How to kill the Poor

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The World Development Report prepared by the World Bank always generates a lot of interest as the view points reflected here are reputed to be highly influential and carry a lot of weight with policy-makers in many countries. In India and in South Asia generally the World Bank's recommendations carry a lot of influence with policy makers despite many strong criticisms of the impacts of World Bank funded projects and policy recommendations in the past.

Against this background the latest World Development Report (WDR-year 2008) released recently is of special significance as after a gap of several years the focus this year is on agriculture. At a time when the agricultural crisis, suicides of farmers, large-scale displacement, growing dependence on food imports and increasing threats to food security have been much discussed in developing countries like India, there is bound to be a lot of interest in the prescriptions this most influential international finance organisation has to offer for solving the farming crisis.

Surprisingly for a report that comes in the middle of widespread distress caused by displacement of farmers, a key recommendation the WDR emphasises time and again is to help people move out of agriculture. This report does not tell as which sections of peasants will have to move out of agriculture, and where will they find alternative satisfactory livelihoods. This report says that well-functioning land markets are needed to transfer land to the most productive users and to facilitate participation in the rural non-farm sector and migration out of agriculture. This can also be interpreted to mean that big farmers working in collaboration with corporate interests should be allowed to obtain more land as at least in the short-run they can maximise income-generation from this land. These controversial recommendations of World Bank can be used to give academic respectability and sophistication to those misplaced policies and laws which are causing large-scale displacement of peasants in India and other developing countries.

At a time when such distress is already being reported on a very large-scale, it would have been much more caring and considerate on the part of the WDR to concentrate on policies which can protect small peasants, helping them to increase productivity using inexpensive technologies and also providing them more diverse livelihoods within or near their village. Such models of development do exist. For example, economic thinking of Mahatma Gandhi emphasises revival of village industries and growing self-reliance of rural economy. But the WDR ignores such options and in the process ties up itself in contradictions. On the one hand it wants to appear friendly to small farmers, and on the other hand it also argues for removal of a significant number of them.

The WDR is aware that in the past recommendations of inter-national financial organisations like the World Bank have caused serious problems for small farmers. This report admits that in the 1980s structural adjustment dismantled the existing system of public agencies that provides farmers with access to land, credit, insurance, inputs and cooperatives. The promised benefits of dismantling did not materialise and in the process many small farmers faced increasing economic problems or even ruin. But recognition of such mistakes in the past has not made the WDR more cautious about making further recommendations that can prove harmful to small farmers in the future as well.

Again while WDR presents alarming data that net cereal imports by developing countries of Asia, Africa and Latin America are projected to increase to 265 million tons in year 2030 from 85 million tons in 2000, this does not lead it to the obvious conclusion of emphasising food self-reliance for developing countries. Instead it goes on advocating trade liberalisation. As Gawain Kripke of Oxfarn International has said in comments on the WDR, "The Bank hasn't learned. It repeats from its last agricultural report 25 years ago that trade liberalisation will help poor countries. This is a fallacy. Rich countries have not reformed their own unfair trade policies and are still dumping highly-subsidised produce. Forcing developing countries to liberalise in the face of this would be a continuing disaster."

Kripke adds, "World Bank has a long history of forcing deep liberalisation on to poor countries. Alongside international trade rules that are rigged in favour of rich countries, this has conspired to prevent developing countries from reaping the economic growth that agriculture offers."

While the WDR does well to point out the increasing concentration in agribusiness firms, it continues to place a lot of faith in the potential of such heavily concentrated business interests to help farmers and farming. Palash Kanti Das, Co-ordinator of the Centre for Trade and Development (CENTAD), Delhi points out how reality differs : "Our studies in India show that large firms can offload marketing risks on the very people who are least able to assume them. For example, MNCs have breached contracts with farmers at will, forcing them to sell their produce at a loss in the open market."

The pro-business, anti-poor bias of WDR is reflected also in its high support for genetic engineering and GMOs (in the midst of mounting evidence worldwide of their hazards and their use by big business to consolidate control) and neglect of land reforms. In the end one is forced to ask whether the recommen-dations of WDR will heal the farming crisis or fuel it further. □□□