

Global Capitalism, Deflation and Agrarian Crisis in Developing Countries

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Acronyms

BJP	Bharitya Janta Party
BWIs	Bretton Woods institutions
CIS	Commonwealth of Independent States
CSO	Central Statistical Organisation
EFF	extended financing facility
FCI	Food Corporation of India
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GNP	gross national product
IMF	International Monetary Fund
MP	member of Parliament
NSS	National Sample Survey
PDS	public distribution system
PSE	producer subsidy equivalent
SAPs	structural adjustment programmes
TNC	transnational corporation
WTO	World Trade Organization

Summary/Résumé/Resumen

Summary

The issue of land rights and that of gender equality are strongly affected by the prevalent economic and social policy regimes, at both national and global levels. The dominant policy regimes decide to what extent movements for securing land rights or gender equality encounter favourable conditions and have some hope of securing positive gains. This paper seeks to analyse the nature of the economic policy regimes associated with globalization, and to contextualize the issues of land rights and gender in the present era. It illustrates the main theoretical propositions with reference to the experience of India in the 1990s.

The paper is divided into five sections. The first deals with the deflationary impact of global finance capital on the large number of developing countries that have implemented loan-conditional structural adjustment and trade liberalization policies promoted by the Bretton Woods institutions (BWIs) during the last two decades.

After a discussion of how the industrialized countries managed to avoid indebtedness during their transitions from agrarian to industrial economies, section 2 outlines the broad contours of land reform in India. According to the author, a promising start in the 1950s was subverted over time by insufficient expansion of the internal market, a market that only a prospering peasantry could provide. Because most states in India have preserved land monopoly, productivity growth within agriculture has been constrained (those monopolizing land do not have an adequate incentive to invest, and those forced to lease land or to labour for hire do not have the means). Land monopoly also means that incomes hardly grow, and hence the market for consumption goods stagnates. Many believed, naively, that economic liberalization would solve growth problems. Yet more than a decade of structural adjustment, and trade and financial liberalization have led to a crisis of unprecedented dimensions, in which employment growth has collapsed and the purchasing power and food security of the poorer majority of the population have been severely eroded.

In section 3, the author discusses recent developments in the agrarian sphere, especially the crisis induced by the prolonged fall in primary product prices. She links the crisis directly to the contractionary fiscal policies of governments undertaking neoliberal reforms, and to trade liberalization in a context of worldwide recession. The author thinks that this agrarian crisis is likely to persist as long as the present policies of openness to the world market continue, because the global conditions of trade in primary commodities are likely to remain unfavourable.

After a brief upsurge in the early 1990s, the prices of primary products mainly exported by developing countries have fallen, as have the prices of cereals exported by industrialized countries. Since the decline began in 1996, grain prices have remained depressed at levels about half those prevailing earlier in the decade. As a consequence, with the removal of quantitative restrictions and freer global trade, not only are those developing country farmers engaged in

growing exported cash crops suffering, but the livelihoods of millions of foodgrain producers are also being undermined as a result of imports of exceptionally low-priced foreign grain. The depression in global markets is thereby being imported into the domestic economies of liberalizing countries.

In section 4, the author illustrates these arguments with the Indian experience, especially with reference to food security and employment. She deals with the impact of liberalization and adjustment on rural livelihoods, land use and food security. Observers of long-term trends in India see a sharp contrast between the pre-reform 1980s and the 1990s, which started with income-deflating economic reforms. During the Seventh Plan period (1985–1990), public expenditures on rural development and employment generation rose to 13.2 per cent of the gross domestic product (GDP), almost double the previous level. The positive effects of these trends on food security and poverty reduction came to an end in 1991. In July 1991, on the advice of the BWIs, the central government slashed development expenditures to contain the budget deficit and made it more difficult for state governments to borrow. By 1993, rural development expenditures had fallen to 7.8 per cent of GDP, and they had fallen to 5.9 per cent by 2001. By 1992, at the all-India level, poverty had risen sharply, and the crude death and infant mortality rates rose in a number of states. The rate of agricultural growth also slowed markedly under these reform policies. At the same time, there was a significant shift in land use and cropping patterns toward export crops at the expense of foodgrains consumed by the local population. The author uses the example of cotton cultivation to illustrate the problem with unregulated primary export thrust.

The fifth section explores possible strategies for protecting rural livelihoods. It focuses particularly on the West Bengal experience with respect to tenancy reform and addressing gender inequality in land control.

In conclusion, Patnaik says, unregulated capitalist exploitation of bio-resources by big landlords, rich farmers and town contractors has produced a crisis for the majority of India's rural inhabitants by way of deforestation, lack of firewood, falling sub-soil water tables and acute scarcity of drinkable water. Such factors, combined with falling non-farm work (as governments wind up employment-generating programmes), income-deflating policies and export thrust, have had devastating effects on the livelihoods of the poor.

Yet in many Indian villages, the people affected by such crises are adopting much the same model of co-operative effort which over 40 years ago allowed poverty-stricken rural populations in China to improve their situation. There are a number of successful joint community efforts to invest and diversify activities within a voluntary co-operative framework. These are helping to preserve livelihoods and generate enough income and flexibility for hitherto poor households, so they can remain in villages rather than migrate seasonally to cities, and can send their children to school rather than to work.

This, the author believes, is also the way forward in other developing countries. It is not easy in places where local government institutions have not been democratized and where state support is lacking; it often encounters resistance because better incomes and empowerment of the disadvantaged may be seen as a real threat to their domination by local landed employers. Where there is at least a minimal level of state support and activism against deflationary globalization, however, it can be generalized to a relatively successful stabilization of livelihoods.

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Résumé

Les droits fonciers et l'égalité entre les sexes sont durement affectés par les politiques économiques et sociales qui ont cours aux niveaux national et mondial. La mesure dans laquelle les mouvements tendant à assurer les droits fonciers ou l'égalité entre les sexes rencontrent des conditions favorables et peuvent espérer gagner du terrain dépend des politiques dominantes. L'auteur cherche ici à analyser la nature des politiques économiques associées à la mondialisation et à contextualiser les questions de droits fonciers et de genre à l'époque actuelle. L'exemple de l'Inde des années 1990 lui sert à illustrer ses principales propositions théoriques.

L'étude se compose de cinq parties. La première traite des répercussions déflationnistes de la gestion des finances mondiales sur les nombreux pays en développement qui ont procédé aux ajustements structurels auxquels étaient subordonnés les prêts et qui ont appliqué les politiques de libéralisation du commerce prônées par les institutions de Bretton Woods depuis 20 ans.

Après avoir étudié comment les pays industrialisés s'y étaient pris pour éviter de s'endetter lors du passage d'une économie agraire à une économie industrielle, l'auteur expose, dans la deuxième partie, les grandes lignes de la réforme agraire en Inde. Cette réforme, qui avait eu des débuts prometteurs dans les années 1950, s'est ensuite enlisée, selon l'auteur, faute de marché intérieur suffisamment large, marché que seule une paysannerie prospère pouvait assurer. Comme la plupart des Etats indiens ont maintenu le monopole foncier, la productivité agricole a peu progressé (ceux qui monopolisent la terre n'étant pas suffisamment incités à investir et ceux qui sont contraints de la louer ou de louer leur force de travail n'ayant pas les moyens nécessaires). Le monopole foncier a également pour conséquence une croissance pratiquement nulle des revenus, laquelle entraîne à son tour la stagnation du marché des biens de consommation. Beaucoup croyaient naïvement que la libéralisation économique allait résoudre les problèmes de croissance. Pourtant, plus de dix ans d'ajustement structurel, alliés à la libéralisation commerciale et financière, ont abouti à une crise sans précédent, marquée par un effondrement de la croissance de l'emploi et une grave érosion du pouvoir d'achat et de la sécurité alimentaire de la majorité pauvre de la population.

Dans la troisième partie, l'auteur traite des événements récents survenus dans le domaine agricole, en particulier de la crise provoquée par la chute continuelle des cours des produits de base. Elle rattache directement la crise aux politiques budgétaires contradictoires des gouvernements qui ont entrepris des réformes néolibérales, et à la libéralisation du commerce dans un contexte de récession mondiale. Selon elle, cette crise agricole pourrait durer aussi longtemps que se poursuivra la présente politique d'ouverture au marché, parce que les conditions mondiales du commerce des produits de base risquent fort de rester défavorables.

Après une brève hausse au début des années 1990, les cours des produits de base principalement exportés par les pays en développement ont chuté, de même que ceux des céréales exportées par les pays industrialisés. Depuis que cette baisse s'est amorcée en 1996, les prix des céréales sont restés à un niveau équivalant à peu près à la moitié de ce qu'ils étaient au début de la décennie. Avec la suppression des restrictions quantitatives et la libéralisation des échanges mondiaux, non seulement les agriculteurs des pays en développement qui ont fait une plus large part aux cultures d'exportation souffrent mais des millions de céréaliers voient leurs moyens d'existence s'effriter peu à peu du fait de l'importation de céréales étrangères à très bas prix. La dépression qui règne sur les marchés mondiaux gagne ainsi les économies nationales des pays qui libéralisent.

Dans la quatrième partie, l'auteur illustre ces arguments par des exemples tirés de l'expérience faite en Inde, surtout dans les domaines de la sécurité alimentaire et de l'emploi. Elle traite des effets de la libéralisation et de l'ajustement sur les moyens d'existence des populations rurales, l'occupation des sols et la sécurité alimentaire. Ceux qui ont pu observer l'évolution de l'Inde à long terme voient un net contraste entre les années 1980, antérieures aux réformes, et les années 1990, qui ont commencé par des réformes économiques qui ont déprimé les revenus. Pendant le Septième Plan (1985-1990), les dépenses publiques consacrées au développement rural et à la création d'emplois ont presque doublé, passant à 13,2 pour cent du produit intérieur brut (PIB). Les effets positifs de cette évolution sur la sécurité alimentaire et la réduction de la pauvreté ont cessé en 1991. En juillet 1991, sur le conseil des institutions de Bretton Woods, le gouvernement central a fortement réduit les dépenses de développement pour contenir le déficit budgétaire et rendu moins accessible l'emprunt pour les gouvernements des Etats. En 1993, les dépenses du développement rural ne représentaient plus que 7,8 pour cent du PIB et ont été ramenées à 5,9

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