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Réduction de la pauvreté et compétitivité universelle

Paul Cammack

Résumé

Les documents de stratégie de réduction de la pauvreté (DSRP) de la Banque mondiale ont représenté, au début du siècle actuel, une transition entre l'étroit projet politique néolibéral et une approche plus large axée sur la création d'un climat favorable à l'investissement et caractérisée par des actions étatiques positives favorisant la compétitivité des produits, du capital et des marchés de la main d'œuvre. Si les « saines politiques macroéconomiques » constituaient toujours la base de la réduction de la pauvreté, les DSRP allaient beaucoup plus loin, afin de réformer les relations sociales et la relation entre les citoyens, les marchés et l'État. Cet article soutient que par l'orientation générale de ses politiques, la Banque mondiale favorise maintenant des objectifs qu'elle partage avec d'autres agences internationales et multilatérales, particulièrement l'OCDE. C'est-à-dire bâtir le capital humain des travailleurs, accroître les possibilités d'emploi, et rendre encore plus compétitifs les marchés de la main d'œuvre. L'article examine donc la relation entre la réduction de la pauvreté et la politique de compétitivité. Il explore (i) le terrain commun entre le « consensus de Washington », le « consensus post-Washington » et la stratégie de prolétarianisation mondiale énoncée par la Banque mondiale depuis 1990; (ii) le programme parallèle de l'OCDE et de l'UE visant à rétablir l'hégémonie du capital sur la main-d'œuvre dans les pays développés; et (iii) la logique actuelle des institutions internationales et régionales concernées par la gouvernance économique mondiale. La conclusion évalue la complémentarité et les contradictions entre les stratégies de réduction de la pauvreté et la compétitivité universelle.

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Poverty Reduction and Universal Competitiveness

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Abstract

World Bank poverty reduction strategies papers (PRSP) in the first years of the present century represented a shift from a narrowly conceived neoliberal agenda to a broader one focused on creating a climate for investment and characterized by positive state action to promote competitiveness in product, capital and labour markets. While 'sound macroeconomic policy' remained a bedrock of poverty reduction, PRSPs went far beyond this in order to reshape social relations and the relationship between citizens, markets and the state. This paper argues that in its general policy orientation the World Bank now promotes an agenda shared with other international and multilateral agencies, especially the OECD, focused on building the human capital of workers, expanding employment, and making labour markets ever more competitive. The focus of the paper, therefore, is on the relationship between poverty reduction and the politics of competitiveness. The paper discusses (i) the common ground between the 'Washington Consensus', the 'Post-Washington Consensus' and the strategy of global proletarianisation spelled out by the World Bank from 1990 onwards; (ii) the parallel OECD/EU programme for restoring the hegemony of capital over labour in the developed world; and (iii) the current conventional wisdom of the international and regional institutions concerned with global economic governance. The conclusion assesses the complementarity and contradictions between poverty reduction strategies and universal competitiveness.

Introduction

There has been considerable debate in recent years over the extent and significance of a presumed shift at the World Bank and the IMF from structural adjustment, with externally imposed conditionality, towards a greater emphasis on country ownership, inclusion and local participation and a primary focus on poverty reduction (Pender, 2001; Gilbert and Vines, 2002; Pincus and

Winters, 2002; Craig and Porter, 2003, 2005; Cammack, 2004; Ruckert, 2006; Best, 2006; Lazarus, 2008). This essay argues that there has been no significant change over the last twenty years in either the salience of poverty reduction, or the broad strategy through which it is to be achieved. In particular, it is mistaken either to ascribe a new ethical or moral dimension to the practice of the international financial institutions (Best, 2005, 2006), or to see in it any retreat from an original orthodoxy (Ruckert, 2006). The IFIs may have refined their understanding of the complexities of poverty reduction (with regard, for example, to institution-building, sequencing, regulation and strategies of legitimization). But despite successive and increasingly severe global and regional crises, neither their moral nor their politico-economic vision has changed. In fact, a consistent focus has underpinned not only the Bretton Woods institutions' approach to poverty reduction throughout the period, but also the policies promoted by the OECD and the European Commission in relation to the most developed countries over the same period. Its logic is best described as one of 'universal convergence on competitiveness'.

The focus of this paper, therefore, is on the relationship between poverty reduction and the politics of competitiveness. It proceeds as follows: I first highlight specific arguments made by Best and Ruckert which represent two interpretations of the recent transformations of World Bank policy I wish to challenge. The following sections then discuss (i) the common ground between the 'Washington Consensus', the 'Post-Washington Consensus' and the strategy of global proletarianisation spelled out by the World Bank from 1990; (ii) the parallel OECD/EU programme for restoring the hegemony of capital over labour in the developed world; and (iii) the current conventional wisdom of the international and regional institutions concerned with global economic governance. The conclusion assesses the complementarity and contradictions between poverty reduction strategies and universal competitiveness.

Country Ownership and Inclusion

In her analysis of recent policy reform at the IMF, Jacqueline Best identifies an 'ethical turn' on the part of the IMF from a stance of neutrality and objectivity to an explicitly moral one that amounts to a new global or universal ethics, albeit with a communitarian twist. Country ownership is central to this approach, as it "plays a crucial role in legitimizing the Fund's reforms, embedding a universal vision of the global economy through a particularist ethics that places the responsibility for change on developing states" (Best, 2005: 359; see also Best, 2003a and 2003b). She faults the new global ethics for imposing Western norms and practices on the developing world, and for promoting its moral vision without any "real awareness of the political implications of financial reform" (ibid: 373). So "the financial reforms that the Fund is proposing as a part of this new ethical framework appear to reinforce rather than to reduce their efforts to universalise their much-criticised neo-liberal policies" (Best, 2006: 308). Indeed these have become even more intrusive, moving from an emphasis on policy reform to requiring changes in the "economic and political *institutions*" of developing and emerging states (ibid: 311, emphasis in the original). In sum, Best argues that the IMF's "new policies on conditionality and ownership can best be understood as efforts to shore up the legitimacy of the institution by supplementing its traditional emphasis on expert-based legitimacy with a more explicitly political concern with ensuring participation, transparency and genuine consent to Fund programmes (Best, 2007: 471).

I share Best's conclusion that the new turn to global ethics does not "significantly challenge the current neo-liberal logic of contemporary global economic governance, but rather attempts to provide a moral justification for its continuance" (2006: 315). However, her analysis does not seem to grasp the full implications of its universal prescriptions or of the role that country ownership plays in them. This is an issue of considerable significance, as many left critics of the IFIs similarly characterise the policies they promote as imposed on the developing world at the behest of the US, or the developed states as a group, or global capital – as with Peter Gowan's 'Dollar-Wall Street Regime' (Gowan, 1999: Ch. 3), or David Harvey's bald assertion that "the IMF is the United States" (Harvey, 2005: 72). As a point of entry, I identify the contradiction, on which Best does not comment, between her assertion that the neo-liberal logic of reform is imposed upon developing and emerging states, and the insistence of Camdessus, which she cites, that "a duty of *universal responsibility* is incumbent upon all", that more rigour is needed in the industrial countries along with more discipline in the structural adjustment of the developing countries, and that there is a need for "a renewed sense of urgency in the structural adaptation of all economies, be they industrial, in transition, or developing" (cited in Best, 2006: 312, 313). I suggest that this points to a crucial misinterpretation of the project to which the IFIs and other institutions of global governance are committed.

Arne Ruckert similarly sees the Post-Washington Consensus (PWC) as "the first step towards the tendential emergence of an inclusive-neoliberal regime of development in the global economy", and argues that "its introduction represents an attempt by the IFIs to resolve some of the legitimacy problems and contradictions that neoliberal policies faced in the periphery" (Ruckert, 2006: 35). While allowing that there are some progressive aspects to this approach, he recognises that "the neoliberal logic of commodification and market colonization of all aspects of social life are not fundamentally challenged in the inclusive-neoliberal development model that is promoted under the tutelage of the PWC" (ibid: 59). I agree. But like Best, he finds the current paradigm unstable and therefore vulnerable to destabilising critique, in this case because of the following contradiction at its heart: "developing country governments are asked under the inclusive-neoliberal regime to increase their poverty-related spending and to subsidize the consumption of the disempowered and impoverished through the erection of social safety nets – *clearly a first step in undermining the logic of neoliberal rule*" (ibid: 62 – emphasis mine). Here my point of entry is to suggest that if one looks at workers as producers as well as consumers, and sees proposals for subsidisation and compensation as a strategy of increasing the supply of efficient and productive labour power over the medium/longer term, within a continuing social logic of commodification, there is not necessarily any contradiction here. Everything depends upon whether the logic of inclusion exceeds or diverges from that of labour market efficiency over time. If it does not, it remains consistent with a politics of universal competitiveness.

A New Materialist Perspective

Each of these approaches begs a fundamental question: in Best's terms, what is the strategy that flows from the perception of the IMF and others that "economic interdependence has created a world in which no country's economy is an island" (Best, 2006: 312); in Ruckert's terms, what is the social logic of inclusion? I approach these questions from a new materialist (or up-dated classical Marxist) perspective which starts with the idea of capitalism as a global system, rather than with a world of states (Burnham, 1994, Holloway, 1994), and gives priority to the analysis of capitalist accumulation and class struggle – contemporarily, in circumstances of the 'completion of the world market', or the emergence of a genuinely global capitalist economy (Cammack, 2003). In its light, I argue that the answer to each is the same – universal convergence on competitiveness. In other words, both point to a universal strategy to intensify the commodification of labour, reflective and constitutive of class struggle on a global scale.

Simply put, the World Bank and the IMF, along with other institutions such as the EU, the OECD and the UNDP, are in the business of spreading capitalism on a global scale. The Bretton Woods institutions have promoted this under the slogan of 'poverty reduction', most notably in the World Bank's strap-line 'Working for a World Free of Poverty" (a recent twist on the earlier "Our Dream is a World Free of Poverty"). From this perspective, the promotion of poverty reduction in the context of country ownership should not be seen as a contested issue between the IFIs and developing country governments, but as a joint strategy on their part to secure the hegemony of capital over labour, in such a way to ensure that the strategies adopted in individual countries collectively contribute to securing the hegemony of capital at a global level.

Importantly, the focus of that strategy goes beyond the IFIs and the low income countries, as it is pursued just as vigorously in the advanced capitalist countries as in the developing world or the emerging economies. In crude terms, in the former case the emphasis is on restoring and extending the sway of capital over labour, while in the latter it is on proletarianisation – making new workers available to, and exploitable by, capital. The discipline upon which both depend stems from the intensification of competitiveness on a global scale. The commitment of the international organisations to developing and disseminating programmes of domestic reform which aim to intensify the competitiveness not only in domestic markets, but also across the global capitalist system as a whole is to be understood, therefore, as an intervention in the global class struggle.

In this perspective, country ownership, whether promoted by the IMF and the World Bank in the developing world, or (as it also is) by the EU's European Commission and the OECD in advanced and emerging economies, is about consolidating states as effective agents of bourgeois hegemony. And to the extent that this incorporates a focus on inclusion, it is primarily about incorporating the poor as workers, or in other words as *producers* rather than *consumers*. If so, the strategy is not undermined but reinforced by measures intended to propel new or displaced workers back into the labour force with enhanced skills and 'flexibility', while the 'new global ethics' of the IMF (and others) represent not an attempt to impose existing Western norms and practices on a potentially different developing world, but an effort to provide ideological cover for a programme of universal capitalist competitiveness that imposes transformative social change in the developed and developing worlds alike. All in all, this suggests that the IMF and the World Bank have an all too acute grasp of the politics of reform – but one that in different ways Best and Ruckert have missed (Best, 2006)(Ruckert, 2006).

Proletarianisation and Poverty Reduction: from the 1990 World Development Report to the 'Post-Washington Consensus'

As suggested above, the defining feature of 'universal convergence on competitiveness' is that it articulates and seeks to implement a strategy that will both hasten the process of primitive accumulation – or global proletarianisation – and enforce the laws of capitalist accumulation *throughout* the enlarged space of the capitalist world economy (Cammack, 2002: 126). What does this tell us about the prospects for poverty reduction? A first step in addressing this question (to which I shall return in the conclusion), is to locate it in the overall strategy.

Williamson was clear on the point that prevailing suggestions for reform were market-oriented and largely excluded considerations of equity and redistribution. His much discussed summary of what he saw as the 'Washington Consensus' or the "conventional wisdom of the day [on Latin America] among the economically influential bits of Washington" in the late 1980s (Williamson, 1993: 1329) identified ten policy instruments (fiscal discipline; the orientation of public expenditure to primary health, education and infrastructure; tax reform; financial liberalisation; unified and competitive exchange rates; trade liberalisation; openness to and equal treatment of foreign direct investment; privatisation; deregulation; and secure property rights). Commenting on this 'consensus' in 1993 in the light of the debates it engendered, Williamson identified the underlying issue as the trade-off between equity and efficiency, and stated that he had "deliberately excluded from the list anything which was primarily distributive, as opposed to having equitable consequences as a by-product of seeking efficiency objectives, because I felt the Washington of the 1980s to be a city that was essentially contemptuous of equity concerns" (Williamson, 1993: 1329). Its premise was that the pursuit of efficiency would reduce poverty, but that any effort to address it by methods that reduced efficiency was misguided. Williamson argued that this view was compatible with a range of possible social welfare functions, which were proper matters for debate and political choice, but he ruled out "policies that are populist, socialist, or protectionist" on the grounds that they produced 'inefficient outcomes' (ibid: 1331, 1336). At the same time he explicitly rejected the suggestion that the policy package identified was 'neoliberal', for good reason, and would argue later that it was pro-poor in orientation (Williamson, 2000: 251-2, 257-9; see also Williamson, 1993: 1334).

Significantly, Stiglitz took exactly the same substantive position, thereby providing justification for Williamson's acerbic suggestion that the only reason to adopt the notion of a 'post-Washington consensus' is that it accurately captures the content of the original consensus in a way that the caricature offered by Stiglitz and others did not (Williamson, 2000: 259). Stiglitz is equally committed to "enhancing the efficiency of the economy" (Stiglitz, 1998: 7, 25-6); he identifies competition and increases in productivity at central objectives (ibid: 18, 29); and he draws on his Nobel Prize-winning analysis of incomplete information and market failure to make the case for public investment to promote human capital development and to encourage technology transfer (ibid: 31-4; see also Stiglitz, 2001). His conclusion is that "[t]he government should serve as a complement to markets, undertaking actions that make markets work better and correcting market failures"; and he adds for good measure that "some of the most promising and least explored ways to improve the function of government is (sic) to use markets and market-like mechanisms" (ibid: 26, 29).

Stiglitz reflected here, just as much as Williamson had before, the strategy spelled out by the World Bank at the beginning of the decade. As stated in the 1990 World Development Report, entitled *Poverty*:

> The evidence in this Reports suggests that rapid and politically sustainable progress on poverty has been achieved by pursuing a strategy that has two equally important elements. The first element is to promote the productive use of the poor's most abundant asset – labor. It calls for policies that harness market incentives, social and political institutions, infrastructure and technology to that end. The second is to provide basic social services to the poor. Primary health care, family planning, nutrition and primary education are especially important (World Bank, 1990: 3).

As summarised at the end of that Report, the strategy for reducing poverty involved three related components: "efficient labor-intensive growth based on appropriate market incentives, physical infrastructure, institutions, and technological innovation"; "adequate provision of social services, including primary education, basic health care, and family planning services"; and "transfers ... to help those who would not otherwise benefit ... and safety nets ... to protect those most vulnerable to income-reducing shocks" (ibid: 138).

From the outset, then, the provision of basic services for the poor went along with policies to "harness market incentives, social and political institutions, infrastructure and technology" (ibid: 3) to the end of promoting the productive use of their labour. And poverty reduction was *presented* from the start in terms of promoting economic opportunities for the poor (ibid: Ch. 4), ensuring that they can participate in, and contribute to, growth by "helping" them to grasp new income-earning opportunities (ibid: 56). But behind the language of participation and opportunity was an explicit programme to make healthy workers with good basic education available to capital all around the world. In relation to education, for example, the report reiterated the point that “the principal asset of the poor is labor time. Education increases the productivity of this asset. … Since labor is the one scarce resource on which all able-bodied poor can rely, increasing the productivity of this labor is clearly the most effective way to combat poverty” (ibid: 80, 81). The education of girls was identified as particularly important, because it would have the dual effect of reducing fertility and hence population growth, while also making them available as workers. It followed that “longer-term policies to increase women’s participation in the labor market will be needed if the bias against girls’ education in some parts of the world is to be eliminated” (ibid: 88).

Finally, this Report devoted an entire chapter to reflecting on the experience of the 1980s in order to explore the relationship between structural adjustment and long-term growth, and especially the impact of structural adjustment on the poor (ibid: Ch. 7). Invoking UNICEF, the World Bank addressed the slow pace of macroeconomic recovery and structural change over the previous decade, and concluded that while it was right to pursue the long-run goal of the more efficient use of labour, care had to be taken to avoid perverse short-term effects due to the slow adjustment of firms and labour markets and possible sharp cuts in the consumption levels of the poor. And since “the only way to help the poor is to bring about sustainable recovery based on a growth path that involves efficient use of labor and widespread investment in human capital” (ibid: 112), a way had to be found to manage the transition while keeping the process of reform on track.

The way the World Bank found goes under the name of the ‘political economy of adjustment’ and its key elements are (i) building on discontent with previous forms of economic management to defend market-oriented policies as progressive; (ii) moving more decisively on reform fundamentals as crises can ‘strengthen support for policy change, weaken anti-reform interest groups, and increase politicians’ willingness to rely on technocrats; (iii) seeking external aid and investment to increase the sustainability of reform; (iv) building coalitions of those who benefit; (v) sequencing reforms carefully with respect to political and economic objectives; and (vi) compensating losers, both among the poor and the politically powerful, such as formal sector workers, in the short term (ibid: Box 7.6, p. 115).

As early as 1990, then, three elements appear together: a transformation strategy to address poverty by increasing the availability and productivity of workers, a marketing strategy to present that transformation as progressive, and a short-term compensation strategy (safety nets) to sustain the political ascendancy of the reform coalition. It is hence mistaken to suggest that the concerns for country ownership or inclusion post-date the period of the 'Washington Consensus'.

Proletarianisation and the PRSP Approach

There is no doubting that the view that capitalist development can reduce poverty is and has been sincerely held at the IMF and the World Bank. The point made here is that the logic of efforts to promote poverty reduction from within those institutions has never diverged from or gone beyond a commitment to the development of the social forces of production to their maximum extent. The IFIs, in other words, are committed to poverty reduction only in so far as it is compatible with the overriding need to promote and solidify capitalist accumulation on a global scale. The bottom line is not that poverty must be reduced, by whatever means, but that the hegemony of capital over labour must be enforced. Hence the enormous efforts taken to shape states as effective agents of bourgeois hegemony, and to manage potential resistance; hence, also, the paradox that the deeper the crisis provoked, the greater the rush to insist that while corrections may be required, the fundamental policy framework must remain in place, and even be reinforced (see Cammack, 2009; World Bank, 2009). If we identify 'poverty reduction' throughout the period considered as part of a wider offensive to embed the disciplines of capitalist competitiveness on a global scale, obliging capitalists to compete, securing the hegemony of capital over labour, and pressing governments to lay down the infrastructural and institutional framework that these objectives require, the changes in IFI development policy and the transformations of the international aid architecture following the introduction of the Poverty Reduction Strategy Paper (PRSP) approach represent neither straightforward continuity, nor rupture, but a deepening or intensification of the strategy reflected in the original 'Washington Consensus'. The emphasis on 'ownership', 'participation' and 'inclusion', as slippery and deceptive as the emphasis on 'poverty reduction', reflects the recognition that greater efforts needed to be devoted to developing the capacity of states to make markets competitive and capitalism hegemonic, and to instructing them on complementary strategies that would induce citizens to change their behaviour in appropriate ways. A fundamental part of this strategy - of which Stiglitz and then Stern were leading exponents within the World Bank - was to present the narrowing down of choices to those consistent with the disciplines of global capital competitiveness, as opening up a realm of freedom, choice and empowerment for the individual and a 'better climate for investment' for the national state – an argument I have made at length elsewhere (Cammack, 2006c). In this context, Stiglitz took the view that *state* action was essential and irreplaceable, whether to regulate markets and ensure competition, or to build a local sense of ownership through devolution. In sum, he was for national ownership of the reform process, and for competition, rather than against the market, arguing that "if policies are to be sustainable, developing countries must take ownership of them" (Stiglitz, 1998: 34). Stiglitz was not for national *modification* of the process, any more than the IMF was, despite Best's invocation of a 'particularist' ethic. Rather, he took the view, as Collier and Dollar did in a paper that contributed substantially to the evolution of the PRSP approach (Collier and Dollar, 2001), that only the state could introduce and maintain the disciplines, on capital and labour alike, that would be conducive to bourgeois hegemony and capitalist accumulation on both national and global scales. From this followed the redefinition of the World Bank as a 'knowledge Bank'.

Parallel Developments across the Developed and Developing Worlds

While successive World Bank Development Reports were building up the detail of the poverty reduction agenda through the 1990s (Cammack, 2002), a similar emphasis was emerging in the European Bank for Reconstruction and Development (EBRD), the European Commission, and the Paris-based Organisation for Economic Cooperation and Development (OECD), which all produced parallel agendas for reform. The impetus behind these was the same as that which impelled Stiglitz and others to turn the spotlight onto micro-level policies and the management of behaviour. The neoliberal revolution launched in the UK and the US in the 1970s was seen to be faltering in the early 1990s, particularly in the major economies of continental Europe. The response, in the European Commission's White Paper on Competitiveness in 1993 (the 'Delors Report') and the OECD Jobs Strategy of 1994, was precisely the same as that outlined above for the World Bank.

The OECD Jobs Strategy promoted a set of proposals aimed at addressing the need for reform in the *advanced* economies of the world. It reflected the same principles in place at the World Bank and the IMF in the period, and provides evidence that prior to the World Bank's adoption of similar micro-political strategies under Stiglitz, reforms to promote incentives to modify behaviour in such a way as to create more competitive labour and capital markets and to eliminate alternatives to work, such as early retirement or reliance on state benefits, were also being pressed upon advanced states. The OECD proposals, set in the context of the need for non-inflationary macroeconomic policy and technological innovation, revolved around creating flexible labour markets (through deregulation, tax and social security reform, and 'active labour market policies'), extending education and training, and promoting competition and an 'entrepreneurial climate' by eliminating impediments to the creation and expansion of enterprises (Cammack, 2006a: 7). They went hand in hand with national legislation, pioneered in the UK, to limit the power of trade unions to resist the changes pursued.

It is on the basis of this evidence that the same set of proposals being promoted in the developing world by the IMF and the World Bank was being urged upon the advanced capitalist countries by such institutions as the European Commission and the OECD (and incidentally, through its Article IV engagements, by the IMF itself), that I argue that we are dealing with a 'universal convergence on competitiveness'. This has become particularly apparent over the last decade, with the EU's adoption of the pro-competitiveness Lisbon Agenda in 2000 (Cammack, 2006a), and its enlargement strategy, and the OECD's engagement with the BRICs. It is also reflected in the increasingly close co-operation between the IMF, the World Bank and its regional offices, the regional banks, and UN agencies such as UNCTAD, the UNDP and ECOSOC, as reflected in the Monterrey Consensus and the UN World Summit of 2005, which have all helped to broaden the scope of the new consensus and the institutional basis on which it rests (Cammack, 2006b, 2007, 2008; Charnock, 2006, 2007). Along with the systematic interaction between these various institutions and national and third sector donor agencies, such as the UK's Department for International Development (DFID) and Oxfam, this has produced a host of mechanisms for the dissemination and implementation of the reform agenda at the micro-level.

Universal Convergence on Competitiveness

What is the content, then, of the 'universal convergence on competitiveness'? My reading of the positions of the various organisations mentioned above suggests that it can be summarised in ten key precepts, which together constitute the 'conventional wisdom of the day':

All countries should pursue competitiveness in the global economy: The immediate priorities depend on national circumstances, but the objective is always more flexible and more productive economies that are better able to compete. The need to adapt to the inevitable changes brought by competition is an issue for developed and developing country governments alike. As regards timing, there is no bad time for reform: when times are good, abundant resources are available to fund reforms and buy off opponents; when times are bad, crisis weakens resistance and justifies deeper reform.

Country ownership is essential: Governments must take responsibility for reforms or they will not appear legitimate. They must not follow public opinion, but rather educate the public on the need for change and the cost of non-reform. Reform will not be sustainable over the longer term without secure electoral support. The ultimate objective is to persuade citizens to adopt new patterns of behaviour, and this cannot be imposed, least of all from outside.

International institutions must be 'strategic partners in the political economy of reform' (Angel Gurría, OECD Secretary General, in OECD, 2007: 5): The international institutions and their allies provide development knowledge and sound policy advice; identify and disseminate best practice; offer authoritative support for reform; and where necessary exert pressure on states through surveillance and peer review. They must work closely together in order to achieve their strategic objectives. And in order to be legitimate, they must extend representation, especially to the emerging economies.

Their task is to promote national reforms that contribute simultaneously to national and global competitiveness: The right policies enhance both national competitiveness and the competitiveness of the global economy as a whole – for example, competitive product markets are good, but protectionism is not. It is not advisable to do everything at once; intelligent sequencing of reform will maximise support and weaken opposition.

Sound macro-economic policies are still the indispensable starting point: Monetary and fiscal stability provide the basic conditions for investment, employment creation and growth (*e.g.* World Bank, 2009).

Beyond that, all governments must create and maintain a good climate for investment (World Bank, 2004): The private sector is the primary source of growth, so the state must provide good governance and the rule of law: predictable legal and regulatory frameworks and secure property rights.

It must then provide an abundant and productive labour force: Flexible labour markets are the key, with benefits calibrated to make work pay, low barriers to labour mobility (hiring and firing), and minimal disincentives to employment (excessive minimum wages, redundancy provisions and centralised wage bargaining).

Public expenditure should be directed to growth-supporting infrastructure and accelerated human capital formation: Public investment in health, education, and infrastructural projects is essential. Privatisation of state enterprises is appropriate, so long as competition is guaranteed. Where the state funds provision, it should do so through public-private partnerships. In education, the emphasis should be on providing the skills required among the workforce for success in a knowledge-based economy.

Entrepreneurship and innovation should be promoted at all levels: Domestic and foreign capital should be treated equally. Fiscal, legal and regulatory frameworks should all favour enterprise, and especially SMEs (small and medium enterprises) which provide employment and nurture domestic entrepreneurship. Sound and effective competition law must be in place, to enforce both local and global competitiveness. Innovation should be promoted through partnerships between business, universities, and local, regional and national government development agencies.

There should be a particular focus on the empowerment of women: This is ‘smart economics’. Girls are under-educated in comparison to boys in most of the world, and their rates of participation in the workforce fall well short of those of men. Women should be supported in staying on to secondary and higher education, in rural and urban entrepreneurship, and in entering and remaining in work.

The Logic of Global Competitiveness at the World Bank

What this is all about, then, is delivering educated, appropriately skilled, healthy and productive workers into the hands of capital on a global scale – and all the detail has to be seen in the context of this broader project. This could be amply evidenced from the PRSP *Sourcebook* on which Ruckert’s analysis builds, but I will illustrate it instead by drawing on the CPIA (Country Policy and Institutional Assessment) Questionnaire currently in force at the World Bank, which provides the template against which countries are assessed and marked, both to guide the allocation of lending, and to offer a public appraisal of the extent to which the country’s policy and institutional framework is conducive to “fostering poverty reduction, sustainable growth, and the effective use of development assistance” (World Bank, 2005: 1). It consists of sixteen criteria set out in four equally weighted groups, the first concerned with economic management (macroeconomic, fiscal, and debt policy), the second focused on structural policies (trade, the financial sector, and the regulatory environment for business), the third addressing policies for social inclusion or equity (gender equality, equity of public resource use, building human resources, social protection and labour, and environmental sustainability), and the fourth concerned with public sector management and institutions (property rights and rule-based governance, budgetary and financial management, efficiency of revenue mobilization, quality of public administration, and transparency, accountability and (presumably, absence of) corruption in the public sector) (ibid: 3). In each section, a sequence of descriptors running from bad (1) to good (6) is provided to assist in country scoring, the whole document running to 42 pages.

As the outline above suggests, policies relating to social inclusion and equity are set in a broader framework relating to economic management, structural policies and public sector management. Along with the expected emphasis on sound macroeconomic and fiscal policy and lean and efficient government, the logic of competitiveness outlined above is reflected throughout these sections. In the ideal business environment, for example, foreign investment is freely permitted, regulations are streamlined to facilitate entry, business activity, and exit; employment law "provides a high degree of flexibility to hire and fire at low cost", other labour market institutions "facilitate doing business", state intervention in labour and land markets is "limited to regulation and/or legislation to smooth out market imperfections", and procedures to register property are simple, low cost and fast (ibid: 18).

As regards the criteria for social inclusion and equity, gender equality is given pride of place. Ideally, "There are no gender differences in human capital development, access to productive and economic resources, and status and protection under the law. Policies and laws that specifically address gender equality in all these areas are consistently and effectively enforced, and there are active programs or institutions to promote greater gender equality or prevent an increase in gender inequalities" (ibid: 20). On public resource use, public expenditures "are fully aligned with poverty reduction priorities", with poor, vulnerable groups, and those lacking services clearly identified and effective and well-monitored strategies in place (ibid: 22). Human resources are built through (a) health and social insurance policies with wide coverage, and universal access to appropriate client-focused preventive and curative health services, including the prevention and treatment of all forms of malnutrition, and (b) a good quality, universal basic education system, good quality, equitable ECD (early childhood development) services, and diversified, good quality post-basic education and training systems adequate to support economic development and life-long learning, featuring the effective use of public and private resources; and (c) strong commitment to prevention, treatment, care and support of HIV/AIDS, tuberculosis, and malaria (ibid: 26). On the all-important topic of social protection and labour, (a) social protection programmes provide cost-effective and well-targeted and monitored results as part of a "balanced strategy with measures to increase poor and vulnerable groups' own incomes and their access to services and to social insurance”, (b) the government implements core labour standards, and “encourages civil society and local government actions to reduce child labor, including appropriate incentives for children to remain in school”, (c) “Labor market regulations and active labor market policies promote broad access to employment in the formal sector and reflects a balance between social protection and job creation objectives in accordance with the economic circumstances and values of the country”; (d) “Government policies and programs encourage and support communities’ own development initiatives with systematic community involvement in planning, significant allocation of resources to the community level, and capacity building and other institutional strengthening efforts to ensure integration of communities into local government processes”; and (e) “A diversified, well-supervised, and appropriate combination of pension and savings programs (including mandatory, voluntary, public, private, funded, pay-as-you go, contributory and non-contributory programs) provide affordable, adequate, sustainable and robust income security to most of the potentially vulnerable groups with minimal distortions in the operation of labor markets” (ibid: 30).

This summary shows three things. First, the framework against which the World Bank evaluates country performance is comprehensive, and represents a level of detailed intervention that confirms that ‘country ownership’ means that the government takes responsibility, not that it has a free hand to devise or modify the programme. Second, the logic of the whole corresponds precisely to the formulation offered by Williamson, and developed above – the interpretation and extent of equity and inclusion are governed by the logic of efficiency, with everything oriented towards the efficient functioning of markets at all levels. Everything is geared to enforce the disciplines of competitiveness. Third, while some specifics are relevant only to poor countries, the overall policy framework is identical to that currently urged upon *developed* countries by the IMF, the OECD, and the European Commission. The programme is universal. It is not that there is nothing here that could be construed in isolation as either progressive, or ethical. The point is rather that the ‘ideal’ policies for social inclusion and equity have the characteristics, alongside the other elements of the full analytical framework, identified in the summary above of ‘universal convergence on competitiveness'. They envisage a world in which governments deliver on the commitment to the development of private enterprise, and competition in labour and product markets, with policies towards gender, public expenditure, education and welfare all shaped by that logic. Human capital is to be developed to the maximum extent (a goal to which gender inequality is an impediment); public expenditure is targeted, and monitored with the intention of denying it to those capable of surviving in the market, and equipping those who are not with the capacity to enter or re-enter it; health and education expenditure and labour market regulation aim to provide for (through a basic universal minimum) and to set limits to (through the abolition of child labour) the delivery of a global labour force, subject to common welfare and regulatory standards. And finally, social protection programmes are aimed to underpin the labour market and ensure its sustainability over the longer term, communities are integrated as significant sites of delivery and legitimation, and pensions- and savings-based income security operates "with minimal distortions in the operation of labor markets".

Conclusion

For a number of reasons, the logic of poverty reduction has not been well understood in much of the literature on PRSPs. In some quarters, the 'dream of a world free of poverty' has been taken in isolation and at face value, without a necessary understanding of the extent to which capitalism depends upon the existence of a multitudinous poor; there has been a tendency to place a one-sided emphasis upon ideas and discourse, neglecting the social relations of production, when the former are hard to fathom without reference to the latter; the debate has focused too often around sovereignty and the counter-posing of states and international organisations, making it difficult to see the way in which international organisations work through states and seek to strengthen them as agents of accumulation and legitimisation; crucially, there has been a tendency to address poverty reduction in the developing world in isolation from the broader process of class struggle on a global scale, and specifically in the advanced capitalist countries themselves, so that the logic which shapes it is rendered invisible; and fifth, too much emphasis has been placed on the 'Washington consensus' and the 'Post-Washington Consensus', and the supposed contrasts between them.

Taking cues from the work of Best and Ruckert, I have argued that the commitment of the IMF and the World Bank to ‘poverty reduction’ is to be understood in terms of a universal project whose logic is that of ‘universal convergence on competitiveness’. And I believe that the evidence is strong that the organizations concerned do indeed energetically promote the full development of capitalism on a genuinely global scale, and concentrate their attention on a comprehensive set of policies aimed at transforming social relations around the world to maximise competition within and between states, and the maximum development of a appropriately skilled and disciplined proletariat. In these circumstances, two questions in particular suggest themselves. First, why are they doing it? And second, what are the implications for poverty reduction?

The best answer I can give to the first of these questions, unlikely as it will seem to some, is that the international organisations concerned with global governance are increasingly attuned to the efficient management of capitalism as a global system. Their efforts are exerted not with a view to the interests of particular states or particular capitals, but with a view to maximizing the level of competitiveness *across the global economy as a whole*. This cannot be construed in any sense as resolving the fundamental contradictions of capital, but it can be seen as a rational programme for enforcing the global hegemony of capital over labour. In this logic, one of the significant effects of the promotion of capitalist development in the regions formerly known as the periphery is to facilitate the hegemony of capital over labour in what was once the centre. The international organisations are directing the class struggle on a global scale, by engaging all states as agents of bourgeois hegemony, and encouraging them to build regimes of domestic competitiveness that contribute collectively to competitiveness across the global economy as a whole. As to whether it will work, it depends on what one means. It will contribute, as it is intended to do, to the epochal transformation of the global economy which precedes, motivates and accompanies their efforts. In the short and medium term, this is compatible with rising living standards (or the reduction of poverty) across much of the developing world. But there are two inescapable corollaries. The first is that it equally and unavoidably involves reduced living standards (or an increase in poverty) in many parts of the developed world not previously subject to intense competition on a global scale. Second, 'poverty reduction' is quintessentially a transitional phenomenon, fated in the (not necessarily so) long run, if the project outlined succeeds, to demonstrate that universal convergence on competitiveness is nothing other than universal convergence on subsistence wages.

Endnotes

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