

Mass Poverty and Social Inequality in India: The Devastating Impacts of the Neoliberal Economic Development Model

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Back in 2008, Indian finance minister P. Chidambaram claimed that his government's policies were pro growth and pro equity (1). He blamed an inept system of administering benefits to the poor for the low rate of 'inclusive growth'. He also talked of the goal of alleviating poverty 'in our lifetime'. What's more, that the type of development being pursued was deemed to be more or less correct and adverse effects were mainly due to lax application of laws, public officials dragging their feet over changes and misplaced fear about policies causing poverty, not alleviating it.

The minister also envisaged 85 percent of India's population eventually living in well-planned, manageable-size cities with proper access to water, health, electricity, education, etc. Based on today's population size, which is set to continue to rise, that would mean 600 million moving to cities and around 180 million people or their families eventually being directly dependent on agriculture for a living. He stated that urbanisation constitutes 'natural progress'.

While some argue that unconstitutional land takeovers, the trampling of democratic rights in order to pursue a nuclear energy agenda, increasing and unsustainable resource usage, and air and water pollution all taking place under the guise of 'growth' are adding to the misery and disenfranchisement of the poor, the minister argued that, taking Orissa as an example, the poor there had been poor since the world dawned and that setting up a steel plant or mining the minerals there would only help their situation by providing employment and ultimately helping the area to develop.

After 22 years of neo-liberalism, how much weight do the arguments set out above hold?

The poverty alleviation rate is around the same as it was back in 1991 and even in pre-independence India (0.8 percent) (2), while the ratio between the top and bottom ten percents of the population has doubled during this period. According to the Organisation for Co-operation and Economic Development, this doubling of income inequality has made India one of the worst performers in the category of emerging economies (3).

There is an implicit and sometimes explicit assertion in some circles that anyone who questions the push towards urbanisation, privatisation and neo-liberalism in general, which Chidambaram's model of development rests on, 'lacks perspective' or is stuck in an outdated mindset that romanticises 'tradition' and resents 'progress' and the private sector.

Moreover, much mainstream thinking implies that shifting people from agriculture to what

are a number of already overburdened, filthy, polluted mega-cities to work in factories, clean the floors of a shopping mall or work as a security guard improves the human condition. Or... to live in slum-like conditions and be unemployed or underemployed, given that 600 million plus are to be booted from the land to achieve Chidambaram's 85 percent urbanisation figure. After all, there are only so many outsourced jobs to be had or macro-sector work to be done.

It is easy to fall prey to the belief that wholesale urbanisation is inevitable and should therefore be forced through by what Vandana Shiva criticises as being the biggest forced removal of people from their lands in history – and involving on the biggest illegal land grabbing since Columbus, according to a 2009 report commissioned by the rural development ministry and chaired by the then minister Raghuvansh Prasad Singh.

Furthermore, if anyone understands history, it becomes apparent that urbanisation was not 'natural' and involved social engineering and deliberate policies and the unforeseen outcomes of conflicts and struggles between serfs, lords, peasants, landowners, the emerging bourgeoisie and class of industrialists, the state and the stealing and enclosing of land. The outcomes of these struggles resulted in different routes to modernity and levels of urbanisation (4,5).

Of course, there is now a struggle taking place in India. The naxalites and Maoists in India are referred to by the dominant class as left wing extremists who are exploiting the poor. How easy it is to lump legitimate protesters together as such and create an 'enemy within'. How easy it is to ignore the state-corporate extremism across the world that results in the central state abdicating its responsibilities by submitting to the tenets of the Wall Street-backed 'structural adjustment' pro-privatisation policies, free capital flows, massive profits justified on the basis of 'investment risk' and unaccountable cartels which aim to maximise profit by beating down labour costs and grabbing resources at the cheapest possible costs. That's the real extremism. That's the extremism that is regarded as anything but by the mainstream media.

The mainstream assumption is that the coal must be mined, the ore extracted, the steel produced and the rivers exploited in the name of 'development'. But who controls this process, who benefits and just what type of development ensues?

Tata, Essar and any number of wealthy corporations are handed over the rights to this process via secretive MoUs and the full military backing of the state is on hand to forcibly evict peoples from their land... all for their own good... all to fuel a wholly unsustainable model of development that not only forces folk from their lands, but strips the environment bare in the process and ultimately negatively impacts the climate and ecology. And the response: this is inevitable, this is progress, this is necessary because we have 'the right' to develop just as the West has and in their image and any social and environmental problems that ensue will be dealt with once we have 'developed'... once it is too late.

Development, if it is to have any substance, is about the well-being of people. A number of well-being surveys indicate that happier societies invest heavily in health, welfare and education, are more equal and live within the limits imposed by the environment. Many less wealthy countries (and wealthy) do well in such surveys because cultural priority is placed on family and friends, on social capital rather than financial capital, on social equity rather than corporate power.

The neo-liberal model of development runs counter to this.

Due to the restructuring of agriculture in favour of Western agribusiness, over 250,000 farmers have committed suicide in India since 1997. And the corporate-controlled type of agriculture being imposed only leads to bad food, bad soil, bad or no water, bad health and bad or falling yields (6,7,8,9). Unconstitutional land grabs for SEZs, resource extraction, nuclear plants and other projects have additionally forced many others from the land.

There are already 93 million urban slum dwellers in India. How many more if the 85 percent figure of people living in cities is to be achieved?

With economic growth apparently slowing from around eight to nine percent annually to estimates that vary between four and six percent, just where are the jobs going to come from to cater for India's increasing population, never mind hundreds of millions of former agricultural workers?

It would be easy to conclude that farmers in India represent some kind of 'problem' to be removed from the land and a problem to be dealt with once removed. Since when did food producers, the genuine wealth producers, become a 'problem'? The answer is when Western agribusiness was given the green light to take power away from farmers and uproot traditional agriculture in India and recast it in its own profiteering, corporate-controlled image. But this is who is really setting the agenda and constitutes part of the 'progress' and 'natural' move towards depopulating rural areas that Chidambaram spoke of.

And if it can't be done via mass suicide and making it economically non-viable to continue farming as a result of world trade policies, 'free' trade agreements and 'structurally adjusting' (ie plundering) traditional agricultural practices and economies to ultimately ensure petro-chemical farming (and thus oil and the US dollar (10)) remains king, let tens of thousands of militia into the tribal areas to displace hundreds of thousands, place 50,000 in camps and carry out rapes and various human rights abuses (11,12).

And if anyone perceives that this 'natural progress' is not based on acquiescing to foreign corporations, they should take a look at the current corporate-driven, undemocratic free trade agreement being hammered out behind closed doors between the EU and India (13,14,15). It all adds up to powerful trans-national corporations trying to by-pass legislation that was implemented to safeguard the public's rights. Kavaljit Singh of the Madhyam research institute in India argues that we could see the Indian government being sued by multinational companies for billions of dollars in private arbitration panels outside of Indian courts if national laws, policies, court decisions or other actions are perceived to interfere with their investments; this is already a reality in many parts of the world whereby legislation is shelved due to even the threat of legal action by corporations (16). Such free trade agreements cement the corporate ability to raid taxpayers' coffers even further via unaccountable legal tribunals, or to wholly dictate national policies and legislation.

Of course, the links between the Monsanto/Syngenta/Walmart-backed Knowledge Initiative on Agriculture and the US sanctioning and backing of the opening up of India's nuclear sector to foreign interests (on the back of a cash for votes scandal in parliament (17)) have already shown what the models of 'development' being pushed onto people really entails in terms of the erosion of democracy and the powerful corporate interests that really benefit (18,19).

Industrial developments built with public money and strategic assets, such as energy sources, ports, airports and seeds and infrastructure support for agriculture are being sold off. And how is this all justified? By reference to GDP growth – a single, narrow definition of ‘development’ – a notion of development hijacked by economists and their secular theology which masquerades as economic ‘science’.

In India, that dubious measurement in terms of India’s GDP growth has now hit the buffers. Do people really believe India’s future lies in tying itself to a moribund system that has so patently failed in the West and can now only sustain itself by plundering other countries via war or ‘free trade’ agreements, which have little if anything to do with free trade? At best, it shows a lack of imagination. At worst, it displays complete subservience to elite interests at home and abroad.

So what might an alternative vision to forcibly removing 600 million from rural India under the current warped notion of development involve? There are many visions and strategies being pursued. But as a basic starting point, the following offers a credible option:

“... We are therefore committed to resist patents on seeds and life forms promoted by the TRIPS agreement of WTO which lead to the privatization of biodiversity and piracy of traditional knowledge... We are committed to promoting alternatives to non-sustainable agricultural technologies based on toxic chemicals and genetic engineering. We are committed to changing the rules of unfair trade force on small peasants through the WTO Agreement on Agriculture, which are leading to destitution, debt and farmers suicides ... Our mission is to promote organic fair trade, based on fairness to the earth and all her species, fairness to producers and fairness to consumers. We will... create another food culture, which respects diversity, local production and food quality... we are committed to creating a future of food and agriculture in which small farmers prosper and biodiversity and cultural diversity thrives... Biodiverse small organic farms increase productivity, improve rural incomes and strengthen ecological security. Large-scale industrial monocultures displace and dispossess small farmers and peasants, destroy the environment and create malnutrition and public health hazards. Our mission is to provide alternatives to a global food system, which is denying one billion people access to food and denying another 1.7 billion the right to healthy food, as they become victims of obesity and related diseases. Our mission is to provide “good food for all” through the promotion of biodiverse organic farming, food literacy and fair trade.” Navdanya Mission Statement (<http://www.navdanya.org/about-us/mission>)

The only way to roll back the power of corporations and their strategies outlined in the article is by being informed and actively resisting. If you live in the UK/Europe, to challenge the US-EU free trade agreement currently being negotiated, visit Coroprate Europe Observatory at: <http://corporateeurope.org/get-involved>

Notes

- 1) http://archive.tehelka.com/story_main39.asp?filename=Ne310508cover_story.asp
- 2) <http://ibnlive.in.com/news/india-is-prospering-indians-arent-aiyar/158081-60-120.html>
- 3) <http://www.bbc.co.uk/news/world-asia-india-16064321>
- 4) Robert Brenner (1976), “Agrarian Class Structure and Economic Development in Pre-

- 5) Barrington Moore (1993) [First published 1966]. [Social origins of dictatorship and democracy: lord and peasant in the making of the modern world](#) (with a new foreword by Edward Friedman and James C. Scott ed.). Boston: Beacon Press.
- 6) http://www.business-standard.com/article/markets/bt-cotton-losing-steam-productivity-at-5-yr-low-113020601016_1.html
- 7) <http://www.deccanherald.com/content/309654/punjab-transformation-food-bowl-cancer.html>
- 8) <http://colintodhunter.blogspot.co.uk/2013/09/the-future-is-local-future-is-organic.html>
- 9) <http://www.globalresearch.ca/india-genetically-modified-seeds-agricultural-productivity-and-political-fraud/5328227>
- 10) http://english.pravda.ru/business/finance/17-05-2013/124594-dollar_crisis-0/
- 11) http://en.wikipedia.org/wiki/Salwa_Judum
- 12) <http://www.infochangeindia.org/human-rights/no-mans-land/caught-between-the-maoists-and-the-salwa-judum.html>
- 13) <http://corporateeurope.org/coverage/india-eu-fta-talks-non-transparent>
- 14) <http://corporateeurope.org/trade/2013/05/court-ruling-over-privileged-access-business-eu-india-free-trade-talks>
- 15) <http://www.globalresearch.ca/the-eu-india-free-trade-agreement-india-up-for-sale-to-western-corporate-capital/5332214>
- 16) <http://www.globalresearch.ca/free-trade-agreements-the-bypassing-of-democracy-to-institute-economic-plunder/5354197>
- 17) http://archive.tehelka.com/story_main49.asp?filename=Ne020411Coverstory.asp
- 18) <http://www.guernicamag.com/features/we-call-this-progress/>
- 19) http://www.democracynow.org/2006/12/13/vandana_shiva_on_farmer_suicides_the

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