

Marx and Poverty

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Abstract:

This chapter argues that Marx was not primarily concerned with the question of poverty. Rather, Marx's main object of critique is the relations of power inherent in capitalism. According to Marx, poverty is the end result of the structural processes that are constituted by relations of power. After explicating the coercion, domination, and exploitation inherent in capitalism, the chapter discusses the status and the different layers of the non-working poor in Marx's theory, what he calls "the industrial reserve army". The chapter concludes by comparing Marx's conception of poverty with that of liberal political philosophy.

1- Changing the Subject from Poverty to Structural Power

One might think that Marx, the most potent critic of capitalism yet to have appeared, would be greatly concerned with the problem of poverty. Yet he is not. Rather, his main object of critique is the relations of power inherent in capitalism. From Marx's perspective, in capitalism poverty is the end result of structural processes that are constituted by relations of power. Thus, according to Marx, understanding poverty in capitalism requires understanding the social structure whose effect is poverty. Similarly, eradicating or attenuating poverty requires overthrowing or taming the relations of power that generate poverty.

Marx's critical social theory of capitalism is most developed in his *Capital*, on which I will focus here. In the first section, I discuss the core mechanisms of capitalism whose inevitable outcome is poverty. The structure of capitalism is constituted by relations of coercion, domination, and exploitation; and, further, capitalism is inherently

prone to periodic crises (§1). I then discuss Marx's account of the determination of the wage, which is necessary for understanding the plight of the working poor in capitalism (§2). Afterwards, I discuss in some detail the status and the different layers of the non-working poor in Marx's theory, what he calls "the industrial reserve army" (§3). Finally, I discuss how Marx's conception of poverty is distinct from that of liberal theories of distributive justice, the latter currently being the most prevalent type of political philosophy practiced in Anglophone academia. I also note how Marx's distinctive conception of poverty translates into a distinctive kind of politics of alleviation of poverty (§4).

2- Structural Power

According to Marx, the defining feature of capitalism is the institution of wage-labor. People engaging in the relation of wage-labor are equal before the law, and are free whether or not to enter into a specific wage-contract. Marx holds that that wage-labor embodies legal freedom and equality, and yet argues that the relation of wage-labor is effectively a relation of coercion, domination, and exploitation.

In capitalism, there is a specific social setting regarding ownership of means of production: some own means of production, and can hire other people to work for them; they are the capitalist class. Some do not have any means of production other than their labor-power, and are thus coerced to sell their labor-power to the capitalists; this second group of people constitutes the working class. According to Marx, workers are legally free whether or not to work for the capitalists. They are not slaves; no higher authority can force them to work for the capitalists. And yet, on pain of starvation, they have no other viable option but to work for the capitalists. That is to say, although workers are *formally free* whether or not to work for the capitalists, they are *materially coerced* to work for them. Moreover, although a specific worker is not bound to work for a specific capitalist – the worker is not a feudal serf bound to a specific manor lord, nor is he a slave bound to a specific slave-holder – the worker is nonetheless coerced to sell his labor-power to some capitalist; which is to say that the mode of coercion in capitalism, in contrast to feudalism or slavery, is impersonal (see Abazari 2020, Postone 2003).

Moreover, according to Marx, the relation of wage-labor is a relation of domination. Although workers do the actual labor, the labor process to a large extent is determined and controlled by the capitalists. This is not only with regard to the number of working hours, but also with regard to the social and technical organization of the

labor process. In capitalism, decision-making inside the workplace is typically considered as the private affair of the capitalists or their managers. And apart from some regulatory measures regarding safety (where such regulatory measures in fact exist), the workplace is considered to be impervious to public, democratic control from without. The workers are engaged in working for most of their waking life, but they don't participate in the process of decision-making regarding what kind of technology to invest in, or what kind of working relations they need to follow. Their consent to the working conditions is formally secured only at the entry point of the wage-relation, and does not typically extend to and affect the labor process itself (Smith 2017: 134-136).

Finally, and most importantly for our purpose, the wage relation is a relation of exploitation. Exploitation designates a state of affairs where the surplus value or surplus product is being created or produced by the workers, but then systematically transferred to the capitalists. The ownership of the means of production in capitalism entitles the capitalist to reap all the surplus value that is being produced via the labor process.¹ The proportion of the surplus labor to the necessary labor, Marx calls "the rate of exploitation" of labor-power. This is the proportion of the amount of labor that is being done beyond what is necessary for compensation of wage, to the amount of labor that is necessary for compensation of wage (Marx 1990: 326). Since the rate of exploitation is proportional, a higher wage may come to be consistent with a higher exploitation rate, an issue that has important consequences for understanding Marx's diagnosis of the ills of capitalism, which I will discuss later.

The three forms of power discussed above are all the power of capitalists over workers; but there is yet another form of power in capitalism that is deeper and grounds the former relations of power. This is the pressure that the social structure or social totality exerts over *both* capitalists *and* workers. Marx emphasizes soberly that individualist moral explanations about the ills of capitalism – as is the case, when the ills

¹ Note that Marx's conception of capitalist exploitation is not dependent on his so-called labor theory of value. Two points must be made in this regard. First, Marx's labor theory of value is much more sophisticated than is usually assumed. Contrary to his overhasty critics, for Marx, the labor that creates value is "abstract labor", the amount of which is determined ex post facto through circulation of commodities in the market (see Heinrich 1999: 208ff). Second, exploitation can be defined in a way that is neutral with regard to the source of value. On this view, which is consistent with Marx's view, what matters is that surplus products – no matter in what the source of their value consists – are not fairly distributed; rather, that value is overwhelmingly transferred to the capitalists (see also Robinson 1966, and Roemer 1982).

of capitalism are explained through the “greed” of capitalists, or their lack of sense of “social responsibility” – is off the mark. In the Preface to the first edition of *Capital*, Marx programmatically avers that in his work

individuals are dealt with here only in so far as they are the personifications of economic categories, the bearers of particular class-relations and interests. My standpoint [...] can less than any other make the individual responsible for relations whose creature he remains, socially speaking, however much he may subjectively raise himself above them. (Marx 1990: 92)

According to Marx, qua the “personification of economic categories”, capitalists are also coerced by the rule of capital. The capitalists stand under the “coercive laws of competition” with other capitalists, and as capitalists, have no other viable option but to constantly expand their capital – and this may be accompanied by the increase in the rate of exploitation of the workers. According to Marx, without constant expansion of capital, the original capital soon gets devalued, and thus the capitalist gradually ceases to be a capitalist. Of course, an individual capitalist, qua a human-being, for any moral or other reason may decide to let his capital be devalued; but then he ceases to be a capitalist. Marx’s point is that, as long as capitalism persists, the capitalist *class*, as a *class*, never divests itself of its capital.

The social structure or the totality that exerts pressure both on capitalists and workers, Marx simply calls “capital”. Thus, contrary to classical political economy, Marx does not conceive of capital in terms of a stock of money, or in terms of a stock of commodities. Rather, capital is a relational social structure that obtains between, and includes the activities of, capitalists, workers, and consumers – the latter can either be capitalists or workers in a different economic function. The relation between capitalists, workers, and consumers is maintained through endless quotidian acts of monetary exchange. Marx argues that this relational structure as a whole is not primarily aimed at satisfaction of needs; rather the drive defining capital is the maximization of profit. According to Marx, although individual capitals may perish in competition with each other, the “total social capital”, which results from the interlinking of all individual capitals, has a *sui generis* character. The total social capital, as if it were an organism, can maintain and reproduce itself. And, again like an organism, the total social capital can partially transform its material and social environment to serve its needs (see Abazari 2020: 112ff).

But how can the total social capital successfully maintain itself when it involves the coercion, domination, and exploitation of the capitalists over the workers? The

answer lies in that fact that in capitalism a substantial number of people are constantly forced into unemployment. The masses of unemployed people, Marx calls “the industrial reserve army.” The presence of the industrial reserve army puts a downward pressure on wages, and at the same time significantly reduces the efficacy of workers’ strikes or other struggles – they can always be replaced by those from the reserve army. Moreover, owing to the industrial reserve army, the capitalists can coerce those employed into overworking. Indeed, “the condemnation of one part of the working class to enforced idleness by the over-work of the other part, and vice versa, becomes a means of enriching the individual capitalists” (Marx 1990: 789).

According to Malthus, unemployment and poverty exist because the rate of population growth exceeds the rate of economic growth. Malthus especially blames the working class for this high rate of population – they procreate simply too much. In other words, for Malthus, the reason for enduring unemployment and poverty must be sought in factors external to the economy. In contrast, Marx argues that the reason for permanent unemployment in capitalism is internal to the function of capital. Independently of the natural growth of population, capital always requires a mass of unemployed people in order to function. Not only does the industrial reserve army exert a downward pressure on wages, but also, by providing a buffer for capital, it enables capital to thrive across various economic situations. Capital is subject to the cycle of alternate growth and stagnation; in a time of growth, a portion of the industrial reserve army is called upon to join the active industrial army such that capital does not get devalued. In a time of stagnation, capital expels a part of the active industrial army into the reserve so as to maintain the rate of profit. Marx emphasizes that the industrial reserve army is the *precondition* of capital, but at the same time this precondition is *generated* by capital itself. The ongoing labor-saving technological innovation, which itself results from competition between capitalists, ensures that a portion of workers is constantly laid off to join the ranks of the unemployed. According to Marx, for structural reasons, total employment can never transpire in capitalism.

In addition to the normal cyclical periods of contraction and expansion of capital, capitalism is predisposed to develop into periodic crises. In capitalism, the total social capital obtains through fierce competition between individual capitals. Since there is no *ex ante* coordination between capitals, and because each is driven only by the need to maximize its profits, there is no reason that the aggregate outcome should be a simple equilibrium. While the details need not concern us here, Marx argues that capitalism has an inherent tendency to develop into overaccumulation crises (when capital does not

have enough of an outlet for investment) or into overproduction crises (when the commodities produced do not meet effective demand in the market). These crises result in massive devaluation of capitals, and merging of smaller capitals into larger ones, both giving rise to massive unemployment. Although some of the people laid off during a crisis may subsequently find a job after the crisis, they nonetheless undergo a period of immense economic, personal, and psychological distress. Any good conception of life requires that people feel secure about their long-term ordinary livelihood, so that they can form and deliver meaningful projects for themselves. If, because of its internal mechanism, capitalism inevitably evolves into periodic crises, this means that a substantial number of people must live under permanent anxiety about their basic livelihood, even if they are not actually poor at any given moment of time.

Thus far, I've discussed the structural features of capitalism in its purely economic dimension, where coercion, domination, and exploitation all occur on the basis of legal freedom and legal equality. But there is a yet darker side of capitalism, and that is when the brute coercion of the state joins with the economic power to facilitate capital accumulation. According to Marx, such extra-economic coercion was historically essential for capitalism to get off the ground in the first place. Through a bloody process of "primitive accumulation", as Marx calls it, in 15th and 16th century England, an accumulated capital was engendered that was subsequently able to hire workers to work for it; while at the same time the former peasants were forced off their land to become, in Marx's phrase, "vogelfrei", as free as a bird, i.e. without any means of production or means of subsistence, hence being "unprotected and rightless proletarians" that were thrown into the labor-market (Marx 1990: 876). The process of primitive accumulation included not only the expropriation of agricultural land from its populace, but also massive enclosures of the common land which hence passed into private hands. Finally, the colonization of non-western areas of the world through war provided raw materials for capitalist production, while also enlarging the market for the commodities produced.

The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the indigenous population of that continent, the beginnings of the conquest and plunder of India, and the conversion of Africa into a preserve for the commercial hunting of blackskins, are all things which characterize the dawn of the era of capitalist production. (ibid.: 915)

The common thread between the various processes of primitive accumulation – expropriation of land, privatization of the commons, and colonialism – is the use of extra-economic violence, which occurs without even the formal consent of the individuals

affected. While Marx emphasized the necessity of extra-economic violence in the beginning phases of capitalism, he seemed to entertain the notion that once capitalism is fully formed, the economic coercion, domination, and exploitation – which are mediated by legal freedom, legal equality, and formal consent – are sufficient for its perpetuation. Later adherents to Marx, however, emphasized that extra-economic, state-orchestrated violence is not confined to the pre-history of capitalism; it is rather an ongoing force throughout capitalism that complements the economic domination. Lenin (1987) and Luxemburg (1951) both argued that imperialism and war between states are political phenomena that are meant to fuel the process of accumulation of capital. More recently, the Marxian geographer David Harvey (2005) has argued that neoliberalism, its official doctrine notwithstanding, is formed and consolidated by direct state violence, especially in non-western countries, such as Pinochet's Chile and Xiaoping's China. Accordingly, Harvey argues that primitive accumulation must be dubbed, more correctly, "accumulation by dispossession", since the former phrase might falsely suggest that extra-economic forceful intervention was only present in the historical origins of capitalism. (See Harvey 2003: 137ff)

3- Wage

After discussing the structural features of capitalism, we must turn to the determination of the wage for Marx, since it directly bears on the issue of how to understand the phenomenon of the working-poor. According to Marx, the amount of wage is dependent on the value of labor-power. (By labor-power, Marx means the capacity of labor that workers possess and which they sell to the capitalists.) The value of labor-power is independent from the value that is created or drawn from the labor-process. While the latter belongs to the capitalist, the value of labor-power is meant to compensate the value of the means of subsistence of the worker, what he needs to reproduce himself and his family on a daily basis. Marx emphasizes that the means of subsistence is not defined absolutely, but varies according to the historical and social situation, and according to the local habits and expectations of the working class. Marx writes that newspapers, for example, are a part of the essential means of subsistence of the urban English worker in the 19th century (Marx 1990: 1033). Similarly, cellphones and microwaves and computers and cars are among the essential means of subsistence of today's American workers.

The actual wage of labor is regulated in view of the value of labor-power, but it is not exhaustively determined by it. In actually existing empirical settings, the wage can be

higher or lower than the value of labor-power. Thus, Marx criticizes the so-called “iron law of wages”, the view held by some Ricardian socialists of his day, according to which in capitalism wages tend to be reduced with iron necessity to that which is required for the bare subsistence of the workers. In contrast to those socialists, Marx argues that in capitalism only the uppermost and lowermost limits of the wages are necessarily fixed. The lowermost limit is that which is compatible with the bare physiological subsistence of the workers (which is indeed lower than the value of labor-power), and the uppermost limit is that which does not seriously impede the process of accumulation of capital (which is indeed much higher than the value of labor-power).

According to Marx, within these broad constraints, the amount of wage that actually obtains in a specific empirical setting is determined by two processes: (1) the general pattern of accumulation of capital, and (2) the intensity and extent of class struggle. Of the two, the second is more important and fundamental, since the level of class struggle also partially determines the pattern of capital accumulation. But let us begin with the general pattern of accumulation of capital to see how, in the methodological abstraction from class struggle, it affects wages.

Broadly speaking, according to Marx, there can be two patterns for accumulation of capital (Marx 1990: 762ff). In the first pattern, there is no technological change, and the accumulation of capital is accompanied by the proportional increase of demand for workers. The increased demand, in turn, results in a decrease of the unemployment rate, or an increase in the wages, or any combination of the two.

In contrast to those theorists who define poverty in absolute terms, or those who think the central affliction of workers in capitalism is that they may be poor, Marx maintains that even with such an increase in the wage, the underlying normative situation of the workers does not become significantly better. “A rise in the price of labour, as a consequence of the accumulation of capital, only means in fact that the length and weight of the golden chain the wage-laborer has already forged for himself allow it to be loosened somewhat” (Marx 1990: 769). What matters foremost for Marx is the relations of power – and not merely the consumption fund of the workers. As long as capitalism persists, the exploitation of workers is inevitable; since, as noted, the sole reason for capital investment is drawing profit from it. Moreover, an increase of the wage of workers is fully compatible with an increase in the rate of exploitation – that is, when the amount of surplus-value grows more than the amount of wage does. That for Marx what is of primary concern is not the abolition of poverty, but the abolition of relations of power, shows his deep commitment to what in contemporary political theory is called

“republicanism”. Just as slaves living under a benevolent master cannot be called freer than other slaves (Pettit 1997: 63-4), workers enjoying a higher living standard are not freer than other workers. This is so not only because of the extant exploitation, but also because the better living standards of the workers is not resilient; the workers may easily plummet into poverty with a subsequent possible change in the pattern of capital accumulation.

In the second pattern of accumulation, capital accumulation is accompanied with higher investment in labor-saving technology. The investment in labor-saving technological innovation is not only facilitated by the normal, gradual, process of accumulation of capital, what Marx calls the “concentration” of capital, but also more abruptly by the process of the “centralization” of capital, where smaller capitals are bought by and merged into larger capitals. In this pattern of capital accumulation, the ensuing automation of work relatively displaces workers from production, although capital continues to grow.

In our present world, the second pattern of accumulation of capital appears to be dominant. That is, in contrast to the mantra of mainstream economists, the current rising tide of economic growth does not lift all boats. The expansion in information technology and the development of online shopping have accelerated the process of centralization of capital, where even large capitals may not be profitable enough, and are continually bought by, and merged into, yet larger capitals. In the current climate of hyper-centralization of capital, the number of jobs destroyed may be relatively higher than the jobs created, although the economy seems to continue to grow. Additionally, information technology greatly facilitates the automation of the labor process, which in turn makes non-skilled workers, but occasionally also skilled ones, redundant.

Two other processes are consolidating the second pattern of accumulation of capital in the present world, two processes that were only inchoately present in Marx’s time. First, the fall of the Soviet Union, and the ensuing change of international relations, has resulted in the intense globalization of the economy. Globalization in its current form designates a state of affairs where capital and commodities can easily move across national borders, while people for the most part are stuck within the borders of their countries of origin. In this state of affairs, production is offshored or outsourced from the central capitalist countries to the peripheral ones. This has resulted, on the one hand, in massive de-industrialization of the central capitalist countries – and the production of “ghost cities” out of former heartlands of industry such as Detroit. In the globalized economy, while the profits continue to be siphoned off from the periphery to the central

capitalist countries, this does not result in the creation of jobs or an increase of wages for ordinary workers in the latter. On the other hand, globalization does not produce jobs of any acceptable quality in the periphery either, since wages there are abominably low, and the wage-relation is characterized by super-exploitation as well as excessive domination and coercion.

The other process is the intense financialization of the economy since the 1980s, in a period of capitalism that is now called “neo-liberalism”. In neoliberalism, finance is no longer in the service of industrial production, but actually gains in independence. The financialization of the economy goes hand in hand with the increase in investment in real estate all over the world, as a result of which the housing condition of the working poor actually deteriorates. The growth in finance and real estate, relative to the growth in industry, does not create jobs or improve the lot of workers, although it tends to increase the GDP in its current definition.

The determination of the wage through patterns of accumulation of capital seems at first sight to be beyond the control of the workers. What seems to be within their control is their collective struggle against capital in order to increase their wages. For Marx, classes are not solely economic categories, defined with regard to the ownership of means of production. In addition to the economic dimension, classes have an irreducibly political dimension. To say that classes are politically constituted is to say that classes are defined in terms of their active conflict and opposition with each other (see Wright 1994: 51ff, Abazari 2020: 64-66). In his discussion of the determination of the working day in *Capital*, Marx maintains that the nature of capitalist institutions does not fix the number of working hours. Rather, it only sets general constraints on it; the lower limit is that which does not seriously impede the process of accumulation of capital, and the higher limit is the physiological capacity of the workers to work in a given day. Within this broad range, what the actual working hours turn out to be is determined through the “struggle between collective capital, i.e. the class of capitalists, and collective labour, i.e. the working class” (Marx 1990: 334).

Marx’s analysis about working hours pertains equally to the amount of wage. When workers, as a collective in a given society, are weak, disorganized, fragmentary, and timid, the force of capitalists surpasses them greatly, and the resultant wage inevitably comes to be too low. In this state of affairs even the unemployed fare worse, since the lower expectations across society partially relieve the state of its welfare policies. In contrast, when labor in a society is organized, has a higher level of class consciousness, and acts more militantly, the wage tends to increase. In this milieu, correspondingly, the

unemployed are relatively better off, since the higher general expectations across society force the state to undertake more effective redistributive programs. Thus, according to Marx – and contrary to the ideology preached from every corner in the neoliberal era – strong, effective unionizing is not the cause of poverty; rather it ameliorates poverty. Finally, we must note that the organization of labor against capital not only changes the wage rate, but also, and by so doing, changes the rate of exploitation, the rate of profit, and the subsequent general pattern of accumulation of capital.

4- Industrial Reserve Army

While an understanding of Marx's account of the determination of the wage is necessary to understand his conception of the working-poor population, his discussion of the industrial reserve army is necessary to understand the non-working poor. In this section I undertake a detailed discussion of the differential structure of the industrial reserve army.

According to Marx, the industrial reserve army consists of the wholly unemployed as well as the partially employed. In *Capital*, Marx differentiates four layers of the industrial reserve army (Marx 1990: 794ff; see also Jonna and Foster 2016). The boundaries between layers are porous, and a person belonging to one layer may end up in another layer; nonetheless, the definitional structure of the layers remains constant.

The first layer of the industrial reserve army Marx calls the “floating”. It consists of people who are periodically repelled from and subsequently attracted back into the working population. The members of the floating industrial reserve army possess the necessary skills for work, have some connection (even if tenuous) with the active working force, and have a recent history of employment (see Jonna and Foster 2016). Thus, while they may lose their jobs with the contraction of capital, they may be rehired with a subsequent expansion. The floating population may not be poor when they actually have a job, but they are nonetheless always predisposed to plunge into poverty.

The second layer of the industrial reserve army is the “latent”. It consists mainly of peasants, who live on the margins of the capitalist mode of production. These people may be poor, but nonetheless lead a relatively self-sustaining life based on subsistence agriculture. They can become of use to capital, when capital in extreme bouts of expansion finds itself with a shortage of workers. Perhaps they are lured into the market mechanism by an apparent promise of higher wages and a better quality of life; or perhaps forcefully expropriated of their land by brute state force, the process of

“accumulation by dispossession” that was discussed above.² The peasants thus activated into the ranks of the industrial reserve army lack the requisite education for skilled work, and lack the capacity to participate in the chicanery of the urban lifestyle, and so always stand “with one foot already in the swamp of pauperism” (Marx 1990: 796).

The third layer of the industrial reserve army, Marx calls the “stagnant”. These are people who do not have any specific industrial skills, have extremely irregular employment, and fare worse than the average working class. Their conditions of work are especially horrid: they are obliged to work for maximum working hours and a minimum payment. In Marx’s time they constituted the so-called “domestic industry”; namely, that branch of industry that functioned as “an external department of the factory”. The labor (such as making shoe-laces) was subcontracted by the factory, and was carried out, sometimes by children or women, in small workshops or in the homes of the workers.

In the so-called domestic industries this exploitation is still more shameless than in modern manufacture, because the workers’ power of resistance declines with their dispersal; because a whole series of plundering parasites insinuate themselves between the actual employer and the worker he employs; because a domestic industry has always to compete either with the factory system, or with manufacturing in the same branch of production; because poverty robs the worker of the conditions most essential to his labour, of space, light and ventilation; because employment becomes more and more irregular; and, finally, because in these last places of refuge for the masses made ‘redundant’ by large-scale industry and agriculture, competition for work necessarily attains its maximum. (Marx 1990: 591)

In the contemporary world, the stagnant layer of the industrial reserve army survives in what is now called “the precariat”. The precariat usually works in the services, such as in restaurants, the fast-food industry, coffeeshops, and retail centers such as Walmart or Amazon, or they work as online taxi drivers, cleaning staff in hotels, seasonal agricultural workers, etc. They may not even get a full-time job, and are coerced into partial employment. Many of them work in the informal sector of the economy. Thus, their working hours are not subject to labor laws; their wages sink even below the minimum wage set by the state; they don’t have access to adequate safety measures; they don’t get insurance; and they are not legally protected from arbitrary firing. Moreover, they usually

² In our time, the forceful dispossession of peasants of their land continues especially in the peripheral countries, with the aim of the construction of industrial parks, dams, free economic zones (FEZs), real estate, etc. See Levien (2008).

don't acquire new skills, and there is no prospect for advancement in their jobs: they are trapped in "career-less jobs" with no aspiration for a better future. Moreover, as Standing notes, they don't even form "a work-based identity"; they remain "without traditions of social memory, a feeling they belong to an occupational community steeped in stable practices, codes of ethics and norms of behavior, reciprocity and fraternity" (Standing 2011: 12). To make all this worse, because of the precariousness of their jobs and their geographical dispersal, they usually don't get union representation.

Finally, the fourth layer of the industrial reserve army is the paupers, who are the most wretched of the wretched of the earth. Marx includes in this layer vagabonds, beggars, prostitutes, etc., some of whom are inevitably drawn into criminal activity, and form, in Marx's parlance, the "lumpenproletariat". The fourth layer also includes the incapacitated, the ex-workers mutilated by industry, the abandoned elderly, the orphans, the widows, etc., many of whom don't even count as belonging to the working class at all since they don't have any effective labor-power to sell. These people, from the viewpoint of the rationality of capital, are absolutely redundant. Marx holds that this layer forms a part of the "faux frais", i.e. the incidental expenses, of capitalist production, the incidental expenses which capital seeks to reduce through transferring the responsibility from its own shoulders to the working class itself (Marx 1990: 797).

Marx's analysis is occasionally considered to be based on social realities in the 19th century – the best depiction of which remains Engels's *The Condition of the Working Class in England* – and so irrelevant to contemporary realities. This is of course a wrong charge: since although the condition of the members of the industrial reserve army is improved in advanced capitalist societies with a welfare state, the industrial reserve army itself has now become effectively global. As we have noted, in the era of globalization, because of the extremely cheap labor and the overabundance of the industrial reserve army of whatever stratum in the periphery, corporations tend to offshore and outsource their production to the periphery. Thus, the populations of Bangladesh or Vietnam, for instance, effectively function as the industrial reserve army for corporations in the US or Germany or Japan. And one cannot deny that Engels's depiction of the misery of the working class in 19th century Europe is still poignantly applicable to the global reserve army (Foster et al. 2011).

By way of conclusion to sections 3 and 4, we may note, following Wright (1994: 32ff), that in terms of structural relations to capital, the industrial reserve army and the workers differ from one another, and this difference confers differing normative status on them. The workers are exploited, and capital necessarily needs their work to accumulate

profit. Although the relation between capitalists and workers is extremely asymmetrical, nonetheless, because the capitalists' profit is directly dependent on the workers, the capitalists must occasionally be responsive to their demands, lest the efficiency or quality of their labor diminish. But, as Robinson quips, "The misery of being exploited by capitalists is nothing compared to the misery of not being exploited at all" (2021: 41). The industrial reserve army is not directly exploited by capital, and the profit of capital is not directly dependent on it. From the viewpoint of the rationality of capital, much of the industrial reserve army – certainly the fourth layer, but also a significant portion of the second and the third – is redundant, which explains why Marx occasionally refers to the industrial reserve army as "the relative surplus population". As noted, Marx maintains that the relative surplus population is a necessary precondition for the accumulation of capital: the relative surplus population has a disciplinary function for the rest of the workers, and also supplies the required labor-power during the periods of rapid expansion of capital. However, at the present time, the world surplus population seems to be far greater than what is needed for the proper functioning of capital. As capital does not need the surplus population, apart from some charity gestures, it does not seek to tend to their needs. These people therefore are the superfluous, the redundant. Kant insisted that people should be treated as ends in themselves, not only as a mere means, apparently assuming that the worst that can happen to people is that they should become a means to some further end. But as a result of capitalism the surplus population today does not enjoy the luxury of even being a "means"; they are from the point of view of capital, simply superfluous.

5- The Specificity of Marx's Conception of Poverty

Marx's approach to poverty is distinct from others in at least three respects: (1) it primarily engages with social analysis, rather than with constructing an ideal normative theory; (2) its mode of explanation of poverty is structural, rather than individualistic; and (3) to alleviate poverty, it emphasizes political struggle, rather than charity or policy-making.

(1) The Marxian approach to poverty is primarily through the concrete social analysis of capitalism, rather than via engaging in an a priori, constructivist, normative social theory of a Rawlsian bent. Rawls's project in *A Theory of Justice* consists in developing basic normative principles of justice that should govern any society, and it is to a large extent oblivious to how the social system or economics in fact works in capitalism. Following

Rawls, liberal egalitarian philosophers have set their task to either increasingly fine-tune Rawls's normative principles, or to extend them to areas that were not initially considered by Rawls, such as to family life or international relations (see Forrester: 2019). For Marxian thinkers, this whole enterprise is misguided, since it engages in wishful thinking that does not bear on reality. Or to pass an even harsher judgment, liberal egalitarianism according to Marxian thinkers effectively functions as an ideology, since it diverts our limited human attention *away* from what really matters (see Geuss 2008: 53-4). Had liberal egalitarians focused their attention on the actual institutional settings of capitalism, they might have realized that their normative ideals of justice are in principle unrealizable in capitalism. According to Marx, capitalism is structurally defined by coercion, domination, and exploitation. It is prone to periodic systemic crises that impose a heavy burden on the economically marginalized groups. It facilitates imperialist wars between nation-states, and it systematically engenders a "superfluous" population. Contrary to liberal egalitarianism, for purely systematic reasons the total abolition of poverty in capitalism is simply impossible (see Smith: 2017).

Theories of liberal egalitarianism are generally theories of distributive justice. They presuppose the wealth of society to be given, and then ask what a just distribution of wealth should consist in. When considered solely in terms of distribution, the wealth of the wealthy is only marginally related to the poverty of the poor; that is, insofar as a larger allocation of wealth to some necessarily entails a smaller allocation to others. Moreover, within the framework of theories of distributive justice, even this marginal relation between wealth and poverty can effectively be neglected, since it is usually claimed that economic growth makes the cake larger for all, hence improving the welfare of even the least advantaged.

In contrast, Marx's theory is not solely about the distribution of wealth. For Marx, more important than the question of distribution, and logically prior to it, is the question of the production of wealth. The production of wealth in capitalism centrally involves exploitation, namely the systematic transfer of wealth to those who own the means of production. Therefore, in Marx's account, there is a much stronger, indeed causal, link between the wealth of the wealthy and the poverty of the poor (Elster 1985: 93ff). The wealthy are wealthy because of, and owing to the efforts of, the working poor. This implies that for Marx, in contrast to theorists of distributive justice, anti-poverty measures necessarily entail anti-wealth measures.

(2) Theories of poverty can be divided into two broad groups: those that give individualistic explanations of poverty, and those that give structural explanations. The former trace back the causes of poverty to the poor individuals themselves. Individualist theories come in different and overlapping guises: (a) the “biogenetic theory” considers poor people to be possessed of inferior natural endowments (IQ, genetics, etc.) (b) According to the “culture of poverty” theory, the primary reason why the poor are poor is that they have a wrong set of values, or defective personalities: the poor do not have enough ambition or initiative. They are lazy and prefer to rely on government aid, rather than on their own hard work (or as the US Republicans tend to say, “poor people have it easy”). Perhaps they are too present-oriented, and cannot manage to delay their gratification; or they have a weak personality, and give up too easily in the face of hardships, etc. (c) The “human capital theory” holds that people are poor due to a lack of education or skills, and this in turn is the result of a series of wrong decisions that they have previously made about where to invest their time, energy, and money.³

To these diagnoses there are corresponding solutions of similar stripe: individualist theories posit that the solution to poverty respectively consists in (a) eugenics, or simply accepting that there is no solution to poverty; or (b) attempting to rectify people’s value sets and orientations via cultural work enacted by institutions such as the church, mass media, and elementary schools; or similarly (c) through giving education and job training to the poor.

From a Marxian perspective, individualist theories may be able to explain some sporadic cases of poverty, but they are deeply mistaken about how to explain poverty at the aggregate level. Individualist theories are wrong since they reverse the order of cause and effect. In contrast to individualist theories, for theories inspired by Marx it is exactly *because* people are poor that they may live in a morbid environment that breeds in them so-called “wrong” values. Similarly, it is exactly *because* people are poor and don’t have enough access to educational institutions that they end up failing to develop the necessary “human capital”. For Marxian theories, structural economic and political factors are the cause of poverty, and provide the very basis on which the “culture of poverty” or deficiency in “human capital” may appear. Correspondingly, for Marxian theories, education or cultural work does very little to ameliorate poverty: it may change which particular individuals in fact become poor, but it does not change the aggregate, structural distribution of poverty.

³ The classification of individualist theories and the discussion of them that follows are derived from Royce’s extensive treatment of the subject (2019).

Individualistic theories that blame the poor for their poverty may enjoy some unfortunate popularity among the public at large, but they are not widely considered respectable in academia. For the purposes of this handbook it is therefore more important to distinguish between specifically Marxian theories of poverty and structural theories of poverty of the liberal-egalitarian type. While Marxian theories conceive of the social structure of capitalism in terms of power, power plays only a marginal role for liberal-egalitarianism. To take the most prominent example, Rawls treats power only as a good that must be justly distributed, alongside other goods such as wealth, income, status, health, etc. For Marxian theories, in contrast, power is not simply a neutral item alongside other items in an otherwise even playing field, an item which must *subsequently* be distributed fairly; rather, power defines the very rules constituting the playing field *in the first place*. Thus, for Marxian theories the question of wealth or poverty cannot be decided on its own, but must be understood within and through the structure of power (see also Young 1990: 15ff). In the context of explaining how to do empirical sociological research on poverty, Wright aptly remarks that

Adding a class analysis perspective to the analysis of poverty is not just adding another variable to a laundry list of factors in a multivariate model. It changes the way we think about the political dynamics at stake in attempts to do something about the problem. (Wright 1994: 50)

In closing, then, let us indeed see how one might attempt to do something about the problem of poverty.

(3) Based on the concrete analysis of power relations in capitalism, a Marxian approach to poverty would differ radically from (a) the charity work advocated, among others, in utilitarian theories such as that of “effective altruism”, and (b) the top-down policy making advocated by liberal theories.

(a) Marxian theories do not consider charity work to be a solution to the problem of poverty. Relying on charities makes poverty relief a merely contingent enterprise: sometimes the poor may receive aid; sometimes they may not. More importantly, charity work does not challenge the structure of power in capitalism that is the root cause of poverty, and so may in fact end by inadvertently reinforcing it. Today’s “charity-industrial complex” is in large part financially dependent on big donations by super-wealthy people

or institutions, who thus have an active interest in maintaining capitalism as it is.⁴ This kind of charity work might be good for appeasing the vanity of the rich, or it may serve their need for “conscience laundering”, but does next to nothing to alleviate poverty at the aggregate level (Harvey 2014: 286-7).

(b) Much of the philosophical discussion in liberal political philosophy today involves arguing that “helping” the national or the international poor is morally obligatory. The agents to whom the appeal is directed to “help” the poor are the policy-makers, the decision-making authorities, the wealthy nations, the UN, charities, etc.; and in so doing liberalism advocates a patronage politics from above. In this way, the poor are effectively regarded merely as victims of society, or as mere victims of the global order. By appealing to the powerful, who are indeed the beneficiaries of the structure of power, liberal patronage politics in effect reinforces the existing structure of power.⁵ In contrast, according to Marxian theories, the poor are not merely victims of society who need some “help” from their beneficent, good-hearted, superiors. Rather, Marxian theories and practices appeal to the working class, to the precariat, to the poor, to the wretched of the earth, to organize themselves and to mobilize against the ruling class. Indeed, according to Marx, it is only by challenging the structural power inherent in capitalism that poverty may effectively be tamed or eliminated.

This finally leads us to discuss, albeit briefly, the nature of Marxian politics itself, which may be of two types: social-democratic, aiming to “tame” capitalism; or revolutionary, aiming to “overthrow” capitalism. While, because of the mass popular support which then existed, the latter form of politics was an available option in the late 19th century and some parts of the 20th century, in the current historical conjuncture revolutionary politics does not seem to be viable. This does not mean, however, that from Marx’s point of view one can do nothing now about current capitalism. Those apocalyptic Marxists who think that one must simply wait for capitalism to deepen its crisis to the point that a rabbit eventually is pulled out of the hat are very far from Marx’s own position, who highly celebrated the workers’ movement that forced the state to pass the Ten-Hours’ Act in 1847 (Marx 1990: 416). As noted, the economic structure of capitalism only sets general constraints on the amount of wage (and working hours). What the

⁴ This of course is not to deny that there are many individuals in NGOs who are really concerned about the plight of the poor. It is to make a claim about the structural function of actually existing NGOs under actually existing capitalism.

⁵ For a forceful and persuasive discussion of why the Rawlsian political philosophy is not political at all, see Finlayson (2015).

actual wage turns out to be is determined politically, i.e. through class struggle. A strong unionization of workers and a mass mobilization of people can force the “policy-makers” to pass and enforce pro-labor regulations, to increase taxation from the wealthy, and to implement radical redistributive programs. For Marx, politics – not charity, and not policy-making – is the only solution to poverty.

6- Conclusion

In contrast to liberal political philosophy, which is primarily concerned with setting out how a just society ought to be, Marx’s critical energy is focused on understanding the actual social mechanisms operating in capitalism, the social mechanisms that are constituted by relations of coercion, domination, and exploitation. Poverty is not the beginning point of Marx’s analysis of capitalism, but enters into the picture only in the end, namely as the outcome of his structural analysis. Correspondingly, Marxian politics does not primarily aim to ameliorate the plight of the poor by immediately attending to their needs. Rather, it is more concerned with changing or taming the structural forces of capitalism, which are indeed the cause of poverty.⁶

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⁶ I am grateful to Benedict Young and to the editors of this handbook for their helpful comments on an earlier version of this chapter.

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