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## NEOLIBERAL GLOBALIZATION, POVERTY CREATION AND ENVIRONMENTAL DEGRADATION IN DEVELOPING COUNTRIES

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(2008)

*This paper examines the impact of neoliberal globalization over the past two decades in developing countries. After locating neoliberalism within the context of the emerging global economy, we explore the historical processes of liberalization in Great Britain, India, Kenya and Chile. The paper will also explore the impact of neoliberalism upon the environment in developing countries. We argue that historically, "free trade" has not actually been as free as the orthodox narrative suggests, looking at the two paradigm examples of Great Britain and the United States. In both cases, protectionist practices were extensive and sharp until mature industries emerged which were able to establish power and market control within the external global economy. What is needed is a new regime with an alternative set of rules for emerging countries. It cannot be expected, however, that this will emerge from within the existing global economic and financial institutions which grew out of the post-World War II world, controlled by the imperialist triad, the US, Western Europe and Japan. However, forces are beginning to take shape for a new regime based upon efforts from below, for better terms of trade and cooperation between developing countries, which could strengthen emerging regions and allow countries to break out of the straight jacket of western-imposed neoliberalism. With cooperative efforts, such as those now being pursued by Venezuelan President Hugo Chavez, developing countries may experience the opportunity to follow their own path of development, achieve healthy economic growth, pursue greater social democracy, and address the most crucial problem of ecological degradation.*

### BACKGROUND

This paper examines the impact of neoliberal globalization over the past two decades in developing countries. After locating neoliberalism within the context of the emerging global economy, we explore the historical processes of liberalization in Great Britain, India, Kenya and Chile. The paper will also explore the impact of neoliberalism upon the environment in developing countries.

We argue that historically, "free trade" has not actually been as free as the orthodox narrative suggests, looking at the two paradigm examples of Great Britain and the United States. In both cases, protectionist practices were extensive and sharp until mature industries emerged which

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were able to establish power and market control within the external global economy. Also in East Asia, following World War II, the Asian state development model in Japan, South Korea and Taiwan depended upon a highly protectionist strategy of development and rejection of opening to the global economy.<sup>1</sup> The domestic economy was highly protected while neomercantilist strategic trade regimes were followed as a part of state economic policies to strengthen domestic economies. We see a similar pattern in China, while it must be said there are significant differences with the traditional Asian development model which emerged in Japan.<sup>2</sup>

Looking at emerging states today, it is surely unrealistic to assume that most countries will be able to develop competitive industries under conditions of an open and neoliberal economic policies as demanded under the requirements of International Monetary Fund (IMF) structural adjustment programs.<sup>3</sup> In recent decades, the successful integration of countries into the global economy has generally been accomplished by government policies, such as in China, where the demands of the IMF and the West were repudiated. To date, neoliberalism has often brought slow growth and hurt workers around the world. Moreover, even where growth has been rapid, such "economic miracles" are characterized by severe domestic economic dislocation, including sharply rising levels of poverty and inequality.<sup>4</sup>

We will argue that what is needed is a new regime with an alternative set of rules for emerging countries.<sup>5</sup> It cannot be expected, however, that this will emerge from within the existing global economic and financial institutions which grew out of the post-World War II world, controlled by the imperialist triad, the US, Western Europe and Japan.<sup>6</sup> However, forces are beginning to take shape for a new regime based upon efforts from below, for better terms of trade and cooperation between developing countries, which could strengthen emerging regions and allow countries to break out of the straight jacket of western-imposed neoliberalism. With cooperative efforts, such as those now being pursued by Venezuelan President Hugo Chavez, developing countries may experience the opportunity to follow their own path of development, achieve healthy economic growth, pursue greater social democracy, and address the most crucial problem of ecological degradation.<sup>7</sup> Securing the cooperation of the Western neoliberal imperialist cartel, which would ease the path in preserving the global ecology, is an unlikely proposition. Realistically, it must be acknowledged that within the logic of global neoliberal capitalism, the Eldorado of capital accumulation will always trump any concerns with ecological sustainability.<sup>8</sup> There is, of course, necessarily a contradiction between sustainable development and rapid economic growth. The Western corporate-based profit-driven capitalism may pay lip service to this concern but can address the issue only at the point where it threatens profits. Attaining the cooperation of developed countries in lowering excessive levels of environmental degradation in relation to emerging countries is likely to remain problematical.<sup>9</sup>

#### "GLOBALIZATION" AND ITS MISCONCEPTIONS

The term "globalization" has become an overused shibboleth for corporate capitalist development and imperialism around the globe since the 1980s.<sup>10</sup> Consequently, it is important to be clear about what is meant by the term. Joseph Stiglitz defines "globalization" as the closer integration of the countries and peoples of the world which has been brought about by the enormous reduction of costs of transportation and communication, and the breaking down of

artificial barriers to the flows of goods, services, capital, knowledge, and (to a lesser extent) people across borders.<sup>11</sup> It is difficult to object to this broad, clear and generic definition of globalization. However, it must be noted that "globalization" as the term is used in the literature today, that is, in its doctrinaire meaning, is a propaganda term, indicating the control of global resources by transnational corporations, under the auspices of the G-7 and the Bretton Woods institutions, the IMF, the World Bank, and the World Trade Organization (WTO), for the purpose of accelerating capitalist accumulation on a global scale. What "globalization" signifies is not globalization as such, but neoliberal corporate globalization, which is today merely the prevailing form of imperialism perpetrated by the G-7 group of countries which rule the global capitalist economy.<sup>12</sup> Simply put, the term has become a buzz-word for the ruling global imperialist order. Anyone who objects to this new world order, or more appropriately disorder, is seen as either an ignorant fool or saboteur or both.<sup>13</sup> In most cases, an empirical examination of the contents of "globalization" is strictly avoided.

While it is true that in the recent three decades, globalization, in the generic sense, has produced increasing global economic interdependence through the growing volume and variety of cross-border flows of finance, investment, goods and services, and the diffusion of technology, this is really nothing qualitatively new. Globalization in this sense has been happening for hundreds of years, although the pace has greatly accelerated since the middle of the twentieth century. Indeed, globalization is simply the process which Karl Marx and Friedrich Engels laid out in some detail in the *Communist Manifesto* concerning the expanding global economy in the middle of the nineteenth century.<sup>14</sup> What is qualitatively new today is the rise of neoliberalism as the universal modus operandi of practically every domestic economy today.<sup>15</sup> Much of this is due to the global heavy guns which have been brought to bear on countries around the world to get on with the program or sink in a backwater of isolation and stagnation. In large measure the TINA thesis<sup>16</sup> forwarded by former British Prime Minister Margaret Thatcher has prevailed, not because it is true, but because it has become a dogma enforced at the point of a gun by the G-7 global establishment. Indeed, while there are any number of alternatives, small countries may have little choice, in a pragmatic sense, while China and some other large countries have considerably more freedom to defy the demands of the established international economic order. The "Washington Consensus" clearly is not that, not even in Washington, let alone in the peripheral countries of the global economy.

Proponents of neoliberal policies argue simplistically, following classical liberal economic dogma, that corporate globalization is necessary to ensure prosperity to everyone.<sup>17</sup> They also argue that public sector activities are inefficient while the private sector is a model of efficiency, ignoring the fact that this is, in every case, an empirical question which must be explored. It is also assumed that rapid economic growth in developing countries will necessarily follow neoliberal reforms under the leadership of the Bretton Woods institutions.<sup>18</sup>

This paper explores the international flow of goods and capital which underpins and sustains global inequality and "hegemonic" economic relations.<sup>19</sup> Corporate "globalisation," over the last 25 years, has been characterized by transnational corporations<sup>20</sup> and international financial institutions as the key players in enforcing asymmetrical rules and perpetuating uneven development.<sup>21</sup>

The accepted orthodoxy sees the history of capitalism as the triumph of market and laissez-faire policies. However, the role of protectionism in the rise to dominance of developed countries, in particular the aggressive use of tariff protection by governments in the UK and the United States, played an important role in establishing the industrial base of these countries, particularly during their first phase of industrialisation.<sup>22</sup>

A recent World Bank study claims that due to capitalist globalisation policies since 1974, exports have doubled as a proportion of world economic output to over 25% and that given existing trends will rise to 34% by 2030. The report notes that World income has doubled since 1980 and almost half a billion people have climbed out of poverty since 1990. Based upon present trends, it is argued that the number of people living on less than one US dollar a day will halve from today's one billion by 2030.<sup>23</sup> For China, its merchandise trade ratio to GDP in 2006 exceeded 60% and direct foreign investment reached \$80 billion a year. Supporters of globalization argue that opening up the economy leads to increased economic growth, which in turn reduces poverty.<sup>24</sup>

More realistically, Jadish Bhagwati favours "liberalisation" but warns against "casino capitalism."<sup>25</sup> While some analysts argue that liberalisation offers opportunities and that it is up to policymakers to exploit these opportunities by carrying out reforms internally, such as raising investment in education, infrastructure and health sectors, they fail to see that "liberalisation" necessarily brings in "international finance" often making it impossible for the state to adequately invest in the social sector.<sup>26</sup> Financial liberalization in developing countries is characterized by vulnerability to capital flight, currency instability, speculation rather than production, stagnation, inequality, contagion effects from other economies, and the obstruction of progressive politics.<sup>27</sup>

Trade liberalisation is largely based upon the classical theory of comparative advantage, which argues that a nation can best enhance its efficiency in resource use, and hence consumer welfare, by producing only those products in which the country is relatively efficient and importing all other products.<sup>28</sup> It has long been understood by political economists, however, that it does make a difference whether a country produces potato chips or computer chips.<sup>29</sup>

Following David Ricardo's theory of comparative advantage, the Heckscher-Ohlin Theorem states that capital-poor countries should specialize in labour-intensive products. The Factor-Price Equalization Theorem predicts that free trade will raise the price of the intensively used factor and decrease the price of the less-used factor, to equalize the price of these factors worldwide. That is, wages will rise in developing countries and fall in the rich countries, with the opposite being true of the price of capital. The Stolper-Samuelson Theorem says that incomes of the scarce factor will suffer most from free trade, that is, labour in rich countries and capital in poor countries. If these theories worked as predicted in the real world, there should be a convergence between rich and poor economies, with the poor economies catching up with the poor. Indeed, that this would happen was the assumption of many economists after World War II.

That the experience goes against the empirical evidence for many countries, for example Chile under the dictatorship of Augusto Pinochet (1973-1989), is due simply to the fact that the conditions upon which these theories of comparative advantage are based never exist in the real world.<sup>30</sup> There are at least six assumptions which need to hold: that there is perfect competition

between firms in a country, that there is full employment of all factors of production, that labour and capital are perfectly mobile throughout the country and do not cross international boundaries, that a country's gains from trade are captured in the country and spent locally, that a country's external trade is in balance, and that market prices accurately reflect the real (or social) costs of the products produced.<sup>31</sup> These conditions never exist in reality, of course. Major corporations and the governments of powerful countries have the power to shape domestic and global markets and do so.

Indeed, the success of Japan in the global economy after World War II was based upon ignoring the advice of the United States to produce labour intensive consumer goods and buy its technology from the United States. The Japanese pursued advanced technology early on and within a couple of decades largely took over the electronics and automobile markets in the United States. The US government facilitated Japanese export policies by opening its markets and allowing Japan to discriminate against US exports. Similar strategic trade approaches allowed other emerging economies in East Asia to successfully enter the US and global markets. While the theory of comparative advantage is theoretically correct, it describes a special condition which might be approximated but will never exist in the real world. It is clearly understood that to be successful, developing economies must develop trade and marketing strategies and pursue programs of R&D.<sup>32</sup> The utility of such theories above lies in the fact that they provide an economic ideology to bolster market control by imperialist countries.

In the agricultural sector of developing countries, as well, these theories are badly flawed. While it may be more profitable to grow flowers than food-grains, this will generally lead to a decline in food production. Food prices are likely to rise beyond the reach of the poor. Also, unlike the manufacturing of cars or TVs, economic efficiency in the agricultural sector can be very inefficient, ecologically. Growing food requires appropriate climatic factors and cultivable land, *inter alia*. Economic efficiency in terms of food production could be misleading. We know that the prices of food grains are not fixed and are linked to export and imports. Again, prices are continuously manipulated by giant corporations, which have established monopoly control over the global grain trade. "Monopoly capital does not behave differently in the food system than in any other segment of the economy. Agriculture is unique primarily because it took monopoly capital so long to dominate the sector."<sup>33</sup> Consequently, trade liberalisation in developing countries often results in greater food insecurity and effectively transfers power from farmers to giant food companies, a result seen in Chile as explained below.

Trade liberalization has resulted in agribusiness imperialism. "Within global agriculture, the institutionally driven process of liberalization undermines the ability of weaker, food importing states to protect local farmers, and transfers food into a new frontier of commodification."<sup>34</sup>

Hugo Radice<sup>35</sup> argues that "[i]f one treats globalization within capitalism, this fits with the old stories of pioneers and followers of the sequence of ever-more-fully-capitalist hegemonic countries, shaping the extent and character of ever-deepening global integration, or more recently of the gradual predominance of an emerging trans-national capitalist class—whose ideology is global neo-liberalism."<sup>36</sup> At present, global corporations decide which regions and countries will receive a net flow of investment funds for job creation and the transfer of new technology to make production more competitive. That is, they decide where production will be located.

Financial issues are increasingly in the hands of a few transnational corporations, rather than controlled by national policymakers. A handful of global companies such as Alcatel, BP, Ericsson, Northern Telecom, Nestle, Nissan, IBM, Mitsubishi, Monsanto, Siemens, Thomson, and so on, have the power to control global production as they wish. States seem to react rather than participate and follow rather than lead. Clearly big corporations are becoming the crucial organizations 'governing' the world economy.

Moreover, despite their professed commitment to introducing increased competition at all costs, in reality transnational corporations form a network characterized by oligopoly. They form cartels to raise profits, manipulate prices, and ensure control of markets.

Under these changing circumstances, the decisive advantage of developed countries is no longer based upon a monopoly of industries, as in the past when the contradictions between colonial powers and their colonies were almost synonymous with industrialised and non-industrialised countries. In the present era, the power of countries and companies is defined by control of the latest technologies, the flow of funds, information, and weapons of mass destruction. By these means developed countries effectively control the industries and technology which they have relocated to selected countries and regions.

The strong capitalist push towards the accumulation of financial assets and financial speculation in the 1990s has become a central phenomenon in the growth of neoliberal globalization, which requires an even more intensive system to exploit the world's resources.<sup>37</sup> This further complicates the developmental problems of developing countries. In the new phase, underdeveloped countries have been forced to restructure their economy toward more open policies and dismantle their long term developmental goals in favour of short term policies.<sup>38</sup> This has increased their vulnerability to global markets and giant corporations. It has also accelerated the flow of economic surplus from developing to developed nations. "According to the United Nations, in 2006 the net transfer of capital from poorer countries to rich ones was \$784 billion, up from \$229 billion in 2002 .... Even the poorest countries, like those in sub-Saharan Africa, are now money exporters (to the rich nations)."<sup>39</sup>

Under capitalist globalization profits for big companies are likely to increase, while it is very likely that food security and production will decline. Production for export markets, rather than domestic markets, could create local shortages and higher prices. Getting more for their crops may benefit some large farmers, due to higher export prices, but this may raise the prices of agricultural products in the domestic markets beyond the reach of the less privileged rural population to buy essential goods. Moreover, there will be pressure to shift the use of land from food production to non-food crops, such as exotic fruits, shrimp and flowers. Farmers will increasingly be at the mercy of external demands and market prices.<sup>40</sup>

The heterogeneous nature of globalization has clearly failed to deliver prosperity to the poor in most developing countries. The falling terms of trade probably constitutes the single largest mechanism by which real economic resources are transferred from poor to rich countries. Western government keep imposing dictates upon developing countries to liberalise their economies. These demands are contradictory to the protective economic policies of developing nations. Forced capital liberalisation has not increased the inflows of development capital to most developing countries, except for a few South East Asian countries. However, in some

cases, economies, such as that of Turkey, have been jeopardized by the rapid inflow of hot money for the purpose of arbitrage.

Under the impact of globalization, there has been a growing divergence, rather than convergence, in income levels, between both countries and societies. Inequality among and within nations has widened by leaps and bounds. Today, assets and incomes are becoming more concentrated. Wage shares have fallen, even while profit shares have risen.<sup>41</sup> Capital mobility, along with labour immobility, has reduced the bargaining power of working classes alongside the rise in part-time and temporary jobs.

Most East Asian countries have experienced considerable economic growth over several decades. Much of this growth has been driven by rapid industrialization and an outward export orientation strategy that led to greater intra-regional integration as well as greater integration of Asian economies into the global economy. In addition to producing greater regional and global interdependence, this economic development has also lifted hundreds of millions of people out of poverty. These gains, however, have come at considerable cost. Along with the rapid economic growth of the past several decades, Asia has witnessed worsening environmental problems, as manifested by congested and polluted cities, increased greenhouse emissions, rapid deforestation, and less-than-optimal depletion of natural resources.<sup>42</sup> Efforts are being made on a number of fronts to expand the Asian economic base with a broad program of trade and investment liberalization.

In recent years, South-East Asian economies have continued to enjoy the world's fastest growth. The rich, however, are growing richer much faster than the poor. According to a report by the Asian Development Bank, income inequality has increased over the past decade among Southeast Asian nations. The biggest increase was seen in China, Nepal and Cambodia.<sup>43</sup> A similar pattern is seen in India.<sup>44</sup> Income inequality is usually measured by a country's Gini coefficient, in which 0 is perfect equality and 1, signifies perfect inequality and where one household takes all income. The Gini coefficient measurement is largely based on expenditure because reliable income data is often not available. In China, the Gini coefficient rose from 0.41 in 1993 to 0.47 in 2004, the highest in Asia after Nepal. On this measure, China seems to have higher income inequality than the United States, whose Gini coefficient is 0.46.<sup>45</sup>

#### INDUSTRIALIZATION IN HISTORICAL PERSPECTIVE

We find that virtually all successful economies, whether developed or developing nations, got where they are today through selective strategic integration into the world economy, rather than through unconditional global integration. Trade liberalism is a policy which has been imposed by force upon the colonies since the eighteenth century, while the currently rich nations violated these rules, relying extensively upon state intervention in the economy. This was true for Britain and other western countries which followed the path of protectionism and state intervention, including Japan. Japan escaped colonialism and this charted its own course of action towards industrialization. While these facts are widely recognised by economic historians, supporters of free-trade liberalism generally choose to overlook the evidence.

The examples of Egypt and the United States in the early nineteenth century, clearly show the decisive role of sovereignty and state intervention in economic development. After the United

states became independent from Britain in 1776, the country was able to adopt measures to protect its domestic industries through high tariff duties. At the same time, British colonial authorities banned any such measures to promote local industrialization in Egypt. The rulers imposed Lord Palmerston's doctrine that "[n]o ideas therefore of fairness towards Mehemet (Ali) ought to stand in the way of such great and paramount interest," as barring competition in Egypt.<sup>46</sup> Had Egypt enjoyed enough sovereignty to make her own decisions, Egypt might have undergone an industrial revolution in the nineteenth century. Egypt shared many characteristics with the United States. The sovereignty enjoyed by the United States, on the other hand, allowed the United States to impose tariffs upon British goods, such as steel and textiles, and keep most British exports out of its markets. Strong protectionist measures protected US markets from foreign competition until after the Second World War.<sup>47</sup>

By 1880, income levels in the United States were very similar to those of Morocco and Indonesia today. Ulysses Grant, the Civil war hero and US President between 1868 and 1876, remarked that "within 200 years, it too will adopt free trade." These words proved to be correct, except that his country did rather better than his prediction.

From the time of Adam Smith through the nineteenth century, however, liberals were telling American policy makers that they should not protect their industry. This is exactly what today's development orthodoxy tells developing countries. But US policymakers knew too clearly that Britain, a country which was preaching free trade, had increased its wealth on the basis of protectionism and subsidies.

The truth is that rich and powerful countries today did not develop on the basis of the policies and institutions they now recommend to developing countries. In fact all rich nations have historically used tariff protection and subsidies to develop their industries. In the earlier stage of their development, they lacked even basic institutions, such as civil rights, democracy, and a welfare system. Once they became rich, however, these countries began to demand that poor countries practice free trade. Often such policies were imposed through colonialism and other forms of unequal treaties. Fredrick List, a leading mercantilist during the mid-nineteenth century, argued that under the name of "free trade" developed nations wanted to "kick away the ladder" with which they had climbed to the top and deny poor nations the chance to develop.

International trade has grown at nearly double the rate of world gross domestic product, on average, since 1950. This growth has been linked closely to the internationalization of production by transnational corporations with about 40 % of the volume of trade in manufacturing accounted for by intra-firm trade among subsidiaries of large transnational corporations. As a result, attracting foreign investment from the TNCs assumes a special significance for improving the trade performance of nations. A race emerges between developing nations, which happen to be in direct need of foreign exchange, competing with each other to provide transnational corporations with the most attractive corporate taxes, the most lax environmental regulations, the largest tax breaks, the most lenient union regulation and so on. This sort of competition further reinforces the role of the state in conducting economic policy, by reducing governments to lawless anarchy. The promotion of policies for attractive investment climates for

### TRADE LIBERALIZATION IN BRITAIN

Globalization, in its generic sense, has progressed over the last three centuries. The first phase of internationalisation, also a historical phase of globalization, was adopted during the eighteenth century in England and encouraged free trade policies. England clearly witnessed benefits from such policies. Following this success, other European countries followed suit in liberalising their trade with selective countries. By the middle of the nineteenth century, the benefits of such policies had become clear and a free trade order under British hegemony was instituted. British industrial policies promoted a laissez faire approach at home and low barriers to the international flow of goods and capital, establishing what has been called "hegemonic stability."<sup>49</sup>

Macroeconomic stability based upon low inflation and a balanced budget was accorded key importance. According to the official version, the 'golden age' for trade liberalism was witnessed between 1870 and 1913, when trade liberalism was achieved in the internal economy.<sup>50</sup>

During the First World War, in response to the instability of the international economy, the dominant economies began to erect trade barriers. The United States abandoned free trade and enacted the Smoot-Hawley Tariff Act to raise high trade barriers by the 1930s. However, since the 1950s, under US hegemony, significant progress has been made in trade liberalisation among the rich countries particularly through the several rounds of trade negotiations carried out under the General Agreement on Tariffs and Trade (GATT).<sup>51</sup> By the early 1980s, such policies were also extended to developing countries through the auspices of the World Bank, the IMF and WTO. This was associated with the shift of emphasis from aid to trade as a development strategy which would serve the needs of the West.

During the early phase of Britain's industrial development. Robert Walpole, the British Prime Minister in 1721, launched an economic policy to transform the country from an exporter of raw material into an industrially developed nation. He sponsored legislation directed toward protecting domestic industry from foreign competition and export companies, supported through export subsidies. Moreover, import tariffs were raised on foreign goods, while import tariffs on raw materials were removed to make inputs cheaper for the country's export industry. Walpole's policies were not those of a "free market." Instead, his government provided heavy protection and subsidies to infant industries. It was through these policies, rather than through free trade, as argued by proponents of liberal policies, that Britain successfully developed its manufacturing sector.<sup>52</sup>

However, Britain had totally different plans for its colonies in North America and later in India. In the case of the North American colonies, Britain imposed an outright ban on advanced manufacturing industries. For example, colonial authorities banned the production of high value steel products, such as those produced in new rolling and slitting steel mills. In India too, colonial authorities forced the country to specialise in the production of raw materials such as cotton, jute, opium, tea and so on. Britain banned cotton textile imports from India (calicoes) which were then superior to the British ones. In 1699, Britain banned the export of woollen cloth from its colonies to other countries, enacting the Wool Act, and destroying the woollen industry in Ireland. Successive British governments charted policies in the colonies so that the countries they ruled specialised in the production of raw materials and thus were unable to become



competitors with British manufacturers. Wool manufacture became the most important export industry, provided a source of government revenue and funded rising import bills. At the time, the Netherlands had highly modernized wool industry.<sup>53</sup>

British industries continued to enjoy protection from foreign competition for nearly one hundred and fifty years. State intervention, wherever it was found beneficial, enabled home industries to become the most powerful in the world. Free trade seemed an option, however, when it was tilted in the right direction. One such market, the most spectacular, the opium trade was designed to break open the Chinese market. Britain was importing tea and silk, which was paid for with silver, and through the opium war China was forced to accept opium so that Britain could pay for its imports from China. Britain imported raw cotton from the United States which was produced by slaves. It should be noted that slavery existed primarily as a result of state intervention.

Furthermore, labour intensive export growth is not an unqualified boon. Focusing on low skill, export oriented production, perpetuates the developmental trap through which many developing nations find themselves stuck manufacturing low value-added components of the global commodity production chain. Developed countries, on the other hand, reap much greater benefits from focusing upon the production of higher value-added products.

#### TRADE LIBERALIZATION IN SOUTH ASIA: THE INDIAN EXPERIENCE

India, the most recent economic success story, demonstrates the strategic rather than the unconditional integration into the world economy. Trade liberalisation was introduced in India beginning in the early 1990s. However, some researchers find that India's growth acceleration really began earlier, in the 1980s, which refutes the notion that 'greater openness accelerates economic growth.' Moreover, even after trade liberalisation, India's average manufacturing tariffs remained above 30%, and are still at approximately 20%. Before 1992, India protected its industries through more substantial tariffs.<sup>54</sup>

According to supporters of capitalist globalization, post independent policy in India was a disaster for the economy, as the state sector promoted large industries and ignored small and medium sized private enterprises. Compared to other developing countries, such as those in Southeast Asia, Indian tariffs may have been higher in some sectors. However, this does not mean that India would have been more successful had it adopted free trade at the time of independence in 1947. After independence, India, like many Latin American countries, adopted an "import substitution strategy" by making products artificially more expensive by means of tariff duties on imports. Also, until recently, India maintained severe restrictions on transnational corporations, especially in terms of their entry, ownership, and various performance requirements.<sup>55</sup> The performance of the developing countries was much better when they had greater policy autonomy, that is, during state led-industrialisation compared to during the first wave of globalisation.<sup>56</sup> During the colonial period, many developing countries had lower economic growth rates than during the 1960-1970 post-independence period.<sup>57</sup>

Between 1960 and 1980, per capita economic growth in Latin America stood at about 3.1% as these countries followed closed economic policies, that is, import substitution industrialization. Comparing this period with the later period of liberalisation and free market

policies, per capita growth between 1980 and 1999, averaged only about 1.7%. Since 2000, however, the per capita income growth has slowed down to only 0.6% per year. In Chile, during the Pinochet reforms, 1973-1989, average annual GDP growth was only 1.8 per cent and a miserable 0.2 percent annual per capita growth.<sup>58</sup> In Sub-Saharan Africa, per capita income grew at around 1-2% a year between 1960 and 1979. However, since the imposition of the free-market by the World Bank and IMF complex on most African economies, the region has seen a fall in average living conditions over the past 25 years. Comparing the period when the countries in Latin America and Sub-Saharan Africa followed closed economic policies with those when both regions followed trade liberalism and neo-liberalism, we find that per capital income growth was better in the former period.

Similarly, in India, the reduction of trade barriers since the 1990s appears to be associated with an expansion of exports, consisting mostly of capital and skill intensive products, such as software, services, pharmaceuticals, and so on. Total factor productivity in industry in India rose from 0.3% in 1978-93 to 1.1% in 1993-2004.<sup>59</sup> However, this "service-led growth" was seen in the service sector, where annual productivity grew from an average of 1.4% in 1978-93 to 3.9% in 1993-2004. There has also been a decline in the rate of growth of real wages between 1993 and 2005, compared to the previous decade.<sup>60</sup>

A critical task that has occupied economists has been to analyse the effects of market oriented reforms over more than two decades of globalization in India. A decline in the growth of the agriculture sector during the 1990s has been noted and this has continued until recently. This decline has been marked by recent declines in yields per hectare for a number of food crops. In addition, there are vast inter-state differences in the growth rate of agriculture, particularly in food-grains.<sup>61</sup> An analysis of the data for the period between 1990-91 and 2003-04 suggests that governmental expenditure in agriculture, including public investment and subsidies for fertilizers, have been significantly undercut in recent years. It is widely agreed that growth in agriculture, for the production of both food and non-food crops, is based on a number of assumptions pertaining to government expenditures, input prices, rainfall, price behaviour and so on.

The proponents of globalization claim that integration into the world market has been highly beneficial in reducing poverty in India.<sup>62</sup> Opponents, on the other hand, argue that globalization has contributed to widening inequality. A closer look at the data, however, reveals that inequality continues to grow at a faster rate than ever before.<sup>63</sup>

It is widely argued that India's GDP growth of eight per cent for the last few years signifies the great success of trade liberalisation policy over the last fifteen years. However, it appears to be characterized predominantly by an urban consumer boom, in which the sales of cars, mobile telephones, household gadgets, and so on, have reached double digit growth. It is undeniable that the top 10 to 15% of the people never had it so good. Industrialists, traders, executives, IT workers, service sectors employees, and those in the insurance industry have benefited greatly. This small minority, however, is concentrated in less than one-quarter of India's 35 states, which has absorbed more than two-thirds of all investment.

The World Bank claims that poverty in the Indian economy has been declining, referring to consumer expenditure figures estimated by National Sample Survey (NSS), 55<sup>th</sup> round. However,

these figures have been challenged by many independent scholars,<sup>64</sup> who have concluded that no definite conclusion can be reached on the poverty question in India on the basis of the existing data. It is pointed out that a more reliable analysis should look at the calorie absorption data to determine what percentage of the population falls below the calorie norm for poverty. As a result, it has been found that the latter percentage exceeds that calculated on the basis of the poverty line approach. Such an approach shows that contrary to declining, poverty has actually increased in the post-liberalisation period.<sup>65</sup>

Poverty in India is defined by the nutritional norm of 2400 calories per person per day in rural areas, and 2100 in urban areas. Notwithstanding the high growth rate of the nineties, in 1999-2000, more than two-third of the rural households did not have access to the minimum required 2400 calories.<sup>66</sup> This is undeniable proof that high growth is not a sufficient condition for poverty reduction. Poverty is an expression of social relations. Growth measures the magnitude of increase in the quantity of things. To claim any direct link between growth and poverty only creates confusion.

For the last quarter century, India's economy has grown at an average rate of about 6% annually. The claim is that India's growth rate increase was due to the adoption of pro-market policies. This explanation, however, is inadequate due to the following considerations. First, higher growth was seen ten years before the liberalisation reforms in 1991. Secondly, uneven growth among Indian states has accelerated.<sup>67</sup> Third, India's acceleration in the rate of economic growth has been accompanied by growing inequality, the growing concentration of ownership of private industry and nearly stagnant growth in employment and manufacturing industries.

It appears that the growing integration has not helped some non-income indicators like those of health. The National Family Health Survey (NFHS) data show that in some health areas India is worse off than Bangladesh. This is true in terms of such indicators as child immunisation rates and maternal mortality. In spite of increased globalization and the higher growth rates of the Indian economy compared to Sub-Saharan African countries India continues to lag behind. For example, the percentage of underweight children, below the age of 3, is 46 percent in India and only 30 per cent in sub-Saharan African nations.

Further, India's educational inequality is one of the worst in the less developed world. According to *World Development Report 2006* of the World Bank, the Gini coefficient of the distribution of adult schooling years in the population was 0.56 in India in 2000, which is higher than in all Latin American countries.

Finance capital requires enhanced intrusion into the economies of developing countries for the purpose of extracting ever greater surplus from them. The poor countries have long experienced an enormous net outflow of surplus in the form of net payments to foreign investors and lenders.

The worst economic reality, however, is the agrarian crisis, which affects some 700 million people. The post reform period of 1995 has witnessed a decline in returns from agriculture, to the point that cultivation has become commercially nonviable in many parts of India. About 25,000 farmers, trapped by debt and falling prices, have committed suicide in India since 1997.<sup>68</sup>

The most common causes are heavy debts, stagnant crop prices, and rising input prices.<sup>69</sup> Yields of all major crops have stagnated, reversing a thirty-year long trend. The cost of electricity, fertilizers, pesticides, water, and seeds has risen significantly. This has coincided with declining public investment in agricultural research.<sup>70</sup>

Utsa Patnaik has shown that neo-liberal policies have had an adverse impact on poverty. She questioned the poverty estimation of the National Sample Survey data which, according to her, underestimates rural poverty in India. The Indian Planning Commission claims that rural poverty has declined from 37.3 per cent to 27.4 per cent of the population between 1993/94 and 1999/2000.<sup>71</sup> The World Bank's World Development Report, 2006 presents a figure of 30.2 per cent poverty rate for latter date. The National Sample Survey of the 61<sup>st</sup> round, 2004/05 data, has estimated rural poverty to be at 28.5 per cent.

Moreover, according to Patnaik, "the available official data show that for the same period, a number of interrelated indicators of the rural well-off have worsened; rural development expenditures have gone down as a share of the national product and in real per capita terms; all India crop growth rates have halved in the 1990s compared to the 1980s and food-grain output has stagnated over the last five years; rural employment growth has dropped sharply and open unemployment has been growing fast. Bank credits to farmers have declined and higher dependence on private usurious credit, combined with severe price declines for many crops, has led large segments of farmers into a debt trap. Food-grains absorption per head has declined sharply to reach levels prevalent 50 years ago. Rising farm debt has led to the loss of assets reflected in rise of landlessness. All these indicators of general depression, combined with acute distress in specific regions, are quite inconsistent with the claims of decline or constancy of poverty."<sup>72</sup> This proposition may seem strange since India has witnessed about seven per cent GDP annual growth rates.

However, the overall growth rate figures can be misleading, as they tell us nothing about the sectoral composition of growth or its distributional effects. For instance, more rapid structural shifts in the sectoral contribution to GDP have taken place than in any previous period. The manufacturing sectors' share in GDP has stagnated in the last 15 years while its contribution to employment has declined. On the other hand share of agriculture and allied industry has fallen sharply. The peak production of food-grain output of 112 million tons has stagnated over the last six years and per capita output is falling sharply. Moreover, with increasing use of land for non-agricultural purposes such as supermarkets, motor ways, golf clubs, and recreation centres for elites, the gross farmland area sown has remained static since 1991. This means that only through increases in yields can output growth be maintained. The growth in yields, however, is declining. In the past, agriculture universities played a major role in developing new crop varieties, but now cuts in state funding are adversely affecting their research activities. The matter is complicated by government-deflating expenditure policies, which have adversely affected the purchasing power of rural inhabitants.

Moreover, the measurement based on expenditure may underestimate the true picture of inequality. For example, India's Gini coefficient appears to be much lower than in the past. However, health and education measures suggest that the country suffers from widespread disparities. In the top 20 per cent of households, only five per cent of children are severely



underweight, compared with 28 per cent of those in the bottom 20 per cent of households.<sup>73</sup> This is a wider gap than in many other countries which have higher Gini coefficients. State disparities are also found. For example, India's richest state, 99.8 per cent of the population have access to clean water, but only 2 per cent in the poorest state.

#### GLOBALIZATION AND AGRICULTURE: THE CASE OF KENYA

Since the 1990s, liberalisation of agriculture in developing nations has led to changes in the agriculture sector. This is paving the way for the global integration of farmers and consumers with transnational corporations at the heart of this development.<sup>74</sup>

Major changes in the agriculture sector in the less-developed nations are taking place on two levels. First, agriculture specialization can be seen in production, with more land and resources allocated for the cultivation of cash crops such as vegetables, flowers and fruits for European markets. Secondly, these products are increasingly supplied to the big food-processing companies.

Transnational agro-food companies are the main force behind this integration, and transnational organisations, such as the WTO, IMF and World Bank are reinforcing this global integration. For example, Cargill, besides looking for larger markets, also enters into areas of production such as meat, canned fruits, dairy products, cereals, and condensed drinks. In recent years Cargill has also entered the areas of seed production, the manufacture of fertilizers, and the supply of pesticides. Such companies have also used economies of scale to cut their costs. As Jim Prokopanco, managing director of Cargill stated, "Cargill produces phosphate fertilizer in Tampa, Florida. We use that fertilizer in the United States and Argentina to grow our soybeans. Soybeans are then processed into meal and oil. The meal is shipped to Thailand to feed chickens, which are processed cooked and packaged so they can be sent back to supermarkets in Japan and also in Europe."<sup>75</sup>

For large companies, cross subsidies support competitive efforts, with profits in one market diverted to support operations in another market. These are factors which facilitate the expansion of a firm into new markets. Even if the company witnesses lower profits or loss in a particular market, it can still survive by gaining profits in other markets. In fact, giant corporations find diversification more crucial for their growth than efficiency. In developing nations, rather than focusing upon domestic needs in agricultural production, they tend to focus more upon the demands in developed economies.

Trade liberalisation in agriculture is not geared to the need for providing economic security for the two-thirds of Indians who are farmers. Food security for poor households is not a concern within the trade liberalisation agenda. While the emerging trend is presented as "new freedom" for farmers in poor countries, this ignores the growing power of TNCs. The state is theoretically supposed to withdraw from agriculture. This, however, does not mean more power to rural communities, but rather facilitates the control of natural resources, production, marketing, and trade by global agro-businesses. The globalization of agriculture serves the interests of large corporations. These are characterised by such elements as the removal of land ceiling regulations, the removal of subsidies on irrigation, the liberalization of fertilizer imports, the treatment of agricultural co-operatives in poor countries on an equal footing with the private sector, and the liberalization of imports and exports.

This pattern is illustrated in the case of Brazil in recent years. President Luiz Inacio Lula da Silva has implemented an IMF stabilization package since being elected in 2002. As required by structural adjustment priorities, Lula has maintained an overvalued currency, high interest rates to attract foreign capital, open trade, high public debt, low wages, high taxes, and the scaling back of health, education and social security. With low levels of investment in agriculture, 300,000 workers lost jobs in the countryside, land holdings grew larger including those over 1000 hectares, rural poverty was unabated, and social inequality in rural areas increased. Almost all agrarian production is now controlled by ten big transnationals including Monsanto, Bunge (agribusiness and food), Cargill, ADM, BASF (chemicals), Bayer, Syngenta, Novartis, Nestle, and Danone. These firms also control the pesticides, transgenic seeds and foreign commercial trading. Lula has clearly favoured agribusiness transnationals with tax exemptions for supplies used in export-oriented production, encouraging the use of transgenic seeds (such as soy), providing loans for paper mills and encouraging eucalyptus foresting. Only a few small programs have been directed to help campesino agriculture such as small loans and subsidized electricity.<sup>76</sup>

Shortly after independence in India, land reforms brought some changes in rural areas with the attempts by state governments to remove absentee landlords and implement ceilings on land ownership.<sup>77</sup> Economic reforms under globalization, however, now promise to reverse these previous achievements, which provided welcome relief to middle and small farmers.

The consequences of recent trade liberalisation in agriculture are various. According to the Food and Agriculture Organisation (FAO), as a result of trade liberalisation measures, Africa's food imports will rise from \$9 billion in 2000 to more than \$16 billion by the end of 2007. For Latin America and Caribbean countries, the increase in food imports will reach nearly \$1 billion.

Trade liberalization has had significant impacts upon the environment in developing countries.<sup>78</sup> Today hundreds of lakes around the world are dead or dying from climate change, agricultural over usage, and population pressure.<sup>79</sup> The consequence of trade liberalisation on the environment and local communities can be devastating to communities and the environment. The Lake Naivasha area in Kenya presents an important case and starkly illustrates the growing problem.<sup>80</sup> Three decades ago, the lake in the eastern arm of the Rift Valley was known as one of the top ten sites for birds in the world. It provided trees, clean water and an abundance of fish. At that time, some 27, 000 people lived in the areas surrounding the lake. Today the population has risen to more than ten times this amount but these 400, 000 residents and their animals lack access to clean water.<sup>81</sup>

Lake Naivasha has, in fact, shrunk some 25 per cent, from 130 square kilometres in size to less than 98 square kilometres today. This rapid change is due largely to human activity. In the last few years the lake shores have witnessed the establishment of more than 50 farms which focus upon the cultivation of flowers, mainly for export. The climate, water, soils, and high altitude of the area are perfect to cultivate flowers, which can be picked in the morning, packed, and flown to Europe by the afternoon. Kenya exports to the UK market alone some 18,000 tonnes of flowers annually, twice the amount in 2001. Flowers from the Lake Naivasha area are now Europe's prime source of cut flowers. The area has also begun to supply large quantities of vegetables as well. These export commodities are grown within a 50 kilometer wide region around lake, utilizing fresh water from the lake.

David Harper argues that the lake is being sacrificed "for unrestrained commerce...[w]e are sacrificing the lake to keep increasing our standards of living and our lifestyles. Naivasha is not just any lake. It was beautiful in the 1960s and globally famous but now is brown and murky. This deliberate unrestrained commerce can be compared to the Aral Sea in Russia that dried up in the 1970s".<sup>82</sup> And, of course, Lake Victoria.

It appears that bureaucrats and the owners of the flower industry with plenty of money have given kickbacks to politicians making the farms untouchable. According to the local Mayor, Mr. Gitau, "Naivasha has hardly benefited from the flower export farms.

Not surprisingly, the use of chemical-pesticides and fertilizers has added to the ecological havoc around the lake. The dumping of fertilizers and chemical insecticides from the farms into the lake, through runoff, has resulted in the killing of a large portion of the fish.<sup>83</sup>

Besides the ecological damage from the flower and vegetable farms, alien species such as Nile perch, crayfish and water hyacinth, have been introduced, either deliberately or accidentally, into the Lake, profoundly changing the lakes' underwater stability. With the dramatic increase in the demand for fish, over-fishing has also caused the fish stocks to fall.

Economic growth in the area has spurred population growth putting further pressure upon the local ecology. Nearly 400,000 people work on the farms surrounding the lake. This results in the use of some 750,000 bags of charcoal a year as well as increased use of electrical power. This fuel, in turn is being supplied by the felling of the local forests. The increasing population has also increased the demand for food. Demand for meat has encouraged pastoralists to increase the size of their herds and thus put more pressure on local resources. This ultimately increases soil erosion in the area. Local conservationists say that "[a]t this rate of consumption we shall loose the lake completely within 10 or 15 years."<sup>84</sup>

The result of social and economic change in the area is seen in the increase in crime rates and sexual assaults, which are the highest in the country. Tourism brings further pressure in demand for resources. Power generation from the Ol-Karia geothermal power generating station uses more water from the lake for cooling. The population influx has further stressed the area in terms of garbage collection, sanitation, schools, electricity, hospital and roads.<sup>85</sup>

There are no available data as to how much water private companies extract from the lake, but it has been estimated at more than 20,000 cubic meters per day. It appears that a combination of climate change, increased human settlement, and over extraction of water is stretching this lake to its limits. As noted above, however, this tends to be the general rule rather than the exception in terms of the demise of other lakes in the Rift Valley and around the globe in an age of increasing global warming.

#### GLOBALIZATION AND AGRICULTURE: THE CASE OF CHILE

The Chilean example is also instructive, regarding the consequences of globalization upon local communities. In Chile, a major neoliberal objective has been the stimulation of non-traditional agricultural exports as a way of exploiting comparative advantage. The drive to capture foreign markets has pitted capital against labour and agribusiness against small farmers bringing social tensions to new heights. Export driven policies to meet demands of the rich countries,

have increased in recent years. The export of fresh fruit has become one of the most globalized agriculture sub-sectors.

It has been noted that "even in the most successful cases of economic reform (Chile, Mexico) the social impact has been generally negative- increased social inequalities, widening and deepening of poverty, and an inability to incorporate the broad sectors of the population that have had to bear the brunt of the transitional costs of the adjustment process."<sup>86</sup> The neoliberal regime in Chile implemented between 1975 and 1981, which introduced the agro-export model, had the result of increasing unemployment from 9.2 per cent in 1974 to 26.1 per cent in 1982. Over the period, output grew 7.1 per cent per year and the annual growth of exports 7.4 per cent. The share of national income going to labour, however, fell from 63 per cent in 1974 to 41 per cent in 1977.

After an economic crisis in 1982, with production falling dramatically by some 17 per cent, a second generation of "Chicago Boy" reforms were brought to bear with more free market policies, privatization, liberalisation of trade, deregulation of capital markets, and private sector directed development. Capital was increasingly concentrated in the agro-export sector. The regime built upon cheap labour with workers unable to organize. Unemployment was pushed as high as 30 per cent and remained above 24 per cent for three years. The regime managed to sustain economic growth at over five per cent annually with the periodic adjustment of the exchange rate. By 1981 over 500 state enterprises had been reduced to only 27.

Under this model, a few economic groups came to control around 70 per cent of the assets on the stock market and 42 per cent of the bank capital. Agro-exports were controlled by a handful of companies, with four of the seven largest controlled by the Angelini family. These seven firms controlled 68 per cent of fish-meal exports and 32 per cent of the wage labour in the industry. Only six firms controlled 52 per cent of fresh fruit exports. The result was devastating for labour with the "share of labour in income derived from labour added in manufacturing ...the lowest of any major Latin American country..."<sup>87</sup> The Pinochet regime was able to push this share to less than half that under President Allende, from 63 per cent in 1972 to 31 per cent in 1989.

While Pinochet was rejected by the voters in 1989, the Concertacion Democratic Coalition largely continued the model. As we noted above, the net result was much less glamorous than is generally perceived with net average GDP growth over the Pinochet years only 1.8 per cent and GDP growth per capita only 0.2 per cent.

The pattern seen in India and right across the developing world is seen here with the economies of the region doing worse under structural adjustment programs than in the previous two decades. The Chicago Boy "miracle" produced the widening and deepening of various social inequalities, the decline in purchasing power, the lowering of living standards, and the entrapment of five million out of 13 million in poverty. With wages losing 20 per cent of their value, poverty came to embrace 42 per cent of the population by 1990. Within a decade, the incidence of poverty in Latin American doubled. In both Mexico and Chile, the minimum wage had lost some 65 per cent of its 1980 value by 1990. This result was acceptable only for big business, the ruling class and a section of the new middle classes. These "miracles" have surely been carried out in enough countries around the world to conclude that the familiar pattern is to

be expected and indeed desired by the global ruling elite. Indeed, they accelerate the extraction of surplus value from the working class, which is necessary for capitalist accumulation. Only those who blindly believe in liberal ideology would be surprised at the result.<sup>88</sup>

W. E. Murray has studied the impact of agricultural globalization and neo-liberal policies on the community of small farmers in Northern Chile.<sup>89</sup> The study was carried out in 1994 and 2004. The El Palqui area in Chile has been subjected to a wide range of agrarian reforms during the last two decades. As noted above, Chile's export economy has been projected as a model for other Latin American countries. Unlike traditional Keynesian policies, neo-liberal policies do not focus upon attacking inequality, but rather upon so-called *laissez faire* policies.<sup>90</sup> In reality, however, the state is used to promote the interests of transnational capital.

Murray found that "[a]lthough global markets have offered opportunities for a minority, in general globalization has been distributionally regressive and environmentally unsustainable. A common outcome has been the separation of small holding peasants and poor farmers from their means of production. Many of those affected in this manner having received land in agrarian reforms during the latter part of twentieth century. The nature of this depeasantisation has varied from place to place. In some areas small holding peasants become entirely dependent upon agribusiness to the extent that they effectively become tied, yet generally unwaged, labour employed by that company...landlessness has been the outcome, fuelling migration to towns and cities and increasing the social and economic vulnerability of affected rural localities".<sup>91</sup>

As note above, Pinochet replaced the radical reforms and state-led development policies of President Salvador Allende with Milton Friedman's neo-liberal policies. The military regime focused upon returning expropriated land to former owners and an end to food price controls. During this period, the Chilean economy was opened up for foreign capital and trade barriers were reduced. Partial subsidies were provided to fruit exporters, which led to a diversification in the country's export folio away from traditional primary commodities, particularly copper. (See Table 1) Chile's competitive advantage on the international markets was particularly pronounced in the fruit sector. (See Figure 1) For example, in Chile, the fruit sector has grown from a negligible value in 1975 to close to \$1.7 billion in value in 2003.<sup>92</sup>

The dramatic increase in foreign capital and domestic investment and also the rise in overseas demand for exotic fruits led to the "success story" of the Frie Fruit Plan and fruit became the country's second major export item after copper by the 1990s. The fruit boom has had a long

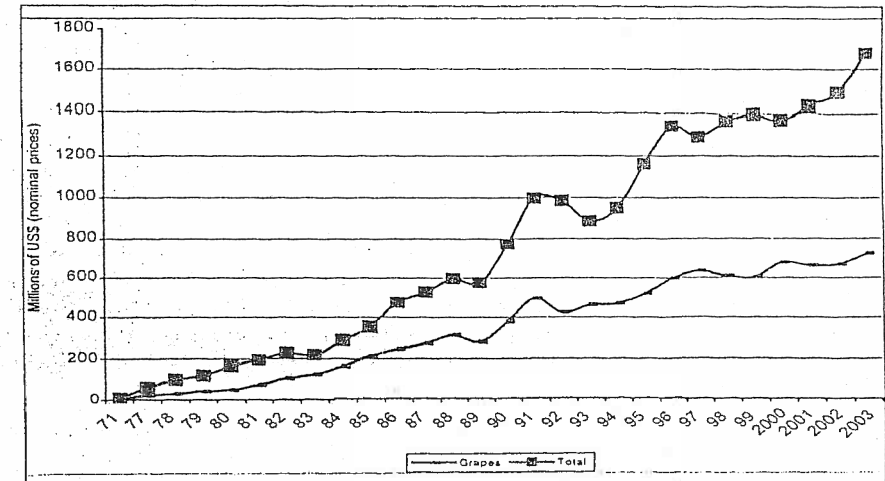
Table 1  
Chilean Exports by Type as a Proportion of Total Exports, 1980-2000

	1980	1985	1990	1995	2000
Mining	2,614.6	2,120.7	4,639.5	7,850.1	8,429.6
%	55.6	55.7	55.4	49.0	46.4
NTAX	339.9	515.1	994.5	1,566.0	1,556.0
%	7.2	13.5	11.9	39.8	8.6
Manufacturing	1,704.8	1,077.5	2,738.7	6,607.8	8,172.4
%	36.2	28.3	32.7	41.2	45.0
Total	4,705.3	3,804.1	8,372.7	16,024.2	18,158.0

Source: Calculated from Banco Central [2002].<sup>93</sup> (Also Murray, 2006:655)

lasting impact on the Chilean rural economy. Initially small farmers did benefit from the expansion of the export sector but this was short lived. As the market became more saturated, under this competitive situation for small farmers, it became very difficult to invest in new technology and increase quality.

Figure 1  
Chilean Fruit and Grapes Exports, 1971-2003 (US\$000s)



Source: Murray [2002b] and Banco Central [2005].

It is clear that during the last two decades fruit exports have radically altered the Chilean rural economy. Despite this dramatic success in export markets, the other sectors of the economy have witnessed a decline. (see Table 1) The survey was carried out by Murray in 1995 on the local impact of globalization and neo-liberalism. Although it involved only a small sample (26 people out of 90) within El Palqui, nevertheless, it sheds some light on changing rural patterns. According to the study, with the arrival of multinational corporations in the 1980s, small farmers were pulled into the system through the contract model utilised by these foreign companies. Small farmers were invited into the system by offering them large amounts of amounts of money on credit. The credits were then given with the assumption that the companies had the exclusive right to the produce. Interest rates were charged at higher than market rates.

Farmers were bound by the contract to continuing supplying their products until the debt was cancelled. Failure to repay the debt could lead to the firm 'buying' the land.<sup>94</sup> Debt was a major problem in 1995, a fact which explains the large sale of land during that period.<sup>95</sup> The study finds that many farmers lost their land and became agricultural workers. Some were able to retain the land but only under the control of multinational corporations. Moreover, because the system was one of mono-cultural production, the cultivators have been unable to escape the

impact of a market downturn. They have experienced widespread difficulties and failures related to overspecialisation and too much reliance upon overseas markets. In recent years international competition has increased as new nations, such as South Africa and China, have moved into fruit export. So the export companies with reduced profits are looking for not just lower wage rates, but better quality products.

In short, the countries that have most rigorously observed neo-liberal policies, such as in Latin America and Sub-Saharan Africa, have experienced a sharp deterioration in their income growth compared to earlier periods.

### CONCLUSION

Since the 1970s, neoliberal globalization has reduced economic growth rates around the world, created poverty for the masses and wealth for capitalist elites, and resulted in widespread ecological devastation due to patterns of crop production geared to the needs of the developed countries. As we have shown, "... excessive reliance on farm specialization (including crop monocultures) and inputs such as capital intensive technology, pesticides, and synthetic fertilizers, has negatively impacted the environment and rural society."<sup>6</sup> The agenda of the Bretton Woods institutions is to vastly expand this agenda replacing the roughly three billion peasants still on the land by some 20 million modern farmers using the technologies which have already become so catastrophic. This mass urbanization project is likely to be catastrophic for both cities, inundated with rural migrants who cannot find jobs, and rural areas depleted of both population and capital.<sup>7</sup>

Neoliberalism, often referred to as "globalization" is a global crusade for the creation and modernization of poverty on the one hand and for the imperialist acceleration of capitalist accumulation on the other. This agenda can generally be carried out through the dictates of the international financial institutions but in the case where resistance is encountered, force is the order of the day. Ideological devices are employed which use the concepts of freedom, democracy, "choice," and market control, to conceal that nations and peoples are being systematically stripped of their sovereignty.

We have explored the cases of India, Kenya and Chile today as illustrative of similar processes all across the globe. Today there are countervailing forces emerging to challenge the neoliberal agenda through both the state, as in Venezuela, and local grass-roots movements across the globe. If the question of neoliberal imperialism will not be addressed from above, which is not likely, it must be addressed from below.

**Acknowledgement:** Thanks are due to Hugo Radice for comments and suggestions on this paper.

### NOTES

1. Chalmers Johnson, *Blowback: The Costs and Consequences of the American Empire* (New York: Metropolitan, 2004), Chapter Eight, Japan and the Economics of the American Empire.
2. Martin Hart-Landsberg and Paul Burkett, "China, Capitalist Accumulation, and Labor," *Monthly Review*, 59 (1) May 2007, pp. 17-39. The major difference is that China does not control as much of the

- technology which is being assembled in the country. Most of the R&D is carried out elsewhere. Foreign companies now control most industrial exports, are strong in Chinese domestic markets, and "retain ownership of almost all technology." (p. 22) A broader historical view of the emergence of China is Eddie J. Girdner, "China as a Capitalist State: From 'Primitive Socialist Accumulation' to Neoliberal Capitalism," *The Turkish Yearbook of International Relations*, Vol. 35, 2005, pp. 121-144. Johnson, *Blowback*, Chapters six and seven.
3. Michael Tanzer, "Globalizing the Economy: The Influence of The International Monetary Fund and the World Bank," *Monthly Review*, 47 (4), Sept. 1995, pp. 1-15. Tanzer notes that "a complete overhaul of the international system" is needed to "replace the primacy of capital with the primacy of human beings." (p. 14).
  4. Joseph Stiglitz, *Globalization and Its Discontents* (London: Allen Lane, 2001).
  5. T. Krishna Kumar, "Fund-Bank Policies of Stabilization and Structural Adjustment: A Global and Historical Perspective," *Economic and Political Weekly*, April 24, 1993, pp. 815-823. Kumar points out that a representative democratic global government in which development was planned rather than left to the market could begin to address this problem in a way that is fair for the worlds' peoples. Such a world government would "take responsibility of managing world development through a participative and cooperative method of taking decisions and resolving conflicts. "Market forces cannot solve the problems. There must be planning at the national level which is coordinated at the global level "to lead the world from chaos to order and from destruction to development." (p. 822)
  6. Samir Amin, "U.S. Imperialism, Europe and the Middle East," *Monthly Review*, 56 (6), Nov. 2004, pp. 13-33.
  7. Michael A. Lebowitz, "Venezuela: A Good Example of the Bad Left in Latin America," *Monthly Review*, 59 (3) July-Aug. 2007, pp. 38-54.
  8. John Bellamy Foster, "Ecology Against Capitalism," *Monthly Review*, 53 (5) October 2001, pp. 1-15. In spite of the Kyoto Protocol, greenhouse gas emissions continue to rise and the industrialized economies consume about four times as much energy per capita as the underdeveloped economies. The US emits 5.6 tons of carbon dioxide per person per year, while the average for the rest of the world is 0.7 tons per person. Clearly, the US has not signed the Kyoto Protocol because economically it would be too costly. It is not likely that capitalism can reverse course.
  9. This dilemma is treated more extensively in Eddie J. Girdner and Jack Smith, *Killing Me Softly: Toxic Waste, Corporate Profit and the Struggle for Environmental Justice* (New York: Monthly Review Press, 2002).
  10. The theoretical foundations and likely future results of neoliberalism have been exposed by Samir Amin. *The Liberal Virus: Permanent War and the Americanization of the World* (New York: Monthly Review Press, 2004).
  11. Joseph Stiglitz, *Globalization and Its Discontents*, p. 9.
  12. The word "rule" has largely been replaced today by the more sanitized word "governance" presumably to conceal the fact that there is force behind the edicts being passed down from those at the helm of the global empire. It also conceals the fact that neoliberalism is not democratic. It is not surprising that the term has been invented by the Bretton Woods institutions, particularly the World Bank.
  13. Notably, Joseph Stiglitz, while sharply criticizing the "market Bolsheviks," who blindly impose IMF rules inappropriately, largely dismisses the protestors at the "Battle of Seattle" in this way. William Tabb, on the other hand, points out that the American corporate press was working overtime to shore up the neoliberal ideology. William K. Tabb, "After Seattle: Understanding the Politics of Globalization," *Monthly Review*, 51 (10), March 2000, pp. 1-18. Thomas Friedman called the Seattle protestors "flat-earth advocates."

14. Karl Marx and Friedrich Engels, Karl Marx and Frederick Engels, *Manifesto of The Communist Party*, Karl Marx and Frederick Engels, *Collected Works* (Progress Publishers, Moscow, 1976), pp. 477-519.
15. It is useful to spell out briefly the parameters of neoliberalism. Neoliberalism can be seen as a broadside attack upon the workers of the world, first in the United States and the United Kingdom and then foisted upon most of the world. The rolling back of welfare Keynesianism in the United States and Great Britain by Reagan and Thatcher and the cutting of social welfare, health, education and so on, while the lowering of wages was instituted by the rising breed of Friedmanite economists in the 1980s. Keynesianism was not ended but rather used to bolster the state and large corporations at the expense of the working classes. In other words, neoliberalism, rather than being "liberal" rather allowed the state to wield its power to bolster capitalist accumulation. Financial liberalization strips countries of economic sovereignty and renders economies vulnerable to casino capitalism and speculative enterprises rather than productive enterprises which provide employment and real economic growth. Economies are vulnerable to contagious financial crises in other parts of the world and the collapse of the local currency. Any democratic impulse by the people in demanding and sustaining their share of the surplus is seen as "rent seeking" and not merely interest group politics. Hereafter, economies and the division of the spoils are to be administered by economic technocrats, state officials, as clearly democracy was recognized as detrimental to profits and capitalist accumulation.
16. There is no alternative to neoliberalism, made famous by Thatcher.
17. Paul Kennedy suggested in the 1990s that "market friendly policies" might allow underdeveloped countries to follow in the path of developed countries. This is the standard Western narrative, which treats empirical facts as irrelevant. He believed that Latin American countries had lost out by following import substitution policies. But Isha Judge Ahluwalia has shown that this is not really a crucial factor. South Korea followed import substitution but developed technology and secured a niche in the global market and was able to reduce poverty. Chile, on the other hand, liberalized its markets but doubled poverty over 17 years of military rule. Paul Kennedy, "Preparing for the 21st Century: Winners and Losers," *The New York Review of Books*, Feb. 11, 1993, pp. 32-44. Isha Judge Ahluwalia, *Industrial Growth in India* (Delhi: Oxford University Press, 1985), pp. 170-71.
18. Joseph Stiglitz and others have shown that an empirical examination of the facts point elsewhere.
19. Eddie J. Girdner, "The United States and the Emerging Global System: Neoliberalism, Inequality and the Uncharted Future," *Turkish Yearbook of International Relations*, Vol. 26: 2000, pp. 23-63. This has created a "world wide web" of increasing inequality.
20. Still useful in understanding the role of transnational corporations: Harry Magdoff, *The Age of Imperialism* (New York: Monthly Review Press, 1969). Richard J. Barnet and Ronald E. Muller, *Global Reach: The Power of the Multinational Corporations* (New York: Simon and Schuster, 1974). Robert Gilpin, *U.S. Power and the Multinational Corporation* (New York: Basic Books, 1975). Magdoff outlined the emerging profile of an American empire based upon militarism and foreign investment. Barnet and Muller documented how transnationals were reaping profits from the sowing of social injustice and exploitation. Gilpin argued from a mercantilist perspective that the American worker was losing and that the American domestic economy was being weakened by US foreign direct investment by transnationals. He saw that the US was becoming a rentier state as the British had become in the nineteenth century. Sam Gindin notes that undermining the American working class helps the ruling class to discipline domestic populations in a "faceless, placeless, and bloodless" way. "Social Justice and Globalization," *Monthly Review*, 54 (2) June 2002, pp. 1-11.
21. Eddie J. Girdner, "Neoliberalism and Class Formation on a Global Scale," *Nature, Society and Thought* 19 (2), 2006, pp. 225-231.
22. Ha-Joon Chang, *Bad Samaritans*. London: Random House Business Books, 2007. William Tabb, *The Amoral Elephant* (New York: Monthly Review Press, 2001), Chapter Two.

23. World Bank, *Global Economic Prospects: managing the next wave of globalization* (New York: Oxford University Press), 2007.
24. *Global Economic Prospects*. Much of the empirical evidence from the developing world, a sampling of which is explored below, suggests otherwise. As in the case of Chile and other Latin American economies, increasing economic growth is one thing. Sustaining it is quite another, especially given the pain and misery it inflicts upon the poor and working classes. Henry Veltmeyer, "Liberalisation and Structural Adjustment in Latin America: In Search of an Alternative," *Economic and Political Weekly*, Sept. 23, 1993, pp. 2080-2086.
25. It is difficult to see how casino capitalism can be stemmed under conditions of financial liberalization without strict controls by the state on international currency flows. Foreign capital is certain to move into countries for the profits of arbitrage and the stock market when there are large gains to be made, as one sees in the case of Turkey today. The tens of billions of "hot money" necessarily puts economies at high risk. Ilene Grabel, "Neoliberal Finance in the Developing World," *Monthly Review*, 53 (11) April 2002, pp. 34-46.
26. Jagdish Bhagwati, "The Global Age: from a skeptical South to fearful North," *The World Economy*, 20, 3 May, 2007. When the state does defy the IMF and invest in programs which could improve human capital, the IMF objects and lowers the ratings of their bonds, as reported by Stiglitz.
27. Ilene Grabel, "Neoliberal Finance in the Developing World."
28. The fallacy of the theory of comparative advantage in agricultural trade has been pointed out widely. Francis Moore Lappe and Joseph Collins, *World Hunger: Twelve Myths* (New York: Grove Press, 1986), Chapter 8, pp. 85-94. Lappe and Collins point out that in many third world countries exports have boomed while hunger has grown. This is certainly true of Chile as explored below.
29. Martin Hart-Landsburg, "Neoliberalism: Myths and Reality," *Monthly Review*, 57 (11) April 2006, pp. 1-7.
30. Henry Veltmeyer, "Liberalisation and Structural Adjustment in Latin America: In Search of an Alternative," pp. 2080-2086.
31. *Ibid.*
32. This can be illustrated by comparing the import substitution strategies of South Korea and India. While both used ISI approaches to industrialization, India failed to develop its industries to compete successfully in the global market. Theories of endogenous growth, strategic trade and economic geography have largely replaced the classical models of economic development. Neoclassical models, constructed largely by American economists, have largely failed to predict global development trends.
33. William D. Heffeman, "Agriculture and Monopoly Capital," *Monthly Review*, 50 (3) July-Aug. 1998, pp. 46-59.
34. Philip McMichael, "Global Food Politics," *Monthly Review*, 50 (3) July-Aug. 1998, pp. 97-111.
35. Hugo Radice, "The developmental state under global neo-liberalism: who is doing what to whom?" presented at the Conference on *Globalization and the semi-periphery*, Limerick, 2006.
36. Radice, p. 5.
37. See John Bellamy Foster, "The Financialization of Capital," *Monthly Review*, 58 (11), April 2007, pp. 1-12. In the words of Gabriel Kolko, "The demons of greed are loose."
38. Indeed, across the globe, one finds the familiar pattern. Turkey: Eddie J. Girdner, "Globalization and the Turkish Economic Crisis," *Journal for Studies on Turkey (Zeitschrift für Turkeistudien)*, 17 Jahrgang 2004, Heft 1-2. Pakistan: Aasim Sajjad Akhtar, "Pakistan: Privatisation at Gunpoint," *Monthly Review*, 57 (5) October 2005, pp. 26-33. Of 160 privatizations over 15 years, 130 of them collapsed with workers losing jobs. Paramilitary forces were used to stop protests of privatization. Africa: Ashwin

- Desai. "Neoliberalism and Resistance in South Africa," *Monthly Review*, 54 (8) Jan. 2003, pp. 16-28. The leaders of the new South Africa have carried out evictions of the poor from their homes. Samir Amin, "Africa: Living on the Fringe," *Monthly Review* 53 (10), March 2002, pp. 41-50. Haiti: Mark Weisbrot, "Structural Adjustment in Haiti," *Monthly Review*, 48 (8) Jan. 1997, pp. 25-39. Neo-colonial domination meant that programs were carried out which met the needs of Northern Capital, not those of the people. Mexico: Martin Hart-Landsburg, "Mexico and Neoliberal Myths," *Monthly Review*, 54 (7) Dec. 2002, pp. 14-27. US-owned maquiladoras along the US-Mexican border have created a band of ecological destruction, pollution, poverty and inhuman living conditions for workers. Not essentially different from neoliberalism elsewhere, "the major obstacle to development is capitalism itself." South Asia: Parthapratim Pal and Jayati Ghosh, "Inequality in India: A Survey of Recent Trends," in Jomo K.S. and Jacques Baudot (Eds.), *Flat World, Big Gaps* (London: Zed Books, 2007). Mustapha Kamal Pasha, "Globalisation and Poverty in South Asia," *Millennium Journal of International Studies*, 25 (3) 1996, pp. 635-656. Prem R. Bhardwaj, "Globalisation: Governance Without Government, An Indian Experience," *Punjab Journal of Politics*, 26 (2), 2002, pp. 29-45. In India farmers are committing suicide at increasing rates and parents are sometimes forced to sell their children for food. Nirupam Bajpai, "Economic Reforms in Developing Countries: Theory and Evidence," *Economic and Political Weekly*, Jan. 14, 1995, pp. 113-118. Bajpai looks at some 15 countries, including Chile and Mexico, where IMF goals have generally failed the people.
39. Rosenberg, Tina, "Reverse Foreign Aid", *New York Times Magazine*, March 25th, 2007, pp. 16-19. James K. Galbraith, "A Perfect Crime: inequality in the age of globalization," *Daedalus*, Vol. 131, No. 2, Winter 2002, pp. 11-25.
  40. K. Watkins, "Making Globalisation Work for the Poor", *Finance and Development*, No. 39, March, 2002.
  41. This is a phenomenon seen in the United States in recent years as well. Eddie J. Girdner, "Struck by Congress: Social Welfare in the United States," (forthcoming) Ankara University, *Turkish Yearbook of International Relations* Number 38, (2007).
  42. Many analysts challenge the official Chinese Communist Party line on the direction of China under "market socialism." William Hinton, *The Great Reversal: The Privatization of China, 1978-1989* (New York: Monthly Review Press, 1990). Robert Weil, *Red Cat White Cat: China and the Contradictions of 'Market Socialism'* (New York: Monthly Review Press, 1996). Eddie J. Girdner, "China as a Capitalist State: From 'Primitive Socialist Accumulation' to Neoliberal Capitalism," *The Turkish Yearbook of International Relations*, 2005, pp. 121-144. Yiching Wu, "Rethinking China's 'Capitalist Restoration'" *Monthly Review*, 57 (6) Nov. 2005, pp. 44-63, which correctly notes that socialism paved the way for capitalism in China. Professor Lu Aiguo of Shanghai University states that it is not clear if there can be a "socialist market economy." "Socialism with Chinese characteristics" seems to mean that "anything Chinese can be called "socialist" simply because it is Chinese. China has developed a market economy but failed to develop socialism. Paper presented at a conference on the Socialist Market Economy in Beijing, June 2, 2007. Erwin Marquit, on the other hand, argues that market socialism in China is compatible with elements of capitalism seen in the Chinese political economy today."
  43. "Asia's rich and poor," *The Economist*, August 11, 2007, p. 50. Ranja Sengupta and Jayati Ghosh, "Understanding the Extent and Evolution of Inequalities in China," in Jomo K.S. and Jacques Baudot (Eds.), *Flat Earth, Big Gaps*.
  44. Parthapratim Pal and Jayati Ghosh, "Inequality in India: A Survey of Recent Trends," in Jomo K.S. and Jacques Baudot (Eds.), *Flat World, Big Gaps*.
  45. "Asia's Rich and Poor," *The Economist*. David Barhoza, "Little-Known Entrepreneurs Putting China Near Top of Billionaires' List," *New York Times*, Nov. 6, 2007. There are now more than 100 billionaires in China, second only to the USA, which has 415. The per capita income in China is less than \$1000.
  46. Afaf Lufti al-Sayyid Marsot, *Egypt in the Region of Muhammed Ali* (New York: Cambridge University Press, 1984).
  47. *Ibid.*
  48. Hugo Radice, "The developmental state under global neo-liberalism: who is doing what to whom?" presented at Conference on *Globalization and the semi-periphery*, Limerick, 2005.
  49. Robert Gilpin, *Global Political Economy* (Princeton: Princeton University Press, 2001).
  50. Deepak Nayyar (Ed.), *Governing Globalisation: Issues and Institutions* (Oxford University Press: Oxford, 2002).
  51. Particularly, the Kennedy Round in the 1960s on trade with the European Community; the Tokyo Round in the 1970s with Japan and East Asia, the Uruguay Round in the 1980s including trade in services, and the Doha Round which has been carried out following the conversion of GATT into the World Trade Organization (WTO) in 1995.
  52. Ha-Joon Chang, *Bad Samaritans* (London: Random House Business Books, 2007).
  53. Karl Polanyi, *The Great Transformation* (Beacon Hill: Beacon Press, 1944).
  54. Francine Frankel, *India's Political Economy: 1947-1977* (Princeton: Princeton University Press, 1978). Baldev Raj Nayar, *India's Mixed Economy* (Bombay: Popular Prakashan, 1989). Isher Judge Ahluwalia, *Industrial Growth in India: Stagnation since the Mid-Sixties* (Delhi: Oxford University Press, 1985). Lloyd I. Rudolph and Susanne Hoeber Rudolph, *In Pursuit of Lakshmi: The Political Economy of the Indian State* (Chicago: University of Chicago Press, 1987).
  55. Eddie J. Girdner, "Economic Liberalization in India: The New Electronics Policy," *Asian Survey* 27 (11), November, 1987, pp. 1188-1204.
  56. Global economic growth slowed down considerably with the advent of neoliberalism. Economic Growth in developing countries during the period 1960-1980 (except China) was 5.5 per cent. From 1980 to 2000, it was only 2.6 per cent (World Bank). Annual economic growth per capita was 3.2 per cent in the first period and only 0.7 per cent in the second period. Vincent Navarro, "The Worldwide Class Struggle," *Monthly Review* 58 (4), September 2006, p. 22. "The Stagnation of Employment," *Monthly Review*, 55 (11), April 2004, p. 15.
  57. A.K. Bagchi, "Globalising India: The Fantasy and the Reality", *Social Scientist*, Vol. 22, No.7/8, 1984, pp. 18-27.
  58. Henry Veltmeyer, "Liberalization and Structural Adjustment in Latin America," p. 2082.
  59. Barry Bosworth and Susan Collins, "Accounting for Growth: comparing India and China", NBER Working Paper No. 12943, Cambridge, Mass., 2007.
  60. Atul Kohli, "Politics of Economic Growth in India, 1980-2005", *Economic and Political Weekly*, Part I, April 1, 2006, pp. 1251-1259 and Part II, April 8, 2006, pp. 1361-1369.
  61. Pal and Ghosh, "Inequality in India: A Survey of Recent Trends."
  62. Estimates of those below the poverty line in South Asian countries in 1988: 14 per cent in Sri Lanka, 35-45 per cent in Pakistan, 39 per cent in India, and 80 per cent in Bangladesh. T.N. Srinivasan and Pranab K. Bardhan (Eds.), *Rural Poverty in South Asia* (New York: Columbia Univ. Press, 1988).
  63. World Bank, *Globalisation, Growth and Poverty: Building an Inclusive World Economy* (Oxford University Press: New York, 2002). Pal and Ghosh, "Inequality in India: A Survey of Recent Trends."
  64. Utsa Patnaik, "Neoliberalism and Rural Poverty in India," *Economic and Political Weekly*, July 28, 2007.



65. Pal and Ghosh, "Inequality in India."
66. Utsa Patnaik, "Agrarian Crisis and Global Deflation", *Social Scientist*, Vol. 30, No. 1, January/February, 2002.
67. Atul Kohli, "Politics of Economic Growth in India, 1980-2005".
68. M. Linklater, "On constant dilemma for western business", *The Times*, February 28, 2007. Jo Johnson, "Inequality threatens India's economic boom," *Financial Times*, Nov. 1, 2007. Praful Bidwai, "The Question of Inequality," *Frontline*, 24 (21), Oct. 20-Nov. 2, 2007.
69. Utsa Patnaik, "Neoliberalism and Rural Poverty in India," *Economic and Political Weekly*, July 28, 2007.
70. Utsa Patnaik, "Agrarian Crisis and Global Deflation", *Social Scientist*, Vol. 30, No. 1, January/February, 2002.
71. Utsa Patnaik, "Neoliberalism and Rural Poverty in India," *Economic and Political Weekly*, July 28, 2007.
72. Utsa Patnaik, "Neoliberalism and Rural Poverty in India," p. 3132.
73. Asian Development Bank, *Key Indicators 2007: Inequality in Asia* (Manila, 2007).
74. See Fred Magdoff, "A Precarious Existence: The Fate of Billions," *Monthly Review*, 55 (9) February 2004, pp. 1-14. Mathew Clement, "Rice Imperialism: The Agribusiness Threat to Third World Rice Production," *Monthly Review*, 55 (9), February 2004, pp. 15-22. Joao Pedro Stedile, "The Neoliberal Agrarian Model in Brazil," *Monthly Review*, 58 (9) February 2007, pp. 50-54.
75. <http://www.ngplains.org>
76. Joao Pedro Stedile, "The Neoliberal Agrarian Model," *Monthly Review*, 58 (9) Feb. 2007, pp. 50-54.
77. Daniel Thorner, *The Agrarian Prospect in India* (Columbia, Missouri: South Asia Books, 1976), (first published in 1956). Dilip Hiro, *Inside India Today* (New York: Monthly Review Press, 1976), Chapter 8. Saghir Ahmad, *Class and Power in a Punjabi Village* (New York: Monthly Review Press, 1977). Satyendra Tripathi, *Development For Rural Poor* (Jaipur: Rawat Publications, 1987). Lloyd I. Rudolph and Susanne Hoeber Rudolph, *In Pursuit of Lakshmi*, pp. 49-55. Jeffrey P. Bonner, *Land Consolidation and Economic Development in India* (Riverdale, Maryland: The Riverdale Company, 1987). Mahmood Mamdani, *The Myth of Population Control* (New York: Monthly Review, 1973), Chapter 4. Utsa Patnaik (Ed.), *Agrarian Relations and Accumulation: The Mode of Production Debate in India* (Bombay: Oxford University Press, 1990). These results were mixed, affecting significant change in some states and making little progress in others. Traditional patterns of landlord tenant relations proved to be incredibly intransigent and landlessness has remained a problem.
78. Pradyot Ranjan Jena and Binayak Rath, "Trade-Environment Linkages: Review of Theory and Practice," *International Journal of Environment and Development*, 1 (2), June-December 2004, pp. 149-168.
79. Many lakes are threatened in Australia. The same phenomenon is seen in Turkey presumably as a result of climate change under global warming.
80. The story of Lake Victoria, the second largest fresh water Lake in the world, is practically the same as that of Lake Naivasha. The lake lies between Tanzania, Uganda and Kenya. The British decided to commercialize the lake by stocking it with Nile Perch and Nile Tilapia. Some 200 local species of cichlids were exterminated. Water Hyacinth was inadvertently introduced into the lake from British residents' gardens and clogged the shores and depleted much of the oxygen of the lake. Now the lake seems to be on the way to extinction. A. Kent MacDougall, "Lake Victoria: Casualty of Capitalism," *Monthly Review*, 53 (7) Dec. 2001, pp. 38-42.
81. O. Ogoddo and John Vidal, "Drained of Life", *The Guardian*, February 14, 2007.

82. O. Ogoddo and John Vidal, "Drained of Life", *The Guardian*, February 14, 2007.
83. D. S. Hubble and D. M. Harper, "What defines a healthy lake? Evidence from lake Naivasha, Kenya," *Aquatic Ecosystem Health and Management*, 4, 2001, p. 243-250.
84. *Ibid.*
85. *Ibid.*
86. Henry Veltmeyer, "Liberalization and Structural Adjustment in Latin America," p. 2080.
87. *Ibid.*, p. 2082.
88. The figures on Chile are derived from Henry Veltmeyer, "Liberalization and Structural Adjustment in Latin America."
89. W.E. Murray, "Neo-feudalism in Latin America?" Globalization, Agribusiness, and Land Re-concentration in Chile," *The Journal of Peasant Studies*, Vol. 33, No.4, 2006.
90. Murray, "Neo-feudalism in Latin America?"
91. Murray, p. 650.
92. Murray, p. 654.
93. Murray, p. 655.
94. The same model is being used in the production of pigs today on the new hog farms in the Mid-West of the United States, where farmers are often left with a large debt after the environment is devastated and the company pulls out of the area.
95. Murray, "Neo-feudalism in Latin America?"
96. Miguel A. Altieri, "Ecological Impacts of Industrial Agriculture and the Possibilities for Truly Sustainable Farming," *Monthly Review*, 50 (3) July-Aug. 1998, pp. 63.
97. Samir Amin, *The Neoliberal Virus*.