small farmers (‘peasants’), are ‘wage workers in thin disguise’ (Harriss-White and Gooptu 2000: 96, also 91, 93).

12 These are not social differences/divisions that necessarily originate in capitalism, nor are they necessarily in ‘the interests of capital’, a notion which usually signals a functionalist approach. There is a crucial difference between thinking that whatever exists in the world of capitalism does so because it serves the ‘interests of capital’ (in general), and thinking that what exists manifests the always contradictory dynamics of capitalist social relations (including the unintended consequences of particular strategies of accumulation, both economic and political). Of course, there are innumerable instances past and present of capitals consciously constructing, exploiting and manipulating divisions of gender and race, religion and caste. This is rather to state the obvious in South Africa context, but note Barbara Harriss-White’s extraordinary series of empirical studies and analytical reflections on ‘India working’ (notably synthesised in Harriss-White 2003) which emphasise that all these divisions are deployed and manifested in how (capitalist) enterprises are established and operate (see also Meagher 1995 on sub-Saharan Africa), as well as in their labour regimes (on which see also Breman 1996, 2003, on India). The notion of ‘labour regimes’ usefully encapsulates the interrelations of (segmented) labour markets and recruitment, conditions of employment and labour processes, and forms of enterprise authority and control, when they coalesce in sociologically well-defined clusters with their own discernible ‘logic’ and effects.
Does ‘the informal proletariat’, in whole or in large part, have any future within current, or foreseeable, patterns of capitalist accumulation? Jan Breman’s answer (2003: 13) is that ‘A point of no return is reached when a reserve army of labour waiting to be incorporated into the labour process becomes stigmatized as a permanently redundant mass, an excessive burden that cannot be included now or in the future, in economy and society. This metamorphosis is... the real crisis of world capitalism.’ And Mike Davis (2006: 178, 202) concludes that ‘the majority of the... labouring poor are truly and radically homeless in the contemporary international economy’, that they confront ‘terminal marginality within global capitalism’.

What might contest or qualify such apocalyptic views? First, there are various arguments that the normal dynamics of capitalist accumulation can generate sufficient new employment, both formal and informal, to resolve or at least relieve the ‘real crisis of world capitalism’ as ‘a permanently redundant mass’ of labour that confronts ‘terminal marginality’. One type of argument claims the authority of Marx: capitalism has not yet completed its ‘historic mission’ and remains ‘the only game in town’ (Desai 2002), with all the pain that its dialectic of destruction and creation entails (Sender and Pincus 2006) and even if its forward march requires extensive and effective intervention to discipline capital and direct its patterns of investment. In this respect it diverges from the neoliberal version of globalisation as uniquely capable of both generating growth within the world economy and overcoming poverty, as long as free markets prevail. This version of globalisation may be hegemonic, but its ideological robustness and plausibility are also under increasing strain from the growing contradictions it reveals.

Here it is well to remember that the economic and social power of capital has to be secured through its political and ideological rule (a necessary condition of accumulation). How the rule of capital is constituted and exercised, adapted and reproduced – and what political possibilities this may disclose – is better interrogated without assuming any simple instrumentality or coherence in how it seeks to explain and justify its own moral.

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13 Or, put somewhat differently by Arrighi and Moore (2001: 75): ‘(T)he underlying contradiction of a world capitalist system that promotes the formation of a world proletariat but cannot accommodate a generalized living wage (that is, the most basic of reproduction costs), far from being solved, has become more acute than ever’.

14 In effect, the ‘developmental state’ once more. While there is a strong case that states played a key role in the economic development of all the most advanced capitalist countries, and a case whose logic is still potent (Chang 2002), there remains a fundamental question of the necessary and sufficient political conditions for such states to function in today’s global capitalism. Is there any plausible candidate in terms of growth and accumulation left standing other than China?

15 One (but only one) part of this may be due to the driving force of ‘financialisation’ in contemporary globalisation (with the liberalisation of capital markets the most fundamental plank of neo-liberal economics?), and its effects for the relative stagnation of material production and employment creation (hence relative surplus population and pauperisation). It is striking that such champions of ‘righteous’ globalisation as Desai (2002) and Stiglitz (2002) are rather more nervous about the tidal waves of speculation associated with the liberalisation of capital markets and critical of the role of the IMF in regulating them – or failing to. In the framework of ‘systemic cycles of accumulation’ proposed by Arrighi (2004, and handily summarised in Arrighi and Moore 2004) we inhabit a second period of relative productive stagnation and financial expansion in the current long cycle, which follows a previous period of productive expansion and represents the ‘signal crisis’ of the dominant regime of accumulation. For this reason Arrighi is sceptical of the ‘financialisation’ thesis, or at least of its presumed novelty and how it is used to explain the distinctiveness of contemporary globalisation.
order, or assuming that it is equipped with any guarantees of effectiveness in how it perceives, anticipates, assesses, confronts and tries to contain its social contradictions and their effects.

This is illustrated, inter alia, by variations in state restructuring as a result of globalisation and neo-liberalism, and in the role of governments: whether, why and how they promote, resist or try to negotiate processes that advance the freedoms of capital and suppress the prospects and rights of labour, or are complicit with or otherwise helpless in face of the forces that do.\textsuperscript{16}

In this context, the key question is whether those living on the margins constitute actually or potentially dangerous classes - and increasingly so as globalisation intensifies their crises of reproduction - and the kinds of danger they do or might present.\textsuperscript{17} The responses of capital and state are commonly some or other mixture of repression and amelioration. The latter includes the panaceas or ‘win-win’ scenarios intrinsic to ‘development’ discourse and policy, whose current neo-liberal prescriptions might be tempered or sacrificed to protect the fundamental underlying commitment to global accumulation. Any prospect of significant amelioration, let alone more radical change, will be the result of political action by classes of labour - the point at which this address breaks off but the conditions and prospects of which might form part of our agenda in these next few days.\textsuperscript{18}

\textsuperscript{16} As noted earlier, these processes include ‘rolling back’ the regulation of labour markets and the provision of public goods and social income. Sandbrook et al (2007) analyse what they term social-democratic regimes in the ‘South’ that, in important ways, have managed to defend social provision against the hegemony of neo-liberalism from the 1980s, in Kerala, Costa Rica, Mauritius and Chile (since 1990). Whether any of them might be considered ‘developmental states’ in terms of economic development and accumulation is another matter (see note 14 above).

\textsuperscript{17} Mike Cowen and Bob Shenton (1996) have shown that the question of social and political order was integral to, indeed constitutive of, ‘doctrines of development’ first articulated in the early nineteenth century as a response to the emergence of the dangerous classes of industrial capitalism.

\textsuperscript{18} Some of the issues - a methodological Pandora’s box (or can of worms?) - in the political sociology of collective action by (fragmented) classes of labour are indicated by Harriss-White and Gooptu (2000) and Davis (2006) among those on whom I have leaned so heavily. Their comments reflect the recognition by Mahmood Mamdani (1996: 219, 272) that ‘translating social facts into political ones’ - especially when ‘the many ways in which power fragment(s) the circumstances and experiences of the oppressed’ are so pervasive an aspect of the ‘social facts’ - is always contingent and unpredictable. This sets an explosive device under any simplistic notions of movement from the first to the second term of the Hegelian couplet class in itself/structural location, conditions of social existence, objective interests) and class-for-itself (consciousness of class interests, collective action to pursue them), in effect from the socioeconomic to the political, above all when this movement is conceived as ‘natural’ and obstructed only by the machinations of capitalists and bourgeoisie (or petty bourgeoisie) politicians, by policemen and priests (or imams). The issue is (re)stated thus by Barbara Harriss-White and Nandini Gooptu (2000: 89): that ‘struggle over class’ precedes and is a condition of ‘struggle between classes’. In their magisterial ‘mapping (of) India’s world of unorganized labour’, they explore how ‘struggles over class’ by the working poor are inflected (and restricted) by gender, caste and other social differences/divisions noted above and that permeate the labour regimes of different branches of production and types of enterprises. They suggest that the overwhelming majority of Indian classes of labour ‘is still engaged in the first struggle (over class) while capital... is engaged in the second’ (class offensives against labour). There is an extremely useful discussion of issues of the political sociology of collective action by the oppressed in the concluding chapter of Marc Edelman’s exemplary monograph (1999).
References


