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Exit from agriculture: a step forward or a step backward for the rural poor?

Tania M. Li

Abstract
World Development Report 2008: Agriculture for Development recommends that rural smallholders unable to compete in higher value production should exit agriculture. For the old and new landless, the way forward is wage labour in agriculture, in rural off farm work, or in urban areas. Disjunctively, the Report also proposes ‘farm-financed social welfare’ as a safety net when urban workers are ejected back to countryside at times of ‘urban shock’. My essay contrasts the Report’s narrative about felicitous trajectories away from and back to the farm with the historical and contemporary experience of Asia’s rural poor.

Keywords
World Bank, development, labour migration, social protection, Asia

A striking feature of WDR 2008, read from the perspective of Asia, is its faith that the agrarian transition experienced in Europe in the eighteenth century, in which labour ejected from the rural economy was absorbed into industry, will be repeated elsewhere (p. 26). The Report classifies the nations of the global south according to their position along an axis that heads resolutely along this transition path. Jarringly, despite the Report’s recognition of a globalised regime of agricultural production and consumption, its framework for analysing agrarian transition is national, as if rural dispossession and the generation of new jobs can be expected to occur within the same national frame, and unmarked, generic citizens have equal access to national jobs. According to the Report, the principal task of governments in the ‘transforming countries’, a category that includes most of Asia, is to manage transitions out of agriculture for rural populations whose labour is surplus to the requirements of a more efficient agricultural sector.

WDR 2008 acknowledges that there are many challenges in making the exit ‘option’ work for the poor. On this theme as on many others addressed in the Report, the format is the one described by Carlos Oya in his contribution to this forum: enunciation of an optimistic, win-
win scenario, followed by a ‘reality check’ that recognises obstacles but does not explore the changes that would be required to overcome these obstacles under actually-existing conditions in particular corners of the global south. Yet the Report’s optimism, even when nuanced, is consequential. In relation to the question of exit, it is the Report’s proclaimed optimism about the benefits of exit that justifies its promotion of intensified commodification of agricultural land and labour, and the deepening of competition among smallholders with its inevitable, disposessory effects. Land markets are to be encouraged, in order to ‘transfer land to the most productive users and to facilitate ... migration out of agriculture’ (WDR 2008, 9). Safety nets and insurance mechanisms can be used to reduce what the Report calls ‘distress land sales’, (p. 14) but those who simply cannot compete should exit, finding somewhere else to go and something else to do. At the same time, however, the Report proposes ‘farm-financed social welfare’ as a safety net when urban workers are ejected back to countryside at times of ‘urban shock’. It seems to imagine that harmonious rural villages and cohesive households would still be there to welcome the migrants ‘home’. My essay contrasts the Report’s narrative about felicitous trajectories away from, and back to, the farm, with the historical and contemporary experience of Asia’s rural poor.

The exit ‘option’

WDR 2008 recommends that rural smallholders unable to compete in higher value production should exit agriculture. For the old and new landless, the way forward is wage labour in agriculture, in rural off farm work, or in urban areas. Yet the Report recognises that the obstacles to successful exit are formidable: wages for unskilled workers are very low (p. 202), and are hardly affected by increased labour demand (p. 214). The Report recommends upgrading education and skills and providing better information on job availability (p. 218), measures that would surely be helpful to some, but cannot present a global solution. The proposal that ‘in India, the low level and quality of education of most rural workers is mainly responsible for their inability to find jobs in the booming services sector’ (p. 36) overestimates the absorptive capacity of this sector, as if everyone with a suitable education could find work in a call centre.

The Report’s comment that the ‘real challenge is to assist the transition of the rural population into higher paying jobs’, (p. 18) is surely accurate, but it needs to be situated in the context of labour surplus, already severe in Asia before the onset of global recession in 2008. Finding any kind of job is difficult. In Indonesia, competition from China casts a long shadow on Indonesian manufacturing industries and their capacity to hire new workers. Official numbers on unemployment give part of the picture. Demographer Graeme Hugo describes Indonesia, with almost half of Southeast Asia’s total population, as ‘a quintessential labor-surplus nation’.
In 2006, ‘an estimated 11 percent of Indonesian workers (11.6 million) were unemployed, and underemployment was over 20 percent (45 million workers)’ (Hugo 2007). Arguably, a better indication of the labour surplus is the vast number of people, almost a billion of them in Asia, who live on less than a dollar a day. If the labour of this population was in demand, employers would pay the cost of its reproduction, on a daily basis and inter-generationally. Their tiny incomes confirm their acute vulnerability, and the ease with which they can be replaced.

In the transition language of the Report, exit from agriculture is presented as a matter of overcoming ‘a deep inertia in people's occupational transformation’ (p. 26). Yet migration for waged employment is not new to Asia's rural poor. They are, as Jan Breman observes, more likely to be ‘footloose’ than inert. Since the colonial period, many of them have experienced industrial labour conditions in mines and plantations, or they have worked on labour gangs in agriculture or construction. As in the colonial period, employers prefer to recruit migrant workers for these industries, because their social isolation and dependence makes them easier to discipline (Breman 1990, 2000, Mosse 2007). Their conditions of employment are often highly exploitative. As the Report notes, labour contractors ‘can take advantage of workers by deducting commissions; holding back wages; imposing debt bondage; and overcharging for transportation, housing, and food’ (p. 208). They are especially vulnerable when they cross national borders. A report on Indonesian plantation workers across the border in the Malaysian state of Sabah described their conditions as ‘bonded labor ... a modern kind of slavery’ (Maulia 2008). In the Mekong region, 1.5 million Burmese and half a million Laotians and Cambodians were working in Thailand in 2008, mostly in agriculture, and most of them illegal. Some prosper from this route, while others end up trapped and in debt (Rigg 2007). The problem, at base, is their weak bargaining position. They sign up with unscrupulous labour contractors not because these contractors offer them security, but because the alternative – having no broker, and no work – is even worse (Mosse 2007).

The Report acknowledges that exit for wage labour does not guarantee an exit from poverty (p. 80). Even within national borders, rural workers are ‘poorly protected by national labor laws’ (p. 207). How, then, could returns to labour be improved? The Report argues that ‘increasing wages for agricultural workers offers the greatest potential to lift millions out of poverty’, and cites an example from Brazil in which strong labour unions played a role (p. 211). But it offers no concrete recommendations on how to promote unionisation, labour regulation, or improved pay and conditions for rural workers. It points out that attempts to impose labour regulations risk backfiring, reducing labour absorption or further informalising the labour market (p. 208). This problem exists both in rural areas and in cities, where people ejected from the rural economy are subject to all kinds of predation as they try to survive in the ‘planet of slums’ (Davis 2006). There are, further, no generic citizens in this fiercely competitive world:
barriers of gender, age, tribe, and caste ensure that the poorest people are the least likely to be able to access lucrative ‘options’ (pp. 80, 82, 215–6). To make wage labour and outmigration work as ‘pathways out of poverty’ for the poorest people would require a proper analysis of this rather formidable set of counter-indications, and the formulation of strategies to overcome them. In the absence of such strategies, the Report’s argument that hundreds of millions of people – notably, those who have been, or are about to be, ejected from their ‘inefficient’ farms – could prosper by this route is a mirage.

Back to the farm?

Disjunctively, having promoted an exit from agriculture, and the take-over of the countryside by efficient commercial farms and agribusinesses, the Report also promotes ‘agriculture’s role as a safety net’. It cites reverse migration to rural Indonesia and Thailand in the context of the 1997 Asian financial crisis, when ejected urban workers relied upon ‘farm-financed social welfare’ to see them through hard times (p. 82). The same discourse arose again in 2009, as global recession set in. A news report about job losses in Thailand anticipated an ‘exodus of workers back to the family farm’, waxed lyrical on the ‘bright green rice terraces’, coconut groves, and fishponds dotting ‘an exceedingly fertile countryside’, and quoted the country director of the Asian Development Bank on the virtues of the Thai countryside as a ‘social safety net’ (Fuller 2009). A critical flaw in these observations, however, is that a large number of those who exit rural areas have no farms, and some of them have been landless for multiple generations. If ‘farm-financed social welfare’ works at all, it works for prosperous landowners. For the poor, it is another mirage, with potentially lethal effects.

The idea of ‘the Asian Village’ as an oasis of shared poverty and infinite labour absorption, where everyone is assured of a place, has a long history. It was repeatedly invoked by colonial officials, and made familiar to scholars through the work of Clifford Geertz (1963). But Geertz’s description of rural Java in the 1950s and 60s has been subject to definitive critique. Roughly 30–50 percent of the population of Java was already landless in the nineteenth century, and there were deeply entrenched social divides. Villages were stratified into caste-like estates, in which landholding families organised production by incorporating landless farm servants as permanent dependents and employed roving bands of ‘free’ coolie labour, whose livelihoods were anything but secure (Pincus 1996, Husken and White 1989, White 1983, Alexander and Alexander 1982, Breman 1980, 1983, 2000). Yet colonial officials clung doggedly to exaggerated myths of village solidarity, and proceeded with dispossessionary policies on the comfortable assumption that villagers would take care of ‘their own’ (Breman 1983, 109–12). This argument was repeated in the 1997–1998 economic crisis, when World Bank programmers and some scholars argued that there was no need to supply a ‘safety net’ for displaced urban workers
since they would be reabsorbed into the village economy. There was a program to supply them with one-way tickets ‘home’ (Breman and Wiradi 2002, 2–4, 306). What awaited the people returned to ‘the village’, however, was extreme competition for very scarce work and rising violence pitting one group of desperate people against another. Their families had no farms and no means to ‘finance’ social welfare for themselves, still less their returned kin.

The number of workers ejected during the 1997 Asian financial crisis was limited by the peculiar character of that crisis. It affected urban workers involved in manufacturing and construction and the informal sector workers who supplied their needs. But the crash of the Indonesian rupiah meant that the price of agricultural export commodities designated in dollars increased. As a result plantations, important employers of migrant labour, did not eject their workers. In the 1930s depression, in contrast, the price of export commodities collapsed, rural wages plummeted, and 100,000 Javanese coolies working in Sumatra’s plantation belt were sent ‘home’, where they received a cool reception (White ms, 6). Archival photos examined by Ben White showed these ejected workers living in shantytowns on the outskirts of cities, where they were quickly stigmatised and accused of criminal activity.

The conditions that were re-emerging in 2008–2009, as the price of rubber plummeted in the face of diminished demand from the auto industry, mirror those of the 1930s. The initial response of rubber plantation owners in Thailand was to cut the wages of their migrant Burmese workers by half, from two dollars per day to one – barely enough to stay alive, and certainly not enough to send home remittances (Migration News 2009). Facing defaults on contracts by purchasers in China and elsewhere, the rubber industry began to retrench production, and will no doubt cast off its labour force. Oil palm prices also fell by half between January 2008 and January 2009, a drop likely to result in the ejection of workers, although some plantation corporations were using the crisis to buy up more land (Adnan 2008). The most dramatic return migration in 2008–2009 was the 20 million Chinese workers ejected from manufacturing jobs and sent back to the countryside, where their families and communes are expected to support them.

Among the reasons offered by Asia’s ruling regimes for not intervening to provide protection for the rural poor is the notion that villagers have their own mechanisms to support their weaker members. WDR 2008 falls under the spell of the village myth as a fallback in times of crisis, but it does not rest on the assumption of village self-sufficiency. On the contrary, it notes the important role played by private and public transfers in supporting rural incomes, and the need for externally supplied safety nets (p. 82). It goes further, recognising that for the unskilled who cannot exit rural areas on advantageous terms, ‘only social protection can ease their poverty’ (p. 202). This is a striking admission coming from the Bank, but the Report does
not follow through to address its implications. While the draft outline for the Report anticipated a full chapter on ‘Reducing Vulnerability and Chronic Food Insecurity’, the final version has only a brief section under the title ‘Providing safety nets to reduce vulnerability’, with a focus on pensions and on emergency stop-gap measures to counter ‘economic shocks’ (pp. 219–20). There are no comprehensive recommendations about social protection for the rural poor in the long term. Fiscal conservatism is no doubt an important reason for the Report’s limited emphasis on public welfare, and, more pointedly, for its rejection of transfers, credit, and subsidies that sustain marginality and inefficiency in agriculture. Yet rather than address this problem head-on – the need for social protection and the difficulty of providing the necessary protection under conditions of resource constraint – the Report’s reference to the village myth sustains the idea that rural people will somehow continue to manage on their own.

Resource constraint is not the only factor limiting social protection. There is also the problem of politics, addressed indirectly by the Report in the technocratic idiom of ‘good governance’. The Report urges ruling regimes to attend to the problems of the rural poor, but offers no account of the social forces that would be necessary to put appropriately responsive regimes into place. In much of rural Asia, the rural poor are physically dispersed, out of sight, and out of mind. Breman (2006, 145) writes that the problem of rural slums is ‘one in which policy makers and politicians have no interest whatsoever’. This was less true during the Cold War, when the idea that mass poverty could engender radicalisation was a stimulus to major programs of rural intervention such as distributive land reform, farm subsidies, and the Green Revolution (Araghi 2009). There are new fears – ecological catastrophe, the spread of radical Islam – but they have not stimulated ruling regimes to adopt a focused, rural development agenda (Watts 2001, 135–6). Ironically, it is the crisis of wage employment, combined with the inability of rural villages to absorb return migrants, that might create the necessary conditions. In China in 2008–2009, the potential for China’s twenty million ejected migrant workers to cause ‘instability’ in the countryside was quickly recognised, and the returnees may well be rewarded with sustained attention and support (Zhao 2009).

**Holding on?**

Unlike many critics of globalisation, I do not assume that rural people reject new products and labour regimes in favour of locally-oriented production on small family farms. Derek Hall’s article in this forum, which examines the rapid and widespread adoption of boom crops among Southeast Asian smallholders eager to raise farm productivity, clearly demonstrates that this is not the case. What rural people reject, in my experience, is the terms of their inclusion in new economies, terms that increase the gap between rich and poor and make the
poor more vulnerable. As Hall points out, a compelling literature on ‘deagrarianisation’ (Rigg 2006, Bryceson et al. 2000) has shown that subsistence agriculture pursued in isolated villages is a form of life many rural people are eager to escape. Hence the linear trajectory out of agriculture proposed by the Bank corresponds to a rather widespread desire, especially among young people, a desire often supported by their parents, who are willing to invest in their education and even sell land in order to help them secure urban jobs. Yet the sad truth is that this desire is frustrated, especially for the poorest people, who are routinely dispossessed through the very processes that enable other people to enjoy a better a life. The success of one farmer in upgrading to high-value products comes at the expense of someone else, who has become landless, works for very low wages, or is trapped by the terms of a high interest loan. Poverty, in a capitalist system, is not a static condition defined by lack of assets – it is continuously produced (Green and Hulme 2005).

As many studies have shown, and the WDR 2008 confirms, the poorest people exit agriculture on the least advantageous terms. Thus when rural people mobilise collectively to resist eviction, or to reoccupy disputed land, or scramble to hold on to their tiny ‘inefficient’ plots, their desire is not to conserve an ancient way of life. It is to back-stop economic strategies that involve family members seeking work far and wide, in a context where national economies, and the global capitalist system, fail to generate off-farm jobs that pay a living wage. The central agrarian question today, as Henry Bernstein (2004) argues, is the question of labour. WDR 2008 recognises the centrality of this problem (p. 202), but offers no solution to it. Nor does it propose comprehensive forms of social protection. In the absence of solutions to the problem of labour and/or the problem of social protection for the dispossessed, advising the rural poor to give up the little land they may have in favour of more efficient users is to entrench their poverty, not offer a way out of it.

Notes

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1 For critiques of this linear narrative from different perspectives, see Kiely (2009), Araghi (2009), and Watts (2009).
3 From a personal communication.

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