6. To make proposals to the government local bodies, institutions and farmers about the stock of the situation on the basis of findings and conclusions of the study.

STATEMENT OF THE PRESENT PROBLEM

Suicide among the farmers is increasing at an alarming rate. Every suicide death announces the self destruction of a beautiful dream.

CHAPTER II

REVIEW OF LITERATURE

Introduction

Globalization is a process of transnationalization of production and capital. The process is a move towards a borderless regime of free trade and transactions based on competition. Globalization is also integration in the world economy through trade, investment, short term capital flow, even migration of people around the world. Because of this internationalization various nations are affected differently. In this chapter we discuss how globalization has affected internationally, nationally, and locally.

International Scene

T.K. Oommen (1999) shows the alarming disparities which has taken place after the birth of GATT and WTO. He says by 1997 the richest 20 percent had 86 percent of the global gross domestic product while
the poorest 20 percent had only one percent. Between 1994 and 1998 the material worth of the world’s 200 richest persons rose from US $ 440 billion to more than US $ one trillion. The per capita income of the world’s first five rich states compared to the world’s five poorest countries increased by 74 percent in 1997, although this figure was 30 percent in 1960. (1)

Forbes Magazine has studied about one billion farmers and came to the conclusion that farmers are prone to natural calamities once in five years. When a natural calamity comes in the form of flood or drought they are forced to sell their properties. When livelihood and property is lost they are forced to commit suicide. (2)

Prabhath Patnaik (2002) states that financial liberalization and removal of capital controls are likely to worsen the terms of trade for primary commodities exported by third world countries and will thus be disastrous for the survival of the mass of small cultivators. While a few countries may be able to counter the trend with respect to some selected commodities for a certain period, given the long run tendency, third world countries cannot hope to do better by developing relatively new or exotic niche markets for primary commodities as export products. (3)

Terence J Byres emphasizes the need to study the transformation of rural societies and the impact of globalization in specific situations. While global capital is likely to have important effects of capitalist development in less developed countries, it is dangerous to make globalization the primary explanation for all development and by doing so to ignore the specificities and substantive diversity of domestic capitals. (4)

Joseph Stiglitz winner of Nobel Prize, for Economics in 2001 writes that in Africa, the higher aspirations following colonial independence have been largely unfulfilled. Instead, the continent plunges deeper into misery, as incomes fall and standards of living decline. The hard won improvements in life expectations gained in the past few decades have begun to reverse while the scourge of AIDS is at the centre of this decline. Poverty is also a killer. (5)

Ryongyang (2004) states that communist North Korea began to experiment with economic reform and opened its door to the outside world. At present the stalls are bursting with fresh vegetables and meat.
Markets are everywhere; this does not mean that there is enough food for everywhere. Where there are better off people to pay for it there is an ever increasing supply. Outside the capital city shortages are widespread. Its economic reforms are starting to bite the people. (6)

Michael Chossudovsky analyzed the impact of globalization on Peru and came to the conclusion that unemployment has gone up to a large extent. The real income of the people has come down to 80 to 90 percentages. But the income of the drug traders and smugglers increased several times. (7)

Christian Medical Mission (1992) reports that because of the New Economic Policy Brazil cut short the expenditure on health and education. Thousands of small scale farmers became landless. When 10 percent of the upper class enjoys 50 percent of the National Income the lowest income earning group is not getting even 10 per cent of the National Income. (8)

Victor Suares Correra (2002) says that Mexico the birth place of the domestication of maize, is no undergoing its largest agro based crisis. Over the last 14 years the structural problems of their agricultural and food system, far from being resolved by neo-liberal globalization, have instead increased and intensified. The food crisis is characterized by an increasing national supply deficit and an uncontrolled increased in consumption prices. The net result is speculation, hoarding, growth in malnutrition and the death of children. (9)

The social consequences of the liberalization measures are explained by Pukchang (2004) in his study about the rural people in Vietnam’s Northern Upland region. According to him one pervasive side effect of the new economic reforms has been the growth of socio economic disparities within and among rural communities. Education and health facilities which were free during pre reform period have become expensive. An illegal land market has developed in which land use rights are bought, sold, mortgaged, and rented and the wealthier class reap the advantage. Rural unemployment and underemployment have resulted in a urban migration nationwide. (10)

Sharukh Rafi Khan (2002) complains that the capabilities of the poor have eroded over the structural adjustment period with a sharp fall in real wages, rising unemployment and a fall in the average household income. There has been a major decline in real wages for an unskilled labour. Furthermore,
remittances that were an important addition to household income have declined sharply in real per capita terms from their peak in 1983. Structural adjustment may also make coping harder for the small farmer. (11)

Munim Kumar Barai (2003) states that in Bangladesh liberalization and globalization measures undertaken during 1990s have resulted in the faster growth of inequality. Trade reforms have displaced the workers. Structural adjustment and other stabilization measures in the fiscal sector to bring down the budget expenditure led the government to lower allocation of resources for the annual development plan immediately affected the poor. The import of world class technology or high class exports require highly educated labour. This has reduced the demand for unskilled labour leading to inter-sectoral wage inequality. (12)

Sarath Fernando’s (2002) citation describes that Sri Lanka had achieved remarkable success in Human Development indices. It was because of the continuous emphasis on generous safety nets and human development. A near total reversal of these achievements took place since 1977 mainly due to policy changes and shifts in strategies along the lines advocated by IMF and World Bank. This approach led not only to the degradation of the entire social security system but also to the creation of an unstable socio-economic and political situation within the country. Malnutrition among children below five years touched 60 percent across the island. The rate of low birth weight babies rose to 28 percent, During 1995-96 nearly 4,00,000 acres of paddy crop were lost. Small farmers were forced to sell their property to big farmers or they gave them up as debt recovery. The net result is that monopoly of the rice market has gone to the hands of a few traders. (13)

Saritha Agrawal (2010) studied about Globalization and Consumption and stresses the point that market don’t wait for slow movers. Business that innovate and respond quickly to consumer demand survive best. Everyone has a part to play, at various levels of administration, manufacture and use. All products have an environmental impact however small. She argues that it should be reduced to the minimum. (14)

National Level
K. Haridas has analyzed the suicides that has taken place all over India and came to the conclusion that majority of the suicides that has taken place all over India and came to the conclusion that majority of the suicides are taking place in the areas where cash crops are cultivated whereas in the areas food crops are cultivated suicide rates are comparatively low. (15)

A Hidayattullah (2008) has submitted a thesis on “A study on the Impact of Globalization on Income and Employment Levels of Indian Economy” It is an econometric study and comes to the facts that employment and incomes of the agrarian sector has gone down and pauperization has taken place on a larger scale in the national level. (16)

Dionne Bunsha (2006) opines that the crux of the farmer’s problem was something beyond their control. High cost of production and low prices for the produce was the system. In the last 10 years the prices farm inputs rose dramatically. Urea was Rs.80 a bag, now it is Rs.280. A bottle of pesticide was Rs.40, but now it is Rs.240. In spite of this there was a gush of imports into India. Between 1997 and 2003, we imported 110 lakh bales, which is more than the total volume of imports since independence. Prices are low not only for cotton but for most other crops and vegetables. Whatever you choose there are losses. (17)

Dr.Gandekar (2006) says a farmer who is having 2 hectares of land gets only Rs. 7800 per year. His question is how could a family live with this amount of money. When somebody gets sick, or a marriage comes in the family all the calculations of the farmer go wrong which results in committing suicides. (18)

Sulabha Brahme (2002) critically evaluates the Structural Adjustment Programme with reference to Maharashtra. Land the means of livelihood of millions of toilers in the state is under direct threat through acquisition of land by the government for tourist hotels, beach resorts, express ways, airports and a variety of tourist sports facilities. The government of Maharashtra has relaxed land to non agricultural uses thus bringing the land to the speculative market. The state is acquiring even ecologically sensitive areas for private companies and the army of landless is fast swelling. (19)

P.Sainath (2006) says dozens of committees and surveys had been to Vidharbha in Maharashtra and declared an agrarian crisis over there. Ganesh Utsav is the most important festival in Maharashtra. But in
Vidharbha, where this is a central social event, villages are in silence and darkness. Because the main organizer of the Utsav, a farmer had taken his own life. The number of farm suicides in the region since June 2005 has crossed 760 marks. Maharashtra’s agrarian crisis is part of the same crisis unfolding in the rest of the country. (20)

Chandan Singh is presenting the global perspectives of outsourcing which India can achieve. He says that because of globalization both India and the outsourcing country also can benefit out of outsourcing. He speaks about cost advantages, increase in business, access to specialized services, faster deliveries to customers etc. (21)

Paddy farmers in Konaseema region located in the East Godavari district of coastal Andra decalared a crop holiday in about 90,000 acres voluntarily. About 3 lakh tones of paddy were not produced due to the crop holiday in the region. The farmers organization says that the costs of agricultural labour and other inputs are much higher than the support price that is being offered in the region. The daily wage rates are Rs. 150 and 100 for men and women respectively. But the farmer has to give Rs. 250 and Rs.150 as per seasonal demand. (22)

B.G.Patil in his research paper points out that human rights violations are to be prevented as per U.N. charter and as per the fundamental rights of the weaker sections of the people are safeguarded only on paper. (23)

M.B.Heggannavar argues that globalization and small scale industries are essential for Indian economy. But India must make efforts to promote, sustain and aid the small scale industries very urgently. He says a fruitful measure would be to reserve certain goods for production exclusively by the small scale industries and their intelligent outsourcing by the government to ensure maximum benefits. (24)

S.Jayasankar focuses on research and development in the agricultural sector since the private sectors investment in research and development is negligible. Research and development must be applied to the entire gamut from field to market. He proposes our research should be directed to high quality products to attract the international consumers. He also says successful integration in to the world economy requires a complementary set of policies and institutions at Home. (25)
V.K.Ramachandran et al (2002) document changes in the household of landless manual workers in Tamil Nadu. According to them despite major changes in the scale and type of agriculture, specifically the expansion of irrigation and commercial crops, and despite increases in real wages and earnings, the landless households and manual worker households are still characterized by chronic insecurity with respect to employment, low wage rates, high levels of poverty and a near absence of ownership of productive assets. (26)

Kerala

Kerala is a place where farmers commit suicide when urbanization and trade develops, it is a place where unemployment increases at the same time there is shortage of labourers; output is low whereas consumption is very high. There is the paradox of consumerism and affluence on one side and increased poverty on the other. (27)

A study of Sastra Sahitya Parishad (2006) made the following conclusions:

1. Debt is increasing among the people of Kerala.
2. While the rich are taking loans for investments, the poor are taking loans for treatment and marriage celebrations.
3. 32 percent of the Malappuram District of Kerala is supported by the gulf money. Only 8 percent of Idukki families are supported by foreign remittances. (28)

According to Sunny Joseph (2003) finance is the lubricant for the process of economic growth. When finance becomes available development is initiated and new investment opportunities arise. This newly developed access to funds on reasonable terms induces entrepreneurs to expand their horizon of conceivable opportunities. Not simply access to funds but the entire financial milieu and the rationalism it implies triggers creative entrepreneurial responses. (29)

Geetha P. (2006) emphasizes the fact that in earlier periods the choice of cropping pattern was guided by agronomic considerations and consumption needs of farmers, but now the market forces decide everything. Official reports show that agricultural income showed a steady growth up to mid seventies
and showed a vacillating trend thereafter. In Kerala four-fifth of the land is under cash crops which are dependent on world market considerations. The most notable feature of Kerala’s agricultural development is the emergence of cash crops as a dominant sector over the last four decades. The vagaries in the international market conditions affect the prospects of Kerala farmers vehemently. (30)

Globalization

For K. Singh (1998) globalization is nothing new. When defined as a process of global economic integration through increases in movement across national borders of some combinations of goods and services, capital, labour and financial capital, the late nineteenth century could be referred to as a period of globalization. However, the term that most approximately emerged then and that has since defined the historical stage set by that age, was not globalization but imperialism. (31)

According to E. Hobsbawn (1987) the word ‘imperialism’ first became part of the political and journalistic vocabulary during the 1890s as a term to describe what was considered that time as a new or novel phenomenon. (32)

Indrani Majumdar (2007) has cited that imperialism was identified with the phase of capitalist development endangered by enormous concentration and centralization of capital in the industrialized countries from the late nineteenth century onwards. Such centralization took place through formation of cartels, a coalescence of finance and capitalist industry and the emergence of powerful monopolies or oligopolies on the world stage. It compelled an expansionist scramble for markets for capital and goods as well as control over sources of raw material, and led to the intensified exploitation of weaker nations by a handful of the richest and most powerful capitalist powers, either along the colonial route or through establishment of less politically defined spheres of influence. (33)

Barnet and Miller (1977) have noted that the global visionary of earlier days was either a self-deceiver or a mystic. As the boundaries of the known world expanded the succession of Kings, Generals and assorted strong men tried to establish empires of ever more colossal scale but none succeeded in making a lasting public reality out of private fantasies. The Napoleonic system, Hitler’s Thousand Year Reich, the British
Empire and the Pax Americana left their traces, but none managed to create anything approaching a
global organization for administering the planet that could last even a generation. The world cannot be
run by military occupation, though the dream persists. (34)
The Fourth World Congress of the International Economic Association, held in Budapest in August 1974,
had its theme “Economic Integration: Worldwide, Regional, Sectoral”. The word integration is taken from
the Latin word ‘integratio’. The Oxford English Dictionary gives 1620 as the date for the first use in print
of integration in the sense of combining parts into a whole. (35)
Fritz Matchlup (1977) says that business horizontal integration refers to combinations of competitors and
vertical integration to combinations of supplies with customers. In the sense of combining separate
economies into larger economic regions, the word integration has a very short history. (36)
Ricardo Patrella (1995) has identified some possible relations in the overall literature on globalization:
1. The global predominates the local
2. The local awakes itself in a globalized world
3. The global, bringing opportunities, helps the local
4. The global invents its own local
5. The local struggles for a different global
6. The dialectics of global and local builds up a synthesis which may be called the glocal.
7. The local sets free the local. (37)

Dipankar Gupta (2004) is of the opinion that in the last few decades the word globalization has been more
narrowly defined by dominant commercial interests as the inclusion of the world’s entire population in a
single, global market place. (38)
P. Dicken (1992) speaks about four basic ingredients of globalization:
1. Creation of global economy
2. Global Technology
3. Political globalization and
4. Globalization of ideas (39)

Barnett and Miller (1994) questions how far globalization differs from internationalization? Globalization is very distant from internationalization. In the internationalistic framework, nations mattered. Hence people who rooted to the country had a greater stake in the system and louder voice in decision making. Globalization is about mobile people and about generalized consumption standards. Therefore, globalization would like to believe that nations do not matter at all. (40)

Globalization is a more advanced form of internationalization implying a degree of functional integration between internationally dispersed economic activities. (41)

Stiglitz (2002) summarizes that men who run the global corporations are the first in history with the organization, technology, money, and ideology to make a credible try at managing the world as an integral unit. (42)

Barnett and Miller (1974) foresee that under the threat of intercontinental rocketry and the global ecological crisis that hangs over all air breathing creatures, the logic of global planning has become irresistible. (43)

Jawara and Kwa (2003) see the positive aspects of the recent international development. They say that globalization has reduced the sense of isolation felt in much of the developing world and has given many people in the developing countries access to knowledge well beyond the reach of even the wealthiest in any country a century ago. The anti globalization protest themselves are a result of this connectedness. Those who overlook globalization too often overlook its benefits. (44)

In the forties Wendell Willkie spoke about “one world”, in the seventies we are inexorably pushed toward it, Aurelio Peccei, a director of Fiat says that the global corporation is the most powerful agent for the internationalization of human society. George Ball says “working through great corporations that straddle the earth men are able for the first time to utilize world resources with an efficiency dictated by the objective of logic of profit.” (45)

According to Srinivasa Raghavan (2003) the process of globalization has imposed serious constraints on the autonomy of the Indian State, by tailoring its national economic activities to the exigencies of the
global economy. It is high time the academic community in the third world realizes the globalization has worked in favor of the advantaged North at the expense of the disadvantaged South. Globalization has been co-terminus with growing disparities between the developed capitalist west the developing Third World. (46)

For Chakraborthy (2000) globalization has meant a new form of deindustrialization and subjugation of India to western hegemony, leading to an increasing number of dying or dead back-yard enterprises for every conceivable product-ranging from zip fasteners, razor blades, cereals, bottling plants fountain pens and televisions. (47)

For business purposes the boundaries that separate one nation from another are no more real than the equator, say Richard and Roland (2002). They are merely convenient demarcations of ethnic, linguistic, and cultural entities. The world outside the home country is no longer viewed as series of disconnected customers and prospects for its products, but as an extension of a single market. (48)

Joseph Stiglitz (2002) says that the way globalization has been managed, including the international trade agreements that have played a large role in removing those barriers and the policies that have been imposed on developing countries in the process of globalization need to be radically rethought.(49)

**Liberalization**

Munim Kumar (2003) argues that we should make a distinction between globalization and liberalization. The process of liberalization “begins at home” with micro economic and sectoral reforms and measures like public expenditure cuts, freeing the economy from restrictions relating to size, capacity, model, pricing policy, ownership pattern, fiscal and monetary policies, labour market policy and so on. Later, changes in trade policy relaxation of controls on foreign investment and opening up the economy to competition from abroad become essential. The process of globalization starts here. And it is difficult to distinguish between them. (50)
During 1980’s Ronald Reagon and Margaret Thatcher preached free market ideology. The ministries of finance in poor countries were willing to become converts to obtain the funds though vast majority of government officials and people in these countries often remained skeptical. (51)

I have long dreamed of buying an island owned by no nation,” says Carl A Gerstacker, Chairman of the Dow Chemical Company on the truly neutral ground of such an island, beholden to no nation or society. If we were located on such truly neutral ground we could then really operate in the United States as United States Citizens, in Japan, as Japanese citizens and in Brazil as Brazilians rather than being governed in prime by the laws on the United States…We could pay any natives handsomely to move elsewhere. (52)

Joseph Stiglitz (2002) points out that the influx of hot money into and out of the country that so frequently follows after capital market liberalization leaves havoc in its wake. Small developing countries are like small boats. Rapid capital market liberalization in the manner pushed by the International Monetary Fund amounted to setting them off on a voyage on a rough sea, before the holes on their hulls have been repaired, before the captain has received training, before the life vests have been put on board. Even in the best of circumstances, there was a high likelihood that they would be overturned when they were hit broadside by a big wave. (53)

India abolished quantitative restrictions in April 2001. Industrial decontrol and comparative advantage were emphasized. Industries reserved solely for the public sector were reduced from 18 to 3 i.e. defense aircrafts and warships, atomic energy generation and railway transport. Industrial licensing was abolished, except for a few environmentally hazardous industries. (54)

Treasury would probably claim that the liberalization itself was not at fault; the problem was that liberalization was done on the wrong way. It was very likely that a quick liberalization done poorly. (55)

Forcing a developing country to open itself up to imported products that would compete with those produced by certain of its industries, industries that were dangerously vulnerable to competition from much stronger counterpart industries in other countries can have disastrous consequences – socially and economically. (56)
The International Monetary Fund was not alone in pushing for Liberalization. The United States treasury as the International Monetary Fund’s largest shareholder and the only one with veto power has a large role in determining International Monetary Fund policies, pushed liberalization too. (57)

Even the Economic Times (2000) itself a strong proponent of liberalization, had to admit after 9 years that about 13 million small scale, medium scale and handicraft units have become the helpless victims of unequal foreign competition. The assault on the small scale sector has affected 60 million workers. Even the indigenous high tech computer industry is suffering from unregulated foreign competition. (58)

John Madeley (2002) writes that the true believers in globalization and liberalization feel sure that they know best – markets work and globalization benefits all – but that the poor benighted heathens of the south have yet to realize this. The Enlightened ones, armed with the gospel according Adam smith, therefore have a duty to spread the Word – and to do whatever it takes to bring the unbelievers to the Promised Land of globalized economy for their own good even if they don’t realize they want to be there. (59)

**Privatisation**

SAPRIN Report (2004) describes that State ownership and control of enterprises during 1950s aimed at control over strategic sectors and to 

(I) Ensure the delivery of essential services;

(ii) Initiate large investments that were essential for the economy;

(iii) Promotion of indigenous entrepreneurs to strengthen domestic growth and

(iv) Diversification. (60)

Ashutosh Varshney (1999) describes that India’s central government is a majority shareholder in 240 enterprises, 27 banks and 2 large insurance companies. Only some of these enterprises generate profits. To reduce public sector expenditures, the government is pushing public sector companies to raise resources from capital markets. (61)
SAPRIN Report shows (2004) that when the oil price shock triggered economic problems of high inflation and economic stagnation that were not resolved by conventional Keynesian policies, the neoliberal paradigm become more and more important. A number of studies were published criticizing the state’s role in the economy, some of which pointed to the supposedly inherent non-viability of state owned firms which faced crisis in production and efficiency. (62)

Privatization aimed to promote the private sector as an engine of growth and to increase efficiency and productivity. It was claimed that privatization policies would improve efficiency of resource use, foster competition, enhance the role of private sector, obtain higher rates of domestic savings and investments, attract foreign investors, improve the welfare of society, promote the ownership of private enterprises by nations, create a property owning middle class, increase total employment, improve the quality of products etc. (63)

Privatization has been one of the most important components of the structural adjustment programmes implemented in developing countries. Loan agreements with the IMF and the World Bank have very often involved conditions requiring the privatization of state property, regardless of the extend or effectiveness of public ownership. State enterprises and services were taken to be inherently inefficient undertakings that, in order to improve performance, should be privatized. Privatization as a condition for loans has been part of the Bretton Woods institutions’ policy prescriptions since the second half of the 1980s (64).

Davis Jeffrey (2000) cited that public sector accounts for about 35 percent of industrial value added in India, but although privatization has been a prominent component of economic reforms in many countries, India has been ambivalent on the subject until very recently. Initially, the government adopted a limited approach of selling minority stake in public sector enterprises while retaining management control with the government, a policy described as “disinvestment” to distinguish it from privatization. This policy had very limited success. (65)

Montek Ahluwalia (2002) explains that in 1998 the government announced its willingness to reduce its share holding to 26 percent and to transfer management control to private stakeholders purchasing a substantial stake in all central public sector enterprises except in a limited group of strategic areas. The
first such privatization occurred in 1999, when 74 per cent of the equity of Modern Foods India Ltd (a public sector bread making company with 2000 employees) was sold with full management control to Hindustan Lever, an Indian Subsidiary of the Anglo – Dutch multinational Unilever. This was followed by several similar sales with transfer of management. (66)

The privatization of Modern Foods and BALCO (an aluminum company) generated same controversy. Subsequent sales have been much less problematic, and although the policy continues to be criticized by the unions, it appears to have been accepted by the public, especially for public sector enterprises that are making losses. However there is little public support for selling public sector enterprises that are making large profits. Profit making companies are likely to be privatized in the near future, but even so there are several companies in the pipeline for privatization that are likely to be sold. The Ministry of Disinvestment in its website has made a valiant effort at explaining the case for privatizing even profit making companies on the grounds that government ownership makes it impossible to achieve commercial efficiency. (67)

The Board for Industrial and Financial Reconstruction (BIFR) Review Report estimated that by December 1998, 1508386 workers lost employment following the declaration of 2454 companies as sick. The recent decision to pull down the shutters of ninety four mills of the National Textile Corporation would render another 75,000 jobless. (68)

Rahul Mukerjee (2007) argues that an important recent innovation, which may increase public acceptance of privatization, is the decision to earmark the proceeds of privatization to finance additional expenditure on social sector development and for retirement of public debt. Many states have also started privatizing state level public sector enterprises. (69)

According to Stanley Kochanek (1996) following the parliamentary elections of 1991 in India, the new congress led government of Prime Minister Narasimha Rao was forced to make a dramatic break with the country’s past economic policies in a desperate effort to ward off bankruptcy. (70)
Encouraged by the IMF the government adopted a series of economic reforms designed to increase domestic competition and foreign investment and prepare Indian business to participate in the global economy. (71)

These dramatic changes in economic policy have fundamentally altered India’s post independence model of development and have had an especially dramatic effect on India’s diverse business community. (72)

**World Trade Organization**

According to N.S. Bansal (2004) The World Trade Organization deals with the rules of trade between nations at a global or near global level. (73)

The World Trade Organization for liberalizing trade is a forum for governments to negotiate trade agreements. It is a place for them to settle trade disputes. It operates a system of trade rules. (74)

In the words of John Madeley (2002) the World Trade Organization, as it was created, is a “one horse” organization concerned only with trade liberalization. But the horse is trampling on the poor. The World Trade Organization is important to protect developing countries from, the fall in the prices of primary agricultural produce, on which many depend for the bulk of their foreign earnings. The World Trade Organization has no role in regulating the activities of Transnational Corporations. (75)

In theory the World Trade Organization is one member country one vote democracy, in practice there was never been a vote in its six years existence. Developing country members could vote to change the rules to make the World Trade Organization a trade organization that is capable of grappling with the most pressing trade issues affecting the world poor. Or it might be better to scrap the World Trade Organization and start afresh. (76)

Jawara and Kwa (2003) criticizes that crucial meetings are held behind closed doors excluding participants with critical interests at stake, with no formal record of the discussion. When delegates are in principle, entitled to attend meetings, they are not informed, when or where they are to be held. Meetings, are held without translation into the languages of many participants, to discuss documents which are
available only in English, and which have been issued only hours before, or even at the meeting itself. (77)

Those most familiar with issues (Ambassadors) are sometimes discouraged or prevented from speaking in discussions about them at ministerial meetings. “Consultations” with members on key decisions are held one to one in private, with no written record and the interpretation left to an inconvenient views have been ignored in this process fall on deaf ears. Chairs of committees and facilitators are selected by a small clique, and often have an interest in the issues for which the committee is responsible. The established principle of decision making by consensus is routinely overridden, and the views of decision makers are “interpreted” rather than a formal vote being taken, even in the selection of Mike Moore as Director General, and the chairmanship of the Trade Negotiations Committee. Rules are ignored when they are inconvenient, and a blind eye is turned to black mail and inducements. This list is endless. (78)

A core group of about twenty to twenty five members attend all the most critical meetings, in effect instituting a de facto executive council, to which members have not agreed, by the back door. It is for this reason that such meetings are widely viewed illegitimate. (79).

These meetings are private meetings hosted by individual countries. The outcomes of these meetings affect all members. A final package is crafted between a selected minority of members and presented to the majority as a fait accompli; and those with clout will carry the most weight. (80)

The Unites States Trade Representative Charlene Barshefsky (1999) in the press briefing acknowledged “The process was a rather exclusionary one. All meetings were held among between twenty and thirty key countries and that meant 100 countries, 100 were never in the room. For many countries this led to an extraordinary bad feeling that they were left out the process”. (81)

Fatouma (2003) points out that while mini – ministerials have no formal status within the World Trade Organisation, they seem to have become institutionalized. Mini-ministerial meetings should not take place, because they are closed, nontransparent meetings between unrepresentative groups of members, generally handpicked by the major powers to promote their agendas, by shifting the discussion from the
closest to the issues, politicizing the process an opening the way to arm twisting and pay offs, in fields unrelated to trade. (82)

As per Aileen (2003), in Doha, unfortunately flexibility is merely a euphemism for a system of governance where the most basic principles of democracy, transparency and accountability are blatantly flouted at every turn. Doha round talks had led to a successful conclusion – by further empowering a rich and powerful minority to overcome the interests and opposition of a weaker majority. (83)

Efforts by developing countries to secure real improvements in World Trade Organization procedures have also been systematically blocked. The major developed countries make every effort to ensure that the process remains tightly in their control. Power is best exercised in a situation of uncertainty and unpredictability, and that is why process issues are so vague at the World Trade Organization. (84)

According to Jawara (2003) from the beginning of the process leading up to Doha the shadow of Seattle hung over the negotiations. Seattle had been a spectacular failure for the World Trade Organization which had drawn global attention. There was a widespread fear, among the Secretariat staff and delegates alike - including some developing country delegates – that a second successive ‘failure’ would seriously undermine the World Trade Organization and the multilateral trading system itself and could even lead to the organization’s demise. The major powers did not want this and in their anxiety to put the World Trade Organization train back to its tracks, exerted huge amount of pressure on developing countries to reach some kind of agreement. (85).

Aileen Qua (2003) complains that Director Generals of World Trade Organization have been equally zealous in their efforts to complete the round on schedule, and have been instrumental in institutionalizing the non–transparent, anti-democratic, “green room” style negotiations both in Geneva and at ministerial and vice ministerial levels. (86)

The benefits of the World Trade Organization go to a few powerful nations under the guise of democracy, openness and a neutral secretariat. Technical assistance was also widely used as a bargaining chip. (87)
Fatouma Jawara and Aileen Kwa (2003) describes that there are three layers of reality within the multilateral trading system. You have the official, the subterranean (behind the scenes) and the ideological. There is a need to attack all these levels….At the official level everyone agrees to decisions that were based on ‘consensus’…The subterranean level in where you have the arm twisting; the deeper reality is the ideological level – the rationalization of the system – the economic argument and the developmental aspects supporting the view that liberalization promotes growth and poverty reduction. (88)

What happens in the World Trade Organization is part of a broader pattern of neocolonialism in the global economy. (89)

**The Multi-National Corporations**

According to Barnet and Miller (1974) the managers of the global corporations are seeking to put into practice a theory of human organization that will profoundly alter the nation – state system around which society has been organized for over 400 years. What they are demanding in essence is the right to transcend the nation state. (90)

The managers of the world’s corporate giants proclaim their faith that where conquest has failed business can succeed. (91)

Eric Schlosser (2001) says where as the twentieth century was dominated by a struggle against totalitarian systems of the state power, so the twenty – first century will be marked by a struggle to curtail excessive corporate power. The poor at least deserve an international trade organization that is part of that struggle. (92)

Thanks to mergers and acquisition investments, writes Venkata Ramanan (2001), developed countries are absorbing about three quarters of Foreign Direct Investment, the United States of America being the major beneficiary of this global inflow. (93)
Frank Partnoy (2003) flays it is an infectious greed. An infectious greed seemed to grip much of our business community… it is not that humans have become any more greedy than in generations past. It is that the avenues to express greed have grown so enormously. (94)

P.K. Das (2001) shows that besides a large part of the negligible foreign capital entering the Indian economy is being invested either in the service sector or in the production of luxury goods foreign capital has not provided India new industries or new technologies. Instead, the Multinational Companies are either buying Indian concerns or entering into partnerships with Indian industries, or simply selling Indian products with Multinational Company stickers. Several consumer industries, manufacturing the daily necessities of life have been affected by the takeover of 256 Indian companies by the multinational companies. Some examples are given below.

1. The Parle Company was owned by Ramesh Chauhan who competed with Pepsi and its products like Thumsup, Goldspot and Limca. When Cocoa Cola entered the scene Chauhan was forced to sell off his unit to Cocoa Cola.

2. The Tatas have sold their oil producing units to Hindustan Lever a subsidiary of the Multinational Company Uni Lever brothers.

3. The Multinational Company Brooke Bond has taken over the unit producing goods with Kishan Mark.

4. Tata Cement and Raymond Cement have been taken over by La Farge of France.

5. Mafatlal Oxygen in Gujarat has taken over British Gas

6. Travel Corporation of India has gone into the hands of Thomas Cook.

7. The two leading investment and insurance companies – Birla Capital and Sun Mar – have taken over respectively by Sun Life of Canada and AMP of Australia. (95)

Srinivasa Raghavan (2001) is of the opinion that the recent trend is denationalization of the insurance sector and allowing foreign companies to enter in this field. The foreign insurance companies would perhaps be more user – friendly and efficient than state run insurance companies. But for a developing country the insurance sector place a socially constructive role by investing in the upgrading of infrastructural facilities. For example, the Life Insurance Corporation of India’s contribution to the central
government rose from Rs.71.40 billion in the Sixth Five Year Plan to a projected Rs.180 billion in Ninth Five Year Plan. Likewise in 1998, the General Insurance Company contributed Rs. 26.684 billion to the public sector. The question is whether private capital in insurance would imply a curtailment in the state’s contribution to social capital. (96)

The Karnataka government subsidized an Israeli and a Dutch concern to set up fifteen Floricultural units to stimulate flower exports. This project has yet to start yielding results. Meanwhile the peasants who had their land acquired to establish these units became agricultural labourers with no pension, life insurance provident fund or social security. (97)

Arun Ghosh (2006) shows that the Federal Finance Minister’s personal directive to the Central Board of Direct Taxes (CBDT) that all capital routed via Mauritius for tax on profit made from-each other territory, as a result of late all sorts of capital have been coming to India routed Via Mauritius, with at best a postal address and one office room in that country, in order to dodge Indian tax laws. The CBTD had naturally caught such inflows as liable to pay direct taxes on their profits in India and the furore following this decision and the pressure of FIIS on the Finance Minister forced him to order the CBTD to back track on its rightful decision. This was simply to ward off the threat of sudden sharp withdrawal of funds from India by the FIIS which they have been doing in the current year, merely to play the stock exchange in their interest. (98)

**World Bank**

The proper name of the World Bank – the International Bank for Reconstruction and Development reflects its original mission says Joseph Stiglitz (2002); the last part, “Development” was added as almost as an afterthought. At the time, most of the countries in the developing world were still colonies, and what meager economic development efforts could be undertaken were considered the responsibility of their European Masters. (99)

The main function of foreign capital inflow is to increase the rate of domestic capital formation up to a level – which could then be maintained without any further aid. (100)
Rosenstein Rodan (1961) prescribed the successful borrowing pattern as progress from net borrowing to a steady – state condition where loans would be rolled over rather than repaid and or as progression from concessional to market finance. He assumes throughout no net repayment of debt. In this article he also provided predictions of the years in which various countries would reach the stage of self sustaining growth.

<table>
<thead>
<tr>
<th>Country</th>
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<tr>
<td>Columbia</td>
<td>1965</td>
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<td>Argentina</td>
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<td>India</td>
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<td>Philippines</td>
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<td>1966</td>
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<td>Greece</td>
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(101)

John Madeley (2002) flays that the World Bank’s lending to forest projects is also controversial in response to the rapid rate of deforestation, and criticisms that its lending was causing some of that deforestation. A survey in 1990 of nine national plans found that none of them would actually reduce deforestation. (102)

The World Bank’s record is poor and it is hardly surprising that in 1995 a net work of NGOs launched a campaign: “Fifty Years is enough”. Some pressed for the Bank and International Monetary Fund to be closed down in 1995 their fiftieth anniversary year. At least 500 NGOs from south and north joined the campaign. All shared a common view that the Bank as an institution should be a less powerful determinant of development. The bank survived but calls for its reform have increased, both in the corridors of official power and on the streets. (103)

John madeley says (2002) World Bank employs highly paid and seemingly well qualified economists. But by taking a country-by-country approach it appears blind to what every undergraduate student of economics knows: if producing countries across the board are being assisted to increase their output at a
time when the world demand is sluggish the end result can only be a fall in prices. And this fall increases the small holder poverty that the World Bank “dreams” of defeating. The tragic irony is that such encouragement of additional export crop production is being done with scarce aid money. (104)

World Bank funding has gone, for example to China’s Three Gorges Dam, to dams on Chiles Biobio River, on India’s Narmada River, the Ilus Dam in Turkey, Pak Mun Dam in Ghana, Bujagali Dam in Uganda. Millions of the World’s poorest and most vulnerable have been forced out of their homes as a result. The Three Gorges will displace 1.1 million people and India’s Narmada Dam 2,50,000 people. And those affected are often not even consulted. (105)

The report of the World Commission on dams revealed the true picture; large dams did not recover their costs and have been less profitable in economic terms than expected and have a marked tendency towards schedule delays and significant cost overruns. The impact of water logging and salinity on irrigated land, can be severe long term and often permanent (106)

**Poverty**

World Bank Report (2000) explains that despite repeated promises of poverty reduction made over the last decade of the twentieth century, the number of people living in poverty has actually increased by almost 100 million. This occurred at the same time that total world income increased by an average of 2.5 per cent annually. (107)

According to Ferrer (1985) the Third World is living below their means. (108)

John Madeley (2002) cites that the world has a productive capacity to produce enough food for all, but all governments have not allocated the resources that are needed. The political will has been missing. (109)

In 1974 World Food Conference in Rome resolved to ensure that within a decade no child would go to bed hungry and no family would fear for its next day’s bread. “History will judge the adequacy of our policies and actions in relation to this pledge” – said the conference Secretary General. (110)
John Madeley says (2002) History is judging. And the numbers speak for themselves. While the
governments of the western countries were among those who committed themselves to the World Food
Summit target in 1996, there were also cutting the development aid that would help the target to be
achieved. In the 1990s aid to agriculture fell significantly as a proportion of all overall development
assistance, from about 20 percent in the late 1980s to about 12 per cent today. Declining support for
agriculture is extremely damaging to efforts to reduce poverty and hunger. (111)
In India since the reform of 1991 began, while the poverty line has shifted down in income terms, the
access of the poor to public goods has gone down because of reduced investment by the state in areas
such as health, education and roads. (112)
According to Colin Clark (1950) it was assumed that government control of markets had obscured the
forces of competition in supply and demand in the economy. It was believed that a free market system
would unleash these forces and increase productivity. Unfortunately competitive and transparent markets
did not emerge spontaneously. Most Third World farmers live in remote areas of countryside. Farmers
have no means of communicating with the outside world or even the nearest town resulting in
considerable wastage. Individual farmers find they have little bargaining power faced with the might of a
giant transnational corporation. (113)
Amartya Sen (1999) shows that Markets for agricultural commodities produced in poor countries do not
behave in the same way as markets for manufactured goods. Unregulated competition in these markets
encourages a “race to the bottom”. Farmers have nothing else to produce if they wish to earn some cash
income and so they are obliged to produce more and more no matter how low the price falls. (114)
Mahendra Lama (2003) argues that in a democracy governments have to make a trade off between
economic efficiency and social equity because the latter is crucial to human security. It is a seesaw which
has to be kept horizontal but without support. On the one side you have reform and on the other side you
have people, whose immediate needs have to be factored into the calculus. (115)

Agriculture
Peter Robbins (2002) affirms that the economies of about eighty developing countries are dependent to a greater extent on agricultural products. (116)

According to Vandana Shiva (2002) globalization is guided by the global market integration of every farmer and every consumer for each agricultural product. This is pushing the majority of small farmers out of production and pushing poor people out of consumption. (117)

Gitanjali Bedi (2002) cites that the myth has supported globalization is that it will lead to growth. But what is never specified is growth of what and for whom. Trade liberalization does lead to growth of profits for global agribusiness corporations. But it is leading to a decline in food production and food security; and the erosion of ecological security for farmers. (118)

John Madeley (2002) warns that it is time for policy makers to give agriculture a new impetus, a new direction, to take it along a road where it can feed the world’s hungry. It can be done; the world knows how to do it. Not to do would be the ultimate betrayal of the poorest people on earth. (119)

The encouragement of small holder agriculture needs to be seen as a central part of poverty reduction strategies. In the 1996 World Food Summit declaration warned that hunger and Food insecurity are likely to persist, and even increase dramatically…Unless urgent, determined and concerted action is taken. Governments have to take such action. (120)

The key issue is the direction of agriculture says Kevin Blundell of Christian Aid. We need the kind of agriculture that will allow the possibility of meeting the target. We need changes in international trade rules that allow developing countries to prioritize food security over trade. It is time for policy makers to give agriculture a new impetus, a new direction to take it along a road where it can feed the world’s hungry. It can be done; the world knows how to do it. Not to do so would be the ultimate betrayal of the poorest people on earth. (121)

Peter Robbins (2003) quotes that subsistence farmers are affected by low agricultural prices because they are likely to have barter more goods for the manufactured items they need. This will affect adversely to
their access to transport and education. Rural industries will also suffer; local shops and services go out of business because their customers, the farmers have less money to spend. (122)

Greg Buckman (2004) says rich countries have long histories of subsidizing and protecting their farm industries. Their belief in protecting their farm industries run deep and they are loath to change the habit. (123)

Watkins, Kevin et al (2004) compare and contrast the situation that today rich countries spend US $ 1 billion a day subsidizing their farm industries and despite a commitment made during Uruguay Round of Trade Talks to reduce these subsidies, they have increased over the past decade, not decreased. Today agricultural subsidies account for more than 25 percent of farm income in the US, 40 per cent in the European Union and over 60 percent in Japan. (124)

Vandana Shiva and Gitanjali Bedi (2002) find two knowledge systems: one is local and the other is Global. The local knowledge understands forest as the basic supplier of Wood, Food, Water, Fodder and Fertilizer. So agriculture is directly supported by the forest to produce pulses, oilseeds and cereals. (125) The global dominant knowledge system’s understanding is narrow which sees forest as the supplier of Wood alone and agriculture as the supplier of oil seeds, wheat and rice. (126)

Roy and Stephen (2002) points out in the United States, farm subsidization is set to increase with the passage of the 2002 Farm Bill which will pay US $ 180 billion to US farmers over ten years, resulting in a subsidy increase of US $ 73 billion over the period. This will take US farm subsidies to more than 40 per cent of total US farm incomes. (127)

Greg Buckman (2004) describes that agriculture was kept out of international trade negotiations until the Uruguay Round of Trade Talks. Introducing agricultural trade into that round proved to be a tortuous affair. There was enormous tension around the issue among poor countries on the one hand and the Unites States and the European Union on the other. (128)

According to John Madeley (2002) the Uruguay Round’s Agreement on Agriculture was straightforwardly a deal stitched up between rich countries, like so many trade deals before it. Although the deal
included several exemptions, it generally required countries to limit the protection and to cut agricultural import barriers and export subsidies by 36 per cent (24 per cent for poor countries). (129)

Yet the ink was barely dry on the deal before, rich countries began claiming they didn’t need to make any changes since they had already fulfilled the terms of the deal; they have since gone on to increase farm subsidization from US $182 billion in 1995 to US $362 billion in 1998. (130)

Buckman (2004) points out that rich countries have been highly selective in the import restrictions they have so far elected to lift, with the liberalization often occurring in categories that poor countries don’t compete in, such as parachutes and felt hats, or in areas that don’t have a lot of added value. (131)

As per Peter Robbins (2003) the greatest impact of low price levels for agricultural products are felt by tens of millions of farmers growing cash crops for the export market. (132)

Agricultural commodities are sold to earn money to buy things. Farmers need tools fertilizers and pesticides. They also need to buy clothes and medicines and they must pay for the use of vehicles to transport their goods to market. The cost of these manufactured products, many of which have to be bought from industrialized countries has risen considerably over the last two decades due to inflation. In order to appreciate the full scale of the loss of farm income it is necessary to compare the buying power of the income derived from the sale of their crops in 1980 with that of today. (133)

According to Nirupam Sen (2000) India’s acceptance of the globalization dictum has affected the agrarian sector. Although the west European countries, the USA and Japan continue to provide huge subsidies to agriculture, the Indian state abiding by the dictates, withdrew the subsidy regime. The beginning of the 1990s saw the deregulation of fertilizer prices which caused a 15 percent increase in the price of urea and potash and 7 percent of phosphate and other items. This caused a drastic decline in the rate of increase of fertilizer in agriculture from 8 per cent in the 1980s to only 2 per cent in the 1990s. Consequently agricultural productivity fell from 3.5 per cent in the 1980s to 1.5 per cent in the next decade. (134)

In the words of Peter Robbins (2003) the price of the raw material has collapsed and the price of the finished product has increased, where the difference has disappeared to. Much of the difference has
reflected in the profits of the giant multinational companies that dominate the processing, distribution trade in these commodities. (135)

**Women**

Malini Bhattacharya (2004) says in England, from the 17th century, more and more land went into the hands of bigger people and they employed smaller numbers of workers. Cottagers and their wives helping them lost their occupation. So in the late eighteenth century, there was a decline in the standards of living of women along with a decline in the standards of living of men—but women seem to have lost out more, as measured by real wages. (136)

After Europe and North America became industrialized women entered the labour force in greater numbers, but that happened only after several cycles of loss of employment, gain of employment, re-entry into domestic service and getting out of it again. (137)

Malini Bhattacharya (2004) continues to say that there has been no particular trend in trade that has had a uniformly liberating effect on women’s lives. But from the Second World War to the late 1970s, women workers, along with their male comrades, experienced improved standards of living in Europe and North America. The cycle has now turned downward again. (138)

Advances in technology in the modern world and earlier were almost always associated with loss of women’s control over the new technologies; as ploughs and oxen came to be used and replaced hoes, men became ploughmen. There have been very few societies with plough-women and that continued with modern industry—with the new machines that came up in the 19th century. (139)

Ackerly (2000) describes that economic development affects men and women differently. While the economic benefits of liberalization may be visible its social costs are not. These social costs are often borne by women. The process of economic development often renders women’s traditional skills of food processing tailoring etc. Useless, thus depriving them of the means of supplementing their income. The
expansion of cash cropping in agriculture and production for export in the manufacturing industry has not been accompanied by the trickle down of benefits to the women. (140)

Introduction of labour saving devices also have affected women negatively. With a lesser demand for labour, women are the first to lose their daily wages. Since men’s access to technology is considered as a culturally logical choice, they are the ones to get the choice of better jobs thereby further depressing women’s wages. Thus they are forced to migrate to urban areas in search of livelihood. Some women are left behind in villages solely in charge of the agriculture which is often at the subsistence level. They are employed without due remuneration. (141)

Mahbul ul Haq (2000) affirms that there is a need to establish linkages between economic development and household welfare. The consideration of these linkages should be considered while formulating policies of economic development. The introduction of technology in agriculture has resulted in the disadvantage of women.(142)

Mahendra P. Lama (2000) argues that the process of economic development has led to environmental degradation including scarcity of water and firewood. These have a direct impact on women’s daily lives, as they are responsible for procuring these resources for the family. This makes women more sensitive to the process of environmental degradation.(143)

B. Ackerley (2000) proposes that the first task is to accept women as active contributors to economy because their contribution is never included in National Income. Their contribution is outside the money economy. (144)

Haraka Gandhi (1997) points out those South Asian development policies are gender blind in concept and practice. It is surprising that in South Asia, development policies are made with only male productivity in mind. (145)

The cruelest fact is that women not only work long hours but many of them are not even considered to be working at all. Since it is assumed that women alone must do domestic work, they have less time and opportunity to seek paid employment.(146)
Felix Wilfred (1997) observes that the home workers are the most poorly paid workers, the average monthly household income from home-based work in Delhi was found to be roughly one-fifth of the legal minimum wage for an individual worker in Delhi. Many of them were minor girls. The average monthly income of the family from home based work was found to be Rs. 577 per month, the average monthly wage per individual was Rs. 306 which amounted to roughly one-tenth of the minimum wage. (147)

Gainful employment has only succeeded in empowering small sections of women with economic independence in a limited way. (148)

As per the Australian Catholic Record in the urban areas women contributed much in the export-oriented manufacturing industry. However the terms of labour are often exploitative and women work in sweat shop conditions. (149)

Ranjana Padhi (2009) criticizes that in a social milieu that has always seen women subjected to other people’s decisions. It is the husband’s brother or father who continues to take decisions even as the land has been transferred to the woman or her son. Visiting their mother’s is in most cases a decision that others have to validate.(150)

Empowerment has been defined by RanjanaPadhi (2009) as a change in the context of a woman’s life, characterized by external qualities such as health, mobility, awareness, status in the family, participation in decision making, and level of material security, as well as internal qualities such as self awareness and self-confidence (151)

Studies done by Ackerley (2000) show that hill women consume less food than they should, eat what is left over after feeding their children and husbands are malnourished and susceptible to diseases. (152)

Men take to areas traditionally reserved to women. For example, hawking has traditionally been the occupation of low status and poor persons mostly women. With other jobs disappearing men from a slightly higher case and better off class than them take to these occupations. (153)

Awareness among women to opt for increased contraceptive aids to gain control of their own bodies and reproductive choices must be created. This also has a direct impact on their time use patterns making available time to pursue education or gain additional skills. (154)