

## Capitalism and the Common Man – Four Decades of Development in Africa and S Asia

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Graduate Institute, Geneva, Annual Lecture, September 23<sup>rd</sup>, 2010

Forty years ago the common man and woman were peasants. This lecture has been stimulated by my colleague Gavin Williams's long engagement with the debates on capitalist transformations and their impacts on peasantries. By 'taking the part of peasants', as he did famously in 1976,<sup>1</sup> he was understood to be arguing a case for populism, in which African states would give priority to servicing the interests and demands of their peasant constituencies, to exploring the transformative potential of local solidary institutions and developing the superiority of democratic collective productive organisation.<sup>2</sup> Williams has also been continually engaged with 'populism' by which is meant anything from a rural development strategy directed at transforming small farmers<sup>3</sup> to political projects for the rural and urban masses as opposed to the elites.<sup>4</sup> The strength of his argument lies in its structure which is highly relevant to development today. In this lecture I wish to try to summarise and comment on Williams' original argument and then use its structure to fast-forward to the current era, cross continents to India, abandon the focus on agriculture alone and rather than focus on peasants – for I will argue they have disappeared - to scratch the surface of what taking the part of petty production which has replaced the peasantry might mean in the neo-liberal era.

### *1. Williams' argument*

Peasants are regarded by others as technologically and culturally backward and must either provide the resources for other classes to develop the urban industrial economy or must give way to capitalist production or state farms - and themselves be liquidated as a class – neither of which happens without recalcitrance, resistance and violence. Peasants have been defined on the one hand as traditional and on the other as modern and efficient producers. In fact peasants are neither mired in tradition (to be reformed or replaced) nor

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<sup>1</sup> G Williams 1976 Taking the part of Peasants : Rural Development in Nigeria and Tanzania in P Gutkind and I Wallerstein (eds) *The Political Economy of Contemporary Africa* London, Sage also in ed Harriss 1982 *Rural Development* which is currently the version referenced here.

<sup>2</sup> P. L. E. Idahosa. 2004 *The Populist Dimension to African Political Thought: Critical Essays in Reconstruction and Retrieval*. Trenton, Africa World Press see also Bernstein and Byres , 2001. 'From peasant studies to agrarian change' *Journal of Agrarian Change*, 1, 1, 1-56; p7 footnote 9

<sup>3</sup> As explained in Harriss, 1982, p 38-9, p119

<sup>4</sup> As in the competitive social transfers of the two main Dravidian nationalist parties in Tamil Nadu, S. India - see Lloyd Rudolph 1961 'Urban Life and Populist Radicalism : Dravidian Politics in Madras' *Journal of Asian Studies*

narrowly economically rational nascent capitalists (to be integrated into an otherwise integrated market economy). Williams draws on Chayanov, Marx and Lenin to define peasant agriculture differently as a source of livelihood for families in which neither wages nor profit can be distinguished, which are always incompletely integrated into the market economy<sup>5</sup> and subordinated to other classes and the state<sup>6</sup> and which become differentiated under commodity relations into capitalist and proletarian classes.

But Williams argues that ‘peasants survive the development of capitalism and the expansion of commodity relations’.<sup>7</sup> Inequality and wealth by themselves are not indicators of the existence of a capitalist class, just as the existence of wage work does not by itself define the working class – these features of rural economies may be integrated into peasant production. External impositions - new technology generating economies of scale, the reorganisation of production to reap collective advantage via co-operatives and development projects by big business/capital or the state - all can be undercut by peasants producing more cheaply using self-exploitation, local knowledge and existing institutions.<sup>8</sup> Forms of development engineered and imposed from outside are anyway prone to failure for several kinds of reason Williams discusses. Tendencies to differentiation are argued to be balanced by relations and institutions containing it – including the migration of labour and the investment outside the agrarian economy of savings.<sup>9</sup>

Capitalist (and - in the 1970s - socialist) agriculture is therefore often only possible if peasants and pastoralists are physically eliminated or displaced. Net of these options the autonomy of peasant households must be weakened so that the peasant economy can be squeezed to provide the resources needed for industrial, urban development. The classic agrarian question asks how this can happen. Williams’ answer stresses the control of exchange relations for both inputs and outputs, and the signal importance of state marketing boards as the mechanism able to create the condition of there being no alternative. ‘The underdevelopment of peasant production is the condition of development of capitalist and the state production, in the interests of the state and its beneficiaries’ he concludes.<sup>10</sup>

These economic dynamics are associated with a distinctive peasant politics in which the colonial or post-colonial state aligns itself with local leaders, while peasants – especially middle peasants who control their own means of production – use what Jim Scott famously called the weapons of the weak to resist.<sup>11</sup> Their clashes with local elites are not

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<sup>5</sup> And in which production for subsistence is a significant component.

<sup>6</sup> Others have added a subordination to dominant culture (Harriss, 1982, ‘General Introduction’, p24)

<sup>7</sup> Williams p 387 in ed Harriss (1982)

<sup>8</sup> See Williams, 2010, on the lengths employers will go to cheapen wage labour in the case study of the *dop* in the S African wine industry.

<sup>9</sup> Others have emphasized demographic factors, social practices of distribution, mutual insurance institutions and inheritance laws.

<sup>10</sup> Williams, p 392 in ed Harriss (1982). This conclusion was reiterated in Williams (1981) ‘The World Bank and the Peasantry’ in G. Williams, J. Heyer and P. Roberts, 1981 *Rural Development in Tropical Africa*, Macmillan, London

<sup>11</sup> J. Scott 1085 *Weapons of the Weak: Everyday Forms of Peasant Resistance*

due to class differentiation but rather to the former's loyalty to the state and treachery to the peasantry. Their clashes with the state (and their differences with 'socialist intellectuals') are due to exactions of tax, forced labour, imprudent land use changes (either suggested or imposed) and agricultural regulation. Peasant resistance never succeeds in eliminating their dependence upon the state or market; but it limits it. In this sense peasants 'remain committed to the institutions which are the means of their exploitation and oppression'.<sup>12</sup>

Peasants are not lacking in political nous, they are sceptical that development will bring material benefits or improve their wellbeing or security; they also lack access to the state or the institutions controlling exchange and marketing. MaoTseTung's strategy for peasants reacts to all three debilities. Putting agriculture and light industry first responds positively to what we now call mass 'basic needs' or 'capabilities' while it generates resources for heavy industry. Mobilising peasant initiative balances and dynamises the state's developmental preference for agriculture and encourages their interaction.

## 2. *Segue: Controversies and Comments*

### *Three Controversies:*

It is evident from the summary that Williams recognised the peasantry as internally diverse (and he also compared and contrasted conditions in Nigeria and Tanzania). Nonetheless Williams is used by Bernstein and Byres as a lucid champion of peasant essentialism, functionalism and agrarian populism.<sup>13</sup> Bernstein and Byres' critiques thus have three elements.

The first is *methodological essentialism* – their question is whether Williams identifies a logic to peasant economy which can survive changes in – even the destruction of – the external relations which exploit or oppress it. This is not exactly an easy question to answer historically and they do not attempt it. Instead they paint the challenges to peasant essentialism issued by the reproduction of peasants in a wide range of different modes of production and social formations and through 'external relations' with different classes; between agriculture and industry; locally nationally and globally.<sup>14</sup> They analyse class differentiation as the effect of 'contradictory class relations intrinsic to peasant production'<sup>15</sup> and reveal complex relations of wage labour in peasant households in which labour is not integrated into peasant production but the other way round: peasant production is integrated into wage labour forms.

The second problem is that of *functionalism* in the analysis of the relation between capital and peasants<sup>16</sup> in which the latter are reproduced by the former in its interests – as in

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<sup>12</sup> Williams p 394 in ed Harriss (1982)

<sup>13</sup> Bernstein, 1977, 'Notes on Capital and Peasantry' reproduced in ed Harriss, 1982, pp160-177; see also Bernstein H and T Byres 2001 From Peasant Studies to Agrarian Change JAC 1,1,1-56 which is written with the inevitable benefit of hindsight.

<sup>14</sup> . \*\* Bernstein and Byres on the middle peasant. \*

<sup>15</sup> Bernstein and Byres, 2001

<sup>16</sup> Bernstein p160 in ed Harriss, 1982

Williams' conclusion quoted above. Against this criticism of functionalism it could be argued that the persistence of small forms of production might well serve the interests of – and be functionally useful for – capital. But the point at issue is that the intervention by social processes of capital into other modes or forms of production is more accurately conceived of as processes of struggle between conflicting classes rather than as functional for capital and/or the state.<sup>17</sup> 'The peasantry' reproduces itself through its own labour and a better question to ask is how the conditions in which peasants produce and reproduce are shaped and contested by the operation of capital in particular social formations.<sup>18</sup>

The third controversy pertains to agrarian *populism*. Williams cannot be dismissed as a romantic. He was taking the part of people who showed by their actions that capitalism could not deal with them by the Leninist route. Byres (1977) is the most accessible exponent of the counter-case to agriculture-first strategies – namely that development requires the expansion of the productive power of *industry* to which peasantries must inevitably be subordinated. Even if current returns to agriculture exceed those to other sectors and commit capital for less time, the dynamic multipliers of heavy industry are greater in the long term. To which – relevant to the concerns of this essay – it may be countered that heavy industrialisation was never intended to maximise livelihoods.<sup>19</sup>

#### *Three Comments:*

First, on the *transition* of the agrarian economy to capitalism. Williams was writing at a time when few doubted the transition would be to the polar classes of industrial (state) capitalism. The possibility that peasants might not survive the development of capitalism and might be liquidated as a class through the consolidation of petty commodity production (henceforth pcp) – as one path of transition was not developed by Williams nor was it relevant to the historical conditions in Harriss' influential collection on rural development (1982). It was dealt with by Bernstein and Byres (2001) in their compendious retrospective review of research in agrarian studies, by introducing Friedmann's distinction between the peasant form and the (American) family farm and the possibility that there are 'other ways of theorising PCP/SCP'.<sup>20</sup>

What they conclude – and this requires a long quote – is that 'peasant production'... is 'constituted within generalized commodity production, conceived as the imperative of integration in commodity relations to social reproduction... Among the implications of this approach are (i) its provision of an adequate theoretical specification of the *tendency* to class differentiation, postulated as the contradictory combination of the class places of capital and labour in peasant production in conditions of generalized commodity production; (ii) the uneven allocation of those class places within PCP enterprises ('households'), for example, by gendered divisions of property, labour and income; (iii)

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<sup>17</sup> Harriss 1982 'General Introduction' in ed Harriss p 23

<sup>18</sup> Bernstein op cit.

<sup>19</sup> Byres T. 1977 'Agrarian transition and the Agrarian Question' *Journal of Peasant Studies* 4,3, pp258-74; Harriss 1982 p42-3

<sup>20</sup> Bernstein and Byres 2001 p26. Debates about the middle peasantry – whether its numbers and its self sufficiency (which can be empirically disputed) give it power to dominate peasant politics – may be found in ed Harriss, 1982,.

what determines whether, how, and how much, the tendency to class differentiation is realized in actual *trends* of class formation (including the effects of counter-tendencies) and (iv) that one possible outcome of differentiation, according to specific circumstances, may be the consolidation of middle peasant strata and/or 'capitalized family farms'.<sup>21</sup>

The relation between pcp and peasant production, between a capitalist form and a non-capitalist mode, is not entirely resolved here. Given the general tendency to differentiation and conceding the effects of counter-tendencies, what may be consolidated as *one* of the 'infinitely diverse combinations of this or that type of capitalist evolution' that are possible<sup>22</sup> is not a self-sufficient enterprise. It is i) a form of production that is heavily if not completely dependent on markets for the circuits of production and reproduction (these markets will be socially- as well as state- regulated and therefore 'imperfect'). ii) The 'middle peasant strata' (note the plural) will not necessarily be self-sufficient in labour either. While the middle peasant maintains control over some means of production (and is not necessarily averse to new technology) s/he will also hire-in and out according to circumstance (and in a way that is not necessarily balanced in either work-days or income). iii) The pcp is a form of enterprise congruent with a household but nonetheless it occupies socially/culturally regulated class places within it. This is consistent with a household's having a portfolio of activity, elements of which are not part of peasant production. Even in this simplified account of pcp, the conditions for considerable, if not quite infinite, diversity are established just as the capitalisms consolidated from phases of transition are diverse. Even in the era of globalization there are many capitalisms, not one.

Second, a clearer distinction between peasant production and pcp is its development as a form of independent productive activity for the market in the spheres of *manufacturing, trade and services*. A mass of activities for use:- not just food from agricultural production but from hunting, fishing, gathering, the production of meat, poultry and their associated non food products, crafts of preservation, of energy generation, of the means of communication; other craft activity [(milk products, beer, paper, spinning, weaving); construction (houses, storage, stairways, fencing, irrigation equipment); the manufacture of tools, weapons and items of adornment] are transformed from craft goods to mass commodities in the post-production agricultural economy and the non-farm economy. Technological and labour capacities to make new, already commodified goods and services and to commodify the repair and maintenance of all these commodified goods and new commodities are 'imported' and locally developed. Although commodification offsets the effects of labour displacing, cost-reducing technological change by creating new fields of accumulation, it is theorised as subject to the same pressures. But it also takes petty forms.<sup>23</sup>

Third, in the 21<sup>st</sup> century pcp very rarely dominates or completely populates a *territory*, it co-exists with other forms - for some of which it may be necessary. Three types of co-

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<sup>21</sup> Op cit p26-7 on Bernstein's conclusive contribution of 1985.

<sup>22</sup> Lenin V I 1899 *The Development of Capitalism in Russia*, Preface

<sup>23</sup> See Bernstein, 1982, in ed Harriss, p162; see Huws 2003 who theorised the commodification of domestic production and Leys 2001, 2007 who theorised the commodification of the state and Harriss-White, 2005, 2006 (EPW) for petty commodification.

existence can be distinguished. The first is 'process-sequential' in which pcp and wage work are deployed at different *stages* in a system of commodity production; the second is 'process-segregated' in which certain *sectors* of the informal economy are populated by pcp and others by wage work; the third is 'process-integrated' in which pcp and factory production using wage labour are *mixed at all stages* of a commodity supply chain.<sup>24</sup> In India, of the tribal states of the North-east, rural Arunachal is set fair to be a 21<sup>st</sup> century exception as a territory dominated by pcp (though the implications of the state's utter dependence upon metropolitan revenue transfers, the leaking multipliers of the huge standing army with its own provisioning system, and the trans-Himalayan articulation of local production via a system of pack caravans with the mass production of (often counterfeit) globally branded consumption goods in China both await research which might challenge this conclusion).<sup>25</sup>

Despite compelling evidence for the prevalence of pcp, the concept of peasant production is still a necessary category for historical research. Due to a general reluctance to recognise and situate pcp, the concept of peasant production is far from extinct in analyses of contemporary agrarian relations both in Africa and In South Asia.<sup>26</sup>

### 3. *Seizing the Indian nettle: taking the part of petty commodity production*

In the late 1970s one aspect of Williams argument that did not cause controversy was that peasant societies were backward. In the 1980s it was routinely observed that despite planning dedicated to the development of small farms, this did not always happen; often something else was happening and the rural economy was being differentiated. The question was whether this (not-always-planned) process was leading to the formation of polar classes, as modelled by Marx and anticipated by Lenin.<sup>27</sup> But in the 21<sup>st</sup> century two tendencies that were little discussed by scholars of the agrarian question then are unavoidable now.<sup>28</sup> First, pcp in manufacturing, trade<sup>29</sup> and services is the robust backbone underneath the advanced manufacturing and service sectors of social formations like India just as it is the fragile constraint on the development of the national market. India's capitalist transition and ongoing transformations have created a complex social formation in which - despite rampant differentiation and the creation of advanced

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<sup>24</sup> See Harriss-White, 2010, 'Globalization, the Financial Crisis and Petty Production in India's. Socially Regulated Informal Economy', *Global :Labour Journal* for an elaboration of the conditions for these three kinds of co-existence.

<sup>25</sup> Harriss-White, Mishra and Upadhayay, 2009 'Institutional Diversity and Capitalist Transition: The Political Economy of Agrarian Change in Arunachal Pradesh, India' *Journal of Agrarian Change*9, 4, pp 512-547

<sup>26</sup> Harriss-White and Heyer (eds) 2010 *The Comparative Political Economy of Development: Africa and South Asia Compared* London, Routledge

<sup>27</sup> Aply problematised by J. Harriss, 1982

<sup>28</sup> Harriss 1982 pp36-40

<sup>29</sup> Marx argued famously that trade was unproductive but necessary. But insofar as trade shifts the site of a commodity it makes it possible to realise it in final consumption and is a productive activity; storage is productive insofar as it prevents deterioration and processing changes the physical nature of a commodity and is productive ( see Harriss-White, 2008).

forms of corporate capital (mighty businesses grounded in family dynasties often in turn grafted to colonial managing agencies and now wielding a global clout)<sup>30</sup> together with a substantial working class<sup>31</sup> - *pcp is the most common form of production*. It is not transitional. If it is but a stage in the differentiation of individual capitals, it is constantly being replenished and reproduced. Under liberalisation, an epidemic of self employment drives the growth in Indian employment.<sup>32</sup> Own account firms are 64.4% of all non-agricultural *firms* and though this proportion has declined from 71% in 1990 their absolute number has risen from 22 million then to 38 million in 2005.<sup>33</sup> The average labour employed has dropped from 3 to 2.4 workers and 95% of firms in India employ fewer than 5 people. All but 2% of pcp is in the informal economy and out of direct regulative control of the state.<sup>34</sup> At the last count 53% of total *livelihoods* including those in agriculture took the form of self employment / own account enterprise/ household production/ cottage industry/ micro-enterprise<sup>35 36</sup> That is over 200 million livelihoods. Pcp is more common than wage work despite the latter's rapid relative increase in agriculture.<sup>37</sup>

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<sup>30</sup> Mukherjee-Reed

<sup>31</sup> Hensman R., 2010, (2010) 'Labour and Globalization: Union Responses in India', *Global Labour Journal* 1(1): 112-131.

<sup>32</sup> Lerche, 2010, 'From 'Rural Labour' to 'Classes of Labour': Class Fragmentation, Caste and Class Struggle at the Bottom of the Indian Labour Hierarchy in eds Harriss-White and Heyer.

<sup>33</sup> \*\*\* Also see data in Sankaran, 2008. Out of a total of 41m. Harriss-White et al 2011, have used data from the Economic Censuses 1990, 1998 and 2005. As was done in earlier censuses, the following activities were kept out of the purview of the Fifth Economic Census.

(i) Establishments of shelter-less and nomadic population, which keep on moving from place to place and camp either without shelter or with makeshift shelter.

(ii) Establishments engaged in some activities like smuggling, gambling, beggary, prostitution, etc.

(iii) Domestic servants, whether they work in one household or in a number of households, drivers, etc. who undertake jobs for others on wages.

(iv) All wage-paid employees of casual nature.

(v) Household members engaged in household chores.

(vi) Persons doing different types of jobs depending on the availability of work e.g. loading, unloading, helping a mason or a carpenter, doing earthwork for a contractor.

(vii) Household members working for other households and earning some money which is insignificant.

(viii) Households in which none of the members is engaged in any gainful activity i.e. households depending on remittance, rent, interest, pension etc.

(ix) Owners of tube-wells, tractors, bullock carts, etc. who utilise their spare capacity to earn extra money, if the spare capacity utilisation is occasional and not on regular basis. The NCEUS will have included these categories as well as agriculture in its estimation of total livelihoods.

<sup>34</sup> Kannan, 2008, p8

<sup>35</sup> NCEUS, 2008

<sup>36</sup> Sometimes in social science a given word has been appropriated by more than one paradigm and has many meanings – capital is one such – but we are dealing with an instance of the inverse: the proliferation of terms for a single given entity by different approaches. 'Self-employment' is the term of labour economics; 'own account enterprise' is used in the Economic Census and 'petty production' or 'simple commodity production' by scholars of the agrarian question and of classical political economy. 'Household production' is used by Harriss (1982 p 22) to introduce 'the dominant process of change in contemporary agrarian societies'. Cottage industry has a ministry devoted to it, inspired by Gandhian philosophy and for some time experiencing deteriorating pcp production conditions. Micro-,small and medium industry also have their own ministry. Entrepreneur and micro-enterprise are the phrases of the micro-finance literature.

<sup>37</sup> Harriss-White and Janakarajan, 2004 *Rural India facing the 21<sup>st</sup> Century*, London Anthem

Second, an unforeseen trend in 1970s and early 80s, agrarian differentiation has been contained except at the very extremes: the structure of holdings is pear-shaped. India is now an agrarian society where more than 60% its producers own holdings of less than 2.5 acres (or one hectare) and 78% own less than 2.5 ha.<sup>38</sup> It is also a pauperised society where the NCEUS has calculated that in 2004-5, 77% of people survived on less than Rs 20 per day that is +/- US\$0.50.<sup>39</sup> This is a larger proportion of the population than the wage labour force and their dependents. Not only is about half of Indian pcp unable to rise above a culturally defined subsistence but it struggles against a nutritionally-defined biological minimum. Half the workforce living on under \$2 per day (the equivalent in purchasing power of the Indian Poverty Line) are self employed.<sup>40</sup>

To take the part of pcp is then to take the part of the great majority of Indian enterprises. It is emphatically not to construct an essentialist argument nor is it to argue that pcp is an 'economy' or a mode of production. It is a form, operating among others. Pcp co-exists with but is not what Bernstein and Byres call 'peasant capitalism' which exploits wage labour.<sup>41</sup> Pcp stands between all kinds of labour hiring capital on the one hand and hired labour on the other but its existence implies no teleology of development.

In this third section we use the structure of Williams' argument about peasants to discuss first the processes internal to pcp which (re)produce it, second the external relations that generate, exploit and preserve it, third the socially engineered projects for it and fourth its politics. And insodoing we will find out what 'India' is too.

### *3.1 Pcp economics and its internal logics*

Analytical categories are valuable to think with even if empirical configurations in the real world are so diverse - and how we know about them so riddled with practical and methodological difficulties - that they can prevent clear inferences about categories and relations. In this case even the logics of pcp has to be in the plural. Pcp is co-produced alongside other forms of capitalist production relations – the question is how?

#### *The logic of simple reproduction*

Simple reproduction is a relation between production and consumption ensuring a constant level of both. Under capitalist production relations simple reproduction involves

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<sup>38</sup> National Commission for Enterprises in the Unorganised Sector, 2008: *A special Programme for Marginal and Small Farmers*. New Delhi: NCEUS, Government of India 4, 34 [www.nceus.gov.in](http://www.nceus.gov.in) accessed 3 December 2008.

<sup>39</sup> NCEUS (August 2007) derived this result from published household data of consumption by the National Sample Survey (NSS) for 2004-5. The NCEUS divided the population in terms of per capita consumption into six groups: extremely poor – up to 0.75 per cent of the official poverty line (PL) – 70 million; poor (0.7 per cent to 1 PL – 167 million; marginally poor (1 to 1.25 PL); vulnerable (1.25-2 PL) – together 599 million; middle income (2-4 PL); high income (above 4 PL). In total, 836 million live under Rs 20 a day. 87.8 per cent of the Scheduled Castes (SC) and Scheduled Tribes (ST), 85 per cent of Muslims and 77.9 per cent of all Other Backward Classes, except Muslims bring in less than Rs 20.

<sup>40</sup> Lerche, 2010

<sup>41</sup> Bernstein and Byres, 2001, p23

the capitalist consuming - and reinvesting surplus value only to the extent that production is constant. The wage worker paid at a rate ensuring the subsistence and supply of labour for work. But the worker cannot improve their levels of consumption, let alone save, the capitalist firm ticks over and does not grow and the social relations of production do not change. While the peasant produces for subsistence or under conditions not fully commercialised, under pcp, even when producing food as a cash crop, the producer (and their family) cannot withdraw to subsistence. Reproduction does not depend on food alone. Pcp depends on market exchange for day to day consumption needs. These will be shaped by targets for culturally defined subsistence. Surpluses are accidental and growth is not possible. 'Enrichment as such was not its direct purpose' says Marx of handicraft production.<sup>42</sup> Pcp is thus vulnerable to what Bernstein has called the simple reproduction squeeze.<sup>43</sup> Food price inflation (with or without lower support for input prices) reduces the consumption even of food producers – and/or intensifies labour effort on production. Such compulsions may and do result in drawing children from school and lowering the quality of future labour or the future capacities of pcp.<sup>44</sup>

*The logics of disguised wage work and of alienation*

Modern labour economics normally conflates own account enterprise and wage work in labour statistics. The connection of pcp to markets for products and money 'before' work can be converted into the means of subsistence qualifies the formal independence of pcp – and the responsibility of the petty producer for the quality of the product. The terms and conditions of exchange on these markets may vary from the 'stray customer'<sup>45</sup> to relations tied by money advances which vertically integrate pcp to interest-bearing, commercial or manufacturing capital. Control over production may come to resemble that of the employer over the wage worker in which labour is formally subsumed under capital. 'The labour process remains the same – depending on the relations from which it has developed' (Marx 1863). The return to pcp is equivalent to the wage. In practice considerable fluidity is observed between pcp and wage work in such households. Bernstein argues, following Lenin, that the possession of some means of production contributing to subsistence subsidises the wage that members of the household earn on other farms - or outside agriculture altogether – and therefore transfers resources to the owners of capital.<sup>46</sup> And the reverse can also be observed: wage work outside agriculture can contribute through the pcp household to the reproduction of petty forms of agriculture - or pcp entirely outside agriculture, such as weaving.<sup>47</sup>

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<sup>42</sup> Marx, K., 1863, *Economic Manuscripts of 1861-3 Part 3 Relative Surplus Value : The Formal and real subsumption of labour under capital – transitional forms.* vol XXI sections 1306-12 'Formal Subsumption of Labour under Capital'

<sup>43</sup> Bernstein, 1977, Notes on capital and peasantry

<sup>44</sup> Olsen W., B Harriss-White P Vera Sanso and V Suresh, 2010, 'The Experience of Slum Dwellers in Chennai under the Economic and Environmental Insults of 2008-9' Paper for the Conference on 'The Hidden Contribution of Older People: Rethinking Age Poverty Opportunity and Livelihoods, Centre for Law, Policy and Human Rights Studies and the Department of Humanities and Social Sciences, IIT, 19<sup>th</sup> and 20<sup>th</sup> March, Chennai, Centre for Law, Policy and Human Rights Studies, Chennai

<sup>45</sup> Marx, 1863, op cit

<sup>46</sup> Bernstein p170 in ed Harriss 1982

<sup>47</sup> Jayaraj D. and K. Nagaraj, 2006, Socio-economic factors underlying growth of *silk*-weaving in the Arni region - A preliminary study, *Monograph Series 5.* Madras Institute of Development Studies

It is this logic of disguised wage work that encourages Lerche to place pcp among the ‘classes of Indian labour’. He argues that pcp is differentiated in turn according to the precarity and the scale of asset base and according to status differences between the self employed and family members working for them.<sup>48</sup> The implication is that nothing halts the real process of differentiation. And if pcp is disguised wage labour then its surplus value, itself disguised in interest payments and in the prices paid for raw materials and finished products, is appropriated in ways which enable expanded reproduction in other forms of production than pcp.

These arguments are the more powerful because pcp is *commodity* production. As Umar Salam writes quoting Marx in the context of the commodification of knowledge: ‘The objectification of labour, the sale of labour power as a commodity to the capitalist, creates the object of labour as something alien to the worker: “*The more the worker expends himself in work, the more powerful becomes the world of objects which he creates in face of himself, and the poorer he himself becomes in his inner life, the less he belongs to himself.... The alienation of the worker in his product means not only that his labour becomes an object, takes on its own existence, but that it exists outside him, independently, and alien to him, and that it stands opposed to him as an autonomous power.*” (Economic and Philosophical manuscripts p.83-84) Commodities become fetishified, the value relation between the labour which produced them having “no connection” with their physical properties<sup>49</sup>. From this contradiction comes reification in which social relations between human beings become conceived of in terms of objects.’ *It is a definite social relation between men, that assumes, in their eyes, the fantastic form of a relation between things.*’<sup>50</sup> Whether the direct producer is exploited on one market as labour or on several markets as pcp, s/he produces commodities and can reproduce only through relationships mediated through the exchange of commodities.

### *The logic of self exploitation*

However, while the separation between wage work and pcp may not be complete, neither is the separation of the producer from the means of production. For some analysts this endows the pcp form with the potential for ‘entrepreneurship’.<sup>51</sup> For others, this is a constraint on the real subsumption of labour to capital and its dynamic of technical change and rising labour productivity. The petty producer owns or controls a *restricted*

<sup>48</sup> For a similar classification, see Harriss J 1981 ‘Our socialism and the subsistence engineer...’

\*\*\*Lerche, 2010, develops the argument initiated by Bernstein, 2008, that the classic agrarian question is irrelevant to developing countries because the responsibility of agriculture in terms of releasing resources for non-agriculture can now be by-passed by other means in a globally connected economy . All that is left is an agrarian question for labour.

<sup>49</sup> In Marx’s often quoted passage: “*The bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley feudal ties that bound man to his “natural superiors”, and has left no other nexus between man and man than naked self-interest, than callous “cash payment”. It has drowned out the most heavenly ecstasies of religious fervour, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation. It has resolved personal worth into exchange value, and in place of the numberless indefeasible chartered freedoms, has set up that single, unconscionable freedom – Free Trade.*”

<sup>50</sup> U Salam 2010 ‘The knowledge economy – a critical enquiry’ unpublished D.Phil thesis chapter QEH, Oxford University, p34

<sup>51</sup> \*\*\*Guerin on micro credit

*and specific* means of production<sup>52</sup>, on which the value of work-time, measured by the realised product, can be *less* than that of wage work. The capacity to self exploit and the greater labour time invested in production at less than the prevailing wage than under formal capitalist production relations does not just undercut capitalist labour-displacing technical change, it is a mechanism for transferring resources/value from pcp to those consuming the product. While rural economists interpret this capacity as super-efficiency<sup>53</sup> - and it can result in the more efficient use of capital and of scale-neutral production technologies than under capitalism - it is actually super-self-exploitation of a sort which prevents pcp from accumulating.<sup>54</sup>

#### *The logic of the contradictory class place*

But while the previous argument focused on pcp as labour, under pcp there is no contradiction between labour and capital or between labour and management, labour and entrepreneurship.<sup>55</sup> Since capital and labour are embodied in the same enterprise, and since the capital of pcp (land, artisanal tools etc) is not to be presumed fungible, the petty producer does not seek to alter the material content of his/her capital in a way that would correspond to a search for profit maximization. Further, as Jha puts it: 'Its earnings can neither be classified as a reward for labour, nor as a payment for risk taking (i.e. profit) but are an amalgam of the two. The self-employed thus lie midway between the large scale, professionally managed capitalist enterprises of the private sector, and the working classes'.<sup>56</sup> It follows that there is no particular internal dynamic leading to differentiation and that if differentiation occurs it is due to its external dynamic.

#### *Risk*

In the absence of state-mediated security, unprotected risks - meteorological (rain, temperature), biological (sickness to plants, animals and poultry as well as to human beings) agro-ecological (soils in interaction with rain), economic (price spikes and shifts, the indifference of capital to the toxicity of products), political (sudden changes in physical security or in economic regulation) have special effects on pcp. They are the triggers for pauperising debt which may force the pcp household into (migrant) wage work or destitution. Petty producers may act collectively to insure themselves against some of these risks.<sup>57</sup> Micro level research in a wide range of sites reveals that 'risk aversion' as a way of life has 'long term and cumulative' implications related to

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<sup>52</sup> We forget livestock at our peril. ref \*\*\*National Dairy Development Board

<sup>53</sup> There are enduring controversies about the inverse size-productivity relation concerned with its logic and the interpretation of statistical evidence (\*\*\*Utsa Patnaik vs Dharm Narain) because of the centrality of the argument both to land reform and to a range of agrarian populist development policies.

<sup>54</sup> The physical energy efficiency of output from inputs can be greater under pcp than under capitalist relations - see Taussig p182-3 in ed Harriss, 1982 -for an agricultural example of the energetics of the petty commodity as an adjunct to wage work.

<sup>55</sup> Sankaran, 2008\*\*\*. This watering down of the concept bears no relation to the Schumpeterian sense of the word in which novel productive arrangements are stressed.

<sup>56</sup> Jha, P.S.1980, *India: A Political Economy of Stagnation*. Oxford. OUP, p95

<sup>57</sup> Ellis, 1992, *Peasant Economics* -\*\*\* see the fishing literature; see also agrarian practices such as intercropping.

disengagement with markets, to efficiency losses and to a reluctance to expand production by innovating.<sup>58</sup>

*The logics or multiple practices of exploitation and oppression*

Pcp is empirically found under oppressive conditions, by which is meant non-economic coercion in exchanges on the markets with which the producer engages. Two points are relevant. First, and contrary to wage labour which is exploited on a single market (that for labour), pcp is more comprehensively exploitable through exchange relations in at least four kinds of market (those for property (land, water), money, inputs and the product/commodity). Second, these exchanges also reflect extra-economic forms of authority. In his Economic Essays, Marx refers to these as ‘patriarchal and political admixtures’ which he expects to be eliminated from relations of exploitation.<sup>59</sup> But the dogged persistence of relations of caste, gender, ethnicity, religion, locality and generation reworked as social structures of modern capitalism is a challenge to most social scientific theories of modernity and institutional change.<sup>60</sup> We discuss them later. Mushtaq Khan has gone so far in the opposite direction as to term all non-market exchange ‘primitive accumulation’ (also discussed below).<sup>61</sup> This dilutes the concept beyond recognition. But between primitive accumulation, non-market exchange and non-economic coercion in market transactions, there is a continuum of expressions of unequal status and authority in contracts of exchange which have the dual effects of structuring pcp as well as weakening it.

So while all these relations suggest that accumulation does not take place, the form of pcp does not indicate any particular or definitive internal relations – its logics are many and varied. Without empirical evidence it cannot be reduced to disguised wage labour. The same indeterminacy of logic and role may be found in the case of certain named contractual forms; the best researched is that of sharecropping.<sup>62</sup>

*3.2 Persistence and reproduction of pcp*

Pcp proliferates not only through its many possible internal logics but also through its external relations. Since pcp is inserted ‘in markets (so) that its conditions of existence subject it to the full competitive conditions of commodity production under capitalism’<sup>63</sup> it is not entirely possible to separate the internal from the external. In this section we do not have space to examine the breaking of subsistence relations and direct production for use but have to confine discussion to the current relations through which pcp reproduces and expands.

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<sup>58</sup> Dercon S. 2006 Risk Growth and Poverty what do we know what do we need to know? *QEH working paper 148*

<sup>59</sup> Marx, 1863, op cit

<sup>60</sup> Space does not allow the development of this point here, but see Harriss-White 2003 *India Working* CUP

<sup>61</sup> Khan, M. 2004 \*\*\*

<sup>62</sup> Byres T (ed) 1983 *Sharecropping and Sharecroppers* London, Frank Cass

<sup>63</sup> Bernstein and Byres, 2001, p26 [ after Friedmann, H, 1978. ‘Simple Commodity Production and Wage Labour on the American Plains’. *Journal of Peasant Studies* , 6, 1, pp71–100.]

While the conditions of commodity production are rarely 'full' or 'competitive' – being instituted and socially regulated in many ways - we cannot avoid locating pcp in much wider relations of production, circulation and consumption. But quite how wide is not easily resolved. Pcp can be *residual* when advanced technology is used to increase the productivity of a small fraction of the labour force. In Altvater's political-ecological economy of 'The Future of the Market' for instance, pcp is the preserve of the informal economy and constitutes a scarcely disguised reserve army of surplus population.<sup>64</sup> But it is rarely completely unemployed for long - since that means destitution - and acts as an economic discipline only to other cognate segments of the informal economy. It can be created and reproduced as *structural* when capital is able to use a) low returns, b) the exploitation and oppression on many markets of more or less independent producers and c) the lack of need of high levels of consumption among those producers, as an organisational technology to sustain and expand profit. And this cannot be other than an 'advanced' organisational technology when capital also uses 'advanced' IT to measure, codify and control this process over vast geographical distances and different social formations.<sup>65</sup>

#### *Failure to accumulate: creation by multiplication*

In agriculture there are limits to investment in land. In non-agriculture capitals may be specific to the skill set of the producer, with limits set by techniques of production. But the inability of pcp 'to generate a more developed capitalism'<sup>66</sup> implies a teleology the lack of evidence for which we are problematising in this essay. The common explanation - that the persistence of pre or non capitalist social relations and forms<sup>67</sup> may be at the root of this lack of dynamism - privileges only one aspect of the logic of pcp at the expense of the rest (discussed above). It also ignores the possibility that what are pre capitalist relations may be re-worked to have content which sustains capitalist relations and that capitalism hardly ever undresses to its bare essentials but is almost always clothed in non-class social structures and relations.<sup>68</sup> Equally draped, pcp proliferates and *expands the productive forces by multiplication* rather than by the compulsion of accumulation of individual capitals. The form may multiply through mechanisms such as inheritance, institutions of (re)distribution, very low entry requirements, small loans or apprenticeships. To this extent we must qualify the definition of simple reproduction given earlier, in that while production remains more or less constant in an individual firm, a social surplus may be generated and invested in ways that can multiply pcp.

#### *Constraints on agrarian accumulation*

Relations of 'blocked differentiation' have been widely invoked to explain the persistence of petty production in agriculture not in terms of the internal logic of pcp but instead in terms of the failure to form polar classes. In turn there are two literatures. The first focuses on the point of exchange of the individual producer. The independence of pcp may be considerably if not completely undermined by the terms and conditions of

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<sup>64</sup> Altvater 1993

<sup>65</sup> Huws 2007? For general argument \*\*Check\*\* refs for Indian IT literature Ruthven for metal work

<sup>66</sup> Bernstein and Byres, 2001, p29

<sup>67</sup> *ibid*

<sup>68</sup> Harriss-White, 2003

interlocked contracts. Despite the convergence of stylised models of contractual interlinkages on land-money-commodity markets, there is a vast number of permutations and combinations of such contracts involving markets for land, water, labour, money, machinery, irrigation equipment, seed, chemical inputs (fertiliser, weedicides, insecticides, pesticides), products, transport, storage, processing, consumer goods, repair and maintenance, insurance, even markets for political access to the state. Bernstein gets at the heart of the matter by describing it as a struggle at the point of exchange ‘over the conditions of labour in the sphere of production’.<sup>69</sup> But there are very many points of exchange and it is these that distinguish it from the (disguised) wage relation. The terms and conditions are such as to tie the producer, constrain their present and future choices, stabilise the marketed surplus and reduce returns to production.<sup>70</sup> <sup>71</sup>Over and above interlocked contracts, simple delays in payments increase working capital requirements and may pitch pcp into debt relations to cover peaks in production costs. The terms of these relationships may also depress returns to production. Pcp can be tied through money advances in ways which make it hard to distinguish from ‘neo-bonded’ labour.<sup>72</sup>

The second literature shows how, like peasant production, pcp is subordinated to other classes. The literature on merchant’s and usurer’s or interest bearing capital<sup>73</sup> and on compulsive exchange relations and distress commercialisation<sup>74</sup> has these exchange relations at its heart. The merchant or moneylender has no incentive to assume direct control over tiny parcels of land. Apart from the logics of wage work versus self exploitation which involve greater wage costs for the capitalist,<sup>75</sup> the assumption of direct control has non-trivial transition and co-ordination costs. This family of explanations, these actually existing relations, indicate a characteristic of pcp avoided in the discussion so far – namely there is nothing in pcp *per se* that prevents the potential to generate a surplus and to invest in such a way that expands production. It is the relations of exchange and the transactions on markets which prevent this from happening. Removing these constraints would unleash a capacity to accumulate. Differentiation towards polar classes would then proceed apace.

#### *Constraints on non-agrarian accumulation*

Differentiation does not have to be blocked or contained by merchant’s capital for pcp to proliferate. Whatever happens in agriculture, differentiation into polar classes can expand with the development of a vertically integrated agro-industrial sector and diagonal investment in the non-farm economy. But the surplus generated in agriculture (via rent,

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<sup>69</sup> Bernstein, 1982 p173 in ed Harriss

<sup>70</sup> Of course they may also reduce transactions costs, above all on information.

<sup>71</sup> These are different conditions from tied labour provided with land or dwellings on estates, plantations or latifundia but they have the same effect of tying them, creating a production relation and enabling the concentration and fragmentation/ miniaturisation of land (Djurfelt, 1982, pp141-2)

<sup>72</sup> Breman J, I Guerin and A Prakash (eds) 2009 *India’s Unfree Workforce: Of Bondage Old and New*, New Delhi OUP

<sup>73</sup> See the review in Harriss-White, 2008, Appendix 1

<sup>74</sup> Bharadwaj, 1974

<sup>75</sup> Though share cropping is one way the capitalist may depress wage costs of production on his directly owned land (Byres, 1977) and this is happening in regions of India where it has never previously been recorded (Source: first hand field observation by the writer, northern Tamil Nadu, 2010).

profit, interest, and by the returns to trade, post harvest processing, transport and storage) is not transferred outside agriculture (via the terms of trade, savings and investment, and taxation ) on terms which release a classical accumulation process outside agriculture. Pcp also proliferates in the non farm economy with the same relations of constraint as in agriculture. Under more or less competitive capitalism, vertically integrated finance, insurance and/or manufacturing capital is linked with the supply of production technology and develops an active control over production in such a way that it prevents accumulation by the direct producer. The analogues to agricultural production under interlocked contracts and contract farming are subcontracting, outsourcing, ‘in-sourcing’,<sup>76</sup> and home working. Cost and risk may be shed by capital and legal and social obligations to labour are offloaded. Pcp is flexible and dispensible: it survives the tying of firms at peak seasons through delayed and partial payments while being shed at will. Using small satellites, the hub firm can discard the capital and repair costs of equipment, working capital, bespoke services, and the need for infrastructure. This firm avoids inspection by the state. It does not shed all supervision costs, since the finished product requires scrutiny (and often deductions are made from payments as a result). Through this flexibility pcp may subsidise the permanent wage labour force of a factory enterprise.<sup>77</sup>

#### *Constraints on collective action*

Connections among producing units create interdependence between pc producers (using their own means of production) and petty or other capitalists. Clusters and industrial districts generate economies of collective organisation and collective political ‘voice’, lowering the costs of information, skills acquisition, technical innovation and organisational flexibility, often theorised as being based on trust.<sup>78</sup> Caste- or ethnically stratified artisan clusters, locked into pcp by exploitative exchange relations, appear to express the institutional pre-conditions for flexibly specialised production but in practice are rarely able to escape ‘low equilibrium’ social organisation and productivity<sup>79</sup>

#### *Poverty-creating processes of capitalism and the creation of pcp*

Evidently pcp is not a tabula rasa – though in the development literature the small scale farmer and small enterprise are continually being re-discovered and celebrated as such. On the contrary pcp can be created as an outcome of contradictory processes of capitalism which prevent accumulation and create poverty even while they create wealth. Nine of them have been discussed elsewhere – they will not all necessarily create pcp being able to create wage-work and destitution too.<sup>80</sup> Pcp will be created by the multipliers of economic crises and of physical conflicts due to capitalism which pauperise classes un-pauperised before, though crises and conflicts will also fling labour into reserves of unemployment and precarious wage work too. Pcp will result from processes of commodification when the penetration of market exchange into spheres of the economy dominated by production for use is constrained in the manner described earlier.

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<sup>76</sup> In-sourcing happens when ‘independent’ petty producers bring their own machines and equipment into a factory not owned by them (Ruthven, 2008)

<sup>77</sup> The last part of this paragraph is taken from Harriss-White 2009.

<sup>78</sup> Roman, 2008; Basile, 2008.

<sup>79</sup> Cadene and Holstrom, 1998. This paragraph is taken from Harriss-White 2009.

<sup>80</sup> 2006 Poverty and Capitalism *Economic and Political Weekly* April 1<sup>st</sup> pp 1241-6

Primitive accumulation is of particular interest. Treated by most scholars of agrarian question as an epoch of history – of colonial plunder, slave raiding etc – it is the process of force used to separate labour from the means of production. But it is also an ‘original’ activity of amassing resources prior to their productive investment. An epoch of history for sure, it is also a process which necessarily continues to this day.<sup>81</sup> So while pcp is treated in an evolutionary way as disguised wage labour not entirely completely separated from the means of production, the fact that capital and labour are intertwined under generalised commodity exchange means that primitive accumulation could have succeeded in completely separating labour from its old means of production and yet non-market means are still needed to generate the micro assets enabling pcp. In India between 1947 and 2004, it is estimated that about 24m tribal people have been displaced by development projects – mainly dams - some up to five times, all without due compensation and most without any.<sup>82</sup> Yet in the non-agricultural economy of tribal regions, ‘own account enterprise’ by scheduled tribal people persists and flourishes in the records of the Economic Census – although it is little researched on the ground.<sup>83</sup>

*Social institutions and pcp – pre-capitalist relics or structures of accumulation?*

While faction and patronage or caste, ethnicity and religion do not need to be introduced into the argument to explain why pcp persists, they are so widely regarded as constraints on modern ways of transacting or ‘impurities’<sup>84</sup> that their Janus-faced role needs appreciation here. On the one hand such institutions and the technologies they regulate lose their economic purchase where they hinder accumulation (the collective management of tank irrigation has to all intents and purposes disappeared from South India for that reason). On the other hand, where they can sustain accumulation they are reworked.<sup>85</sup> Dalit business, Muslim artisanal production and tribal traders in non-timber forest products are kept subordinated and their accumulation is resisted by upper caste financiers, merchants and bureaucrats in the state.<sup>86</sup> ‘Non-market’ social institutions also can be mobilised to protect labour and challenge its exploitation and oppression.<sup>87</sup> Because of the flexibilities built into pcp, the petty producer is not compelled to realise an

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<sup>81</sup> see M Perelman 2000 *The invention of capitalism : classical political economy and the secret history of primitive accumulation*

<sup>82</sup> Along with the gross dereliction of laws intended to protect their status, their rights to forest and development see D Bandhopadhyay, 2010, ‘Denizens of the other India’ *Mainstream*, XLVIII, 21, May 15

<sup>83</sup> Lerche, 2010; Harriss-White B and K. Vidyarthi 2010 in (eds) Harriss-White and Heyer

<sup>84</sup> Hodgson, 2001, *Why Economics forgot History*

<sup>85</sup> As in the case of the evolution of caste associations into corporate business associations (Basile E and BB. Harriss-White 2000 ‘Corporative Capitalism: Civil Society and the Politics of Accumulation in Small Town India’ *QEH working paper 38*

<sup>86</sup> Respectively Prakash A, 2010, ‘Dalit Entrepreneurs in Middle India’ in (eds) Harriss-White and Heyer; S. Firdos 2010 ‘Re-organising space and livelihoods the experience of Muslims in Kolkata’ paper for the Colloque on *Muslims in Indian Cities*, SciencesPo, Paris. Q Contractor 2010 ‘Unwanted in my City : Peripheral living in Mumbai’ (idem) P Kanungo 2010 ‘Turmoil in the Adivasi Lifeworld’ Paper for the colloque on *Who is a Citizen in India Today?* SciencesPo, Paris

<sup>87</sup> Gooptu N and B Harriss-White, 2000, ‘Mapping India’s World of Unorganised Labour’ *Socialist Register* vol 37

‘average’ rate of profit or face bankruptcy as in a capitalist firm. Social regulations, norms and practices may operate to prevent pauperisation and destitution not only through redistribution and insurance but also through mechanisms of price formation.<sup>88</sup>

*The sphere of reproduction and the reproduction of pcp*

Just as labour and capital are inseparable in pcp, so the sphere of production cannot be separated from that of reproduction, the fact which defines ‘own account enterprise’ for in labour-force statistics.<sup>89</sup> There are many ramifications. There is no division between the public and private spheres; the unit of production is the unit of consumption; the firm is the household; profit and surplus for investment cannot be separated from consumption. The firm may exploit labour, family labour, but it is not paid a wage. Such labour works but is not a wage worker.<sup>90</sup> Family labour, its reproduction, is paramount - without that there is nothing; production is for reproduction rather than vice versa.

Like the other social institutions mentioned in the previous section, gender relations regulate market exchange;<sup>91</sup> but their role in the reproduction of the petty producing household is as important. While gender relations regulate *economic* change, gender, expressed throughout the spheres of production and reproduction, is one of the social institutions that are most resistant to change. In India women own far fewer assets than men. They reproduce pcp indirectly when their access to micro-credit is appropriated by men, which is common, and directly when they manage to use it to create assets of their own, which is rarer.<sup>92</sup> They also reproduce it through unvalued household work for use which subsidises (though not in a way that is commensurable) the undervalued work in pcp carried out by household members.<sup>93</sup>

*Capacities to resist external destructive forces*

That pcp persists and reproduces could mean that there is no change to its internal logic and external relations - given a set of circumstances - but it does not need to mean this. Persistence and proliferation do not have to imply a lack of struggle or ‘agency’, they can equally mean that forces and relations which constrain accumulation are matched with those resisting it or which avoid these forces. The internal logics of pcp can be understood as policing mechanisms. The dynamics of institutional change – creation, dissolution, persistence, reworking – result from the balance of forces between those urging change and those resisting them.

There is *no* ‘essential’ logic to pcp – its external relations are specific to different conditions and its internal logic is disputed and likely to be multiple. On the one hand this

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<sup>88</sup> Caille \*\*\*ref in Market romanticism. Arni.

<sup>89</sup> NCEUS 2008, para 3

<sup>90</sup> K. Sankaran 2010 Cambridge paper.

<sup>91</sup> Harriss-White 2003

<sup>92</sup> Da Corta and Venkateshwarlu have argued that the class position of rural women is consistently lower than that of men, 1999 \*\*\*– see also Da Corta L, 2010 *The Political Economy of Agrarian Change: Dinosaur or Phoenix?*, in eds Harriss-White and Heyer

<sup>93</sup> Garikipati 2010 ‘Micro credit and women’s empowerment: have we been looking at the wrong indicators?’ paper for the workshop on Micro Credit and Development, Solvay Business School, Brussels

form has immense flexibility; on the other it generates enduring relative and absolute poverty. And capitalism benefits from its cockroach.

### 3.3. Economic development for pcp

The contemporary Indian case does not resemble that of Africa in the 1970s whose literature is suffused with the damage inflicted by area-based (capitalist or state) development projects which could not undercut peasant production.<sup>94</sup> In S Asia, state-backed co-operatives have taken root successfully in just a few regions. The neo-liberal turn to India's agrarian capitalist transformation has attended to post-harvest distribution before production itself. It has succeeded in de-reserving foodgrains processing from the category of small scale industry, giving state support under the cover of 'markets' to a new scale of agro-industrial capital out of all proportion to local merchant's capital, regulating for joint ventures in food retail<sup>95</sup>, attacking street vending<sup>96</sup>; but lately also lifting land ceilings,<sup>97</sup> encouraging contract farming, issuing invitations to expand the plantation form,<sup>98</sup> and using the state to back private Indian capital in the land grabbing spree in Africa.<sup>99</sup> At present though, the African development solutions of the 1970s are not widely relevant to India's own land surface.

Very much alive, the state development project remains strategic, extractive, energetic, heavy-industrial and infrastructural (though they are increasingly mediated through PPPs). The state also retains partial control over a parallel distribution system of essential commodities to that of 'the market' paramount among which is foodgrains.<sup>100</sup> Despite state regulation of finance capital India also has a serious problem of undeclared capital flight.<sup>101</sup> Much of the economy is out of state control – the informal economy is two thirds of GDP and the black economy estimated at from half to two thirds that.<sup>102</sup> At this point, to take the part of pcp means to ask the analytical question what is being done under the informalised economy and the neo-liberalising state of India to address pcp.

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<sup>94</sup> Williams G 1994 'Why structural adjustment is necessary and why it doesn't work. *Review of African Political Economy*, 21, 60, pp 214 - 225

<sup>95</sup> (eds) S Rashid, A Gulati and R Cummings Jr 2008 *From Parastatals to Private Trade : Lessons from Asian Agriculture* New Delhi OUP/ Baltimore, Johns Hopkins O Frodin 2010 ' Bread and Licences: The Battle for Regulation of the Agro-food System', QEH, Oxford

<sup>96</sup> Te Lintelo 2009

<sup>97</sup> Sud N 2008 'Narrowing possibilities of stateness: The case of *land* in Gujarat' *QEH working paper no 163*

<sup>98</sup> Raman R 2009 *Global Capital and Peripheral Labour: The History and Political Economy of Plantation Workers in India* Routledge

<sup>99</sup> Vidal J 2010 (March 8<sup>th</sup>) '21st-Century African Land Grab' *The Observer*; J von Braun and R Meinzen-Dick 2009 'Land Grabbing' by Foreign Investors in Developing Countries: Risks and Opportunities *Policy Brief 13*, IFPRI, Washington

<sup>100</sup> Also other kinds of food (oil, salt, lentils), essential clothing and kerosene.

<sup>101</sup> Srinivasan, K. 2007 'Money Laundering and Capital Flight' in (ed) M Vicziany *Regional Security in the Asia-Pacific: 9/11 and after* \*\*\*

<sup>102</sup> Arun Kumar 2005 *India's Black Economy* \*\*\*

(This takes the rest of this section). The normative question of what might be done better is one we turn to in section four of this essay.<sup>103</sup>

The fact that in the 30 years since 1990 the proportion of own account enterprises in the non agricultural economy fell by 6% from 71% indicates a shift in the balance of logics. Since labour-hiring firms are rarely created from scratch in that form, it also shows that some petty production is able to change its logics and/or free itself from the constraints of its engagement with capital and grow. Likewise some pcg activity must have been destroyed to fuel the supply of wage workers – and some created new.<sup>104</sup> But is this a big change compared with other shifts in the structure of the economy? Much more dramatic developments in the social structure of production can be found in India. In northern Tamil Nadu for instance over a shorter period of 20 years the wage labour force in agriculture increased by 50%.<sup>105</sup> Does the state, as Taussig quotes Kautsky as suggesting, have an interest in subsidising this form of production?<sup>106</sup> If there are projects to transform rather than stabilise pcg have they made a radical difference? Does the state take the part of pcg?

#### *Many projects?*

Yes it does, though it does not use the concept of pcg. Like Africa India has listened to a torrent of international policy advocacy of an agrarian ‘populist’ kind. Unlike Africa, India has experimented with agrarian ‘populist’ development but in a project derived from Uncle Sam rather than MaoTseTung.

As early as 1959 with the Ford Foundation’s *India’s Food Crisis and Steps to meet it* agricultural production technology started to be transformed by targeting the already advanced regions and most well asseted producers in a rhetoric of developing ‘small farmers’. In fact the green revolution was a dynamic interaction of i) state owned and controlled investment (agricultural research, irrigation, fertiliser, electricity, co-operative and state banking credit in which pcg had no part except as the destination), ii) state regulation of markets (sales yards, contracts), iii) corporate capital (fertiliser, agrochemicals, land preparation and irrigation machinery,) and iv) local intermediate or petty capital (credit, product markets) – a massive economic superstructure tillering above the petty producer, who the scale neutral elements of the green revolution did manage to reach in regions with good water ‘governance’.

As early as 1976 John Mellor’s *New Economics of Growth* was pressing the case for ‘agriculture first’ to dynamise the non farm economy by generating consumption linkages that would create demand for products created by small firms in rural sites under labour

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<sup>103</sup> There is also an epistemological question of how we know what is being done – but to answer that question is another project.

<sup>104</sup> See the study of counterflows of mobility by Bhaduri A, H Zillur Rahman and A-L. Arn 1986 Persistence and polarisation: A study in the dynamics of agrarian contradiction *Journal of Peasant Studies* 13,3, pp 82 – 89

<sup>105</sup> 1997 with S. Janakarajan ‘From Green Revolution to Rural Industrial Revolution’ *Economic and Political Weekly* XXXII, 25 pp 1469- 77

<sup>106</sup> Taussig p 180 in ed Harriss 1982

intensive production conditions. This is pcp in disguise (rather than disguised labour). It would stimulate the creation of the home market. In India, despite the multiplication of rural sites – and credit - for small scale industry, evidence rapidly appeared that the structure of demand of those in possession of agricultural surpluses would be indistinguishable from that of metropolitan consumers at the same income levels. Lately under neo-liberal assumptions about states, small farmers are found to champion economy in labour costs, and improvements in equity. That subsistence production ‘saves the costs of marketing’ has been rediscovered. A minimalist state project for them would involve the rule of law, and infrastructure, the encouragement of producers associations and NGOs for scale and information. (Addressing adverse exchange relations or price instabilities other than through relying on new agricultural commodity exchanges where futures markets will be developed sits uncomfortably outside the aegis of the neo-liberalising state).<sup>107</sup> In the face of decades of relative neglect, indifferent agricultural growth and evidence of growing agrarian crisis, the Indian government’s 2007 Finance Ministry Report on *Agricultural Debt*, an outstanding analytical achievement, repeats these kinds of policy recommendations uncritically.

At its best this literature understands pcp as capital. Its role as labour is ignored. The efficiencies on which such agricultural populism builds are of an exploitive kind and might not exist without articulation with capitalist forms. These are generally excluded in ‘populist’ plans. Or they are described as market failures to be overcome by collective action, or residualised as hostile opposition against which the escape hatch of ‘political will’ is invoked.<sup>108</sup>

India’s non farm rural and urban economy faces at least one development paradox. On the one hand small enterprise sites itself deep in the gulleys of the informal economy, far from state scrutiny. But on the other much informal activity takes place ‘as if’ the state regulated it and the state itself has protected and regulates certain sectors quite expressly for pcp. And 40% of India’s manufactured exports are generated by what it does not regulate.

The state promotes pcp not through ‘small scale industries’ (since SSI is a giant leap forward from pcp). It protects pcp in certain sectors (e.g. until recently handloom weaving) and in the ‘tiny’ scale of enterprise (which is also a quantum leap larger than most pcp). To these – as also to a slate of handicrafts and village industries - it provides development templates and small resources for subsidised capital, infrastructure, marketing, technology upgrading.<sup>109</sup> The project looks coherent and supportive until examining the resources devoted to it, which are inadequate, the goods produced, for

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<sup>107</sup> World Bank 2008 *Agriculture World Development Report*, Washington; Hazell P C Poulton, S Wiggins and A Dorward 2007 *The Future of Small Farms for Poverty Reduction and Growth Discussion Paper 42 2020 Vision* IFPRI, Washington

<sup>108</sup> See Hazell et al 2007 op cit for examples of the last two.

<sup>109</sup> <http://exim.indiamart.com/ssi-policies/policy-tiny-sector.html> accessed 19.6.10

which there is little demand, and the competition, which the state either cannot prevent (Chinese garments overwhelm the handloom sector<sup>110</sup>) or seeks not to prevent.

From 2004 the United Progressive Alliance, dominated by the Congress Party has dealt with the poverty of its voters in a shift towards rights based development – the rights to information, employment, education and food. It has also embarked on a project of Inclusive Development. Although the main criticism levied at these projects is that the rights project is uneven and underfunded at the local level and that the second is stuck in the aspic of commissions of enquiry, and draft legislation, it needs mention here. Exclusion from development is now defined not so much in terms of lack of access to the means of production and not so much by lack of income and lack of access to core attributes of human development but in a post-modern way by identity – dalit, tribal and minority religion. After the Sachar Commission on Minorities, the project of inclusive development has introduced the further complexity of creating formal space for religious identity, particularly that of Muslims, inside the secular state.<sup>111112</sup> In the name of development it adds to the politics of identity-based competition, since the development at issue is reserved employment in the state. ‘Inclusive development’ is not realising a project for pcp.

The National Commission for Enterprises in the Unorganised Sector, which produced 9 substantial reports in under 5 years, has attempted to outline a strategy specifically for pcp reeling from the impact on the real economy of the Wall Street crisis. Along with universal social protection, this emphasises the improvement of industrial capabilities (to respond innovatively as labour intensive export sectors are under threat) and to resuscitate growth poles to generate economies of agglomeration. Skills, technology, credit, services and human development, all currently restricted to the formal sector, need investment.<sup>113</sup> But the crisis plan has not been taken up<sup>114</sup>.

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<sup>110</sup> This competitive advantage is thought not to be due not only to economies of scale in China which can undercut self exploitation in India but also due to the undervalued currency.

<sup>111</sup> Z Hasan, 2010, ‘Muslims and the Challenge of Inclusion in Emerging India’ Paper for the colloque on *Who is a Citizen in India Today?* SciencesPo, Paris. If course the state has been informally desecularised from the start , see Prakash, 2010 for relations between the state and dalit business.

<sup>112</sup> In the constitution of independent India, provision was made for positive discrimination for caste and ethnic groups which have suffered centuries of contemptuous treatment. Positive discrimination has been confined to education and the state bureaucracy. There are lively debates about whether the descendents of those benefitting from positive discrimination should be ineligible, whether social taint endures improvements in well being and justifies positive discrimination in perpetuity, whether positive discrimination should be extended to the (formal) private sector, whether the divisive politics of identity that has emerged in part as a result might be better addressed by a universal income guarantee (Thorat S. Aryama and P Negi (eds), 2005, *Reservation and Private Sector: Quest for Equal Opportunity and Growth*, Rawat ; Standing G 2000 *Unemployment and Income Security*, Discussion Paper prepared for Geneva 2000: Follow-up to the World Summit on Social Development, Programme on Socio-Economic Security

Papers No. 3, ILO, Geneva.

<sup>113</sup> NCEUS,2009\*\*\*, see also Kannan 2008\*\*\*.

If there are a range of projects to stabilise pcp, they are not set up explicitly to prevent differentiation. Yet, if they succeed it tends to be in the latter respect rather than the former.

### *Incoherent projects*

No the state doesn't have a project for pcp. Why would it subsidise a form that is more efficient than other forms of capital? The Indian state's relation to the pcp form is better understood as *contradictory*, simultaneously endorsing actions which destroy pcp, protect it, promote it and permit it through enforcement failures and neglect.<sup>115</sup>

First, the state destroys pcp by means such as physical eviction and by displacement as a result of promoting capital-biased technology and organization. Resistance to land seizures for SEZs . involving an entirely new scale of capital has drawn blood and also drawn management consultancies into taking notice of the level and phasing of compensation, if not of the need to provide alternative livelihoods.<sup>116</sup> Controversies around the Indian supermarket revolution include its destruction of 'kirana' or 'mom and pop'(sic) stores as well as the destructive effects of strict quality/hygiene standards and the costs of tracability to small farmers at one end and street traders at the other.<sup>117</sup>

Second, the state subsidises and promotes small enterprises through the sphere of reproduction – via a large set of arbitrary general purpose infrastructural and social sector interventions aimed at sustaining the lives of poor households outside the workplace.<sup>118</sup> Gains against rank poverty and for human development may be secured through a combination of income transfers, compulsory education and school feeding schemes for children, universal pensions pegged to a minimum wage and secure procurement from petty producers<sup>119</sup> Insofar as they stabilise the costs of reproduction, they act as a non-market insurance against risk. In so far as they reduce the costs of reproduction of a pcp household they release resources with which to expand production. But in India this kind of package, unlike that of the Green Revolution, is not conceived in package form. It is

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<sup>114</sup> Breman J 2010 'India's Social Question in a State of Denial' *Economic and Political Weekly*, XLV, 23, pp42-6, June 6th

<sup>115</sup> Combinations of these forces may operate at a given time and place, and it would be very difficult systematically to test any one of the relationships between the state's ambivalence, contradictions and selective failure to enforce its procedure on the one hand and the flourishing of self-employment, family firms and small enterprise on the other.

<sup>116</sup> McKinsey 2002 \*\*\*and KPMG 2004\*\*\*

<sup>117</sup> Reardon, T., A. Gulati, and B. Minten. 2010. The Transformation of Food Retail in India and its Impact Downstream and Upstream in the Food System, Report joint between MSU and IFPRI New Delhi Office; Hazell et al 2007; te Lintelo D., 2009, The spatial politics of food hygiene: Regulating small-scale retail in Delhi *European Journal of Development Research* 21, 63–80.

<sup>118</sup> Finer C and P Smith (eds) 2004 *Social Policy and the Commonwealth: Prospects for Social Inclusion* Macmillan

<sup>119</sup> see D Sousa and D Chmielewska 2010a Food Production and Food Access Brief 110; and 2010 b Market Alternative for Smallholder Farmers *Working Paper 64* UNDP International Policy Centre for Inclusive Growth

very far from universalised and its elements are developed in an *ad hoc* manner.<sup>120</sup> Even the Bills to provide social security to the unorganised sector are fractured between agriculture and non-agriculture and float in the doldrums of the Parliamentary process.<sup>121</sup>

Third the state promotes production by small enterprises, not just ring fencing certain labour-intensive sectors e.g. textiles (second to agriculture in importance to the labour force), a sector which we saw is unraveling. While the most successful co-operatives were organizations of labour-hiring capitalists (milk and sugar) and the least successful were agricultural credit co-ops, co-operatives for some kinds of pcp, e.g. beedis have managed to create ‘capitalism without capitalists’.<sup>122</sup>

Fourth, to prevent mass unemployment, widespread malnutrition, etc, it implements – more or less exiguously - policies that prevent the destruction of small scale production, trade and services. For instance it provides municipal market-places<sup>123</sup> and sites for periodic markets and rations credit for agricultural production and the tiny sector.<sup>124</sup> From 2005 onwards, the state has subsidized and permitted a mass of more or less experimental micro finance arrangements currently targeted at (‘self help’) groups of women.<sup>125</sup> But the state also condones and does not police the onward lending of ‘formal’ credit on unregulated terms and conditions which were shown earlier to prevent borrowers from accumulating. And micro-credit is commonly vired from less asseted individuals within a household (women) to better asseted ones (men).<sup>126</sup>

Fifth – the unintended effects of other interventions sustain pcp. The National Rural Employment Guarantee Scheme providing by law 100 days of work per family demanding has tightened the market wage in some areas.<sup>127</sup> But in raising the wage locally the employment guarantee makes it easier for pcp to undercut wage work. In doing the state accidentally permits and preserves small enterprises it cannot regulate while doing nothing about the forces restricting accumulation. Its infrastructural responsibilities to employers are avoided when production is outsourced to petty producers. It does not enforce laws through which the super-exploitative advantage of petty production would be abolished. Nor does it enforce fiscal measures that would threaten through taxation the nutrient-bed of petty production. Pcp persists through neglect and the small individual capitals involved do not accumulate sufficiently for the revenue from tax to outweigh the costs of its collection.

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<sup>120</sup> Oxfam ND 2009 social security paper\*\*\*

<sup>121</sup> NCEUS 2006\*\*\*

<sup>122</sup> ‘Centralising capital without expropriation’ - Djurfeldt 1982 p146

<sup>123</sup> Harriss-White B et al forthcoming *Three Essays on Dalits in Business*

<sup>124</sup> Ramachandran and Swaminathan\*\*\*. Credit is currently in an expansion phase, Fouillet, 2009\*\*\*

<sup>125</sup> Usha Thorat \*\*\*Cyril Fouillet 2009 op cit; Supriya Garikipai 2010 op cit

<sup>126</sup> Garikipati, 2010, op cit

<sup>127</sup> Reddy D.N. 2009 on NREGA \*\*\*

The state implicated in this account of pcp is one which may have had a ‘passive’ or ‘bourgeois revolution’ as its project<sup>128</sup> but which has actually created a petit bourgeois revolution for which it does not have a coherent project other than trickle down.<sup>129</sup>

States have ‘populist’ projects only by electoral accident in cases like Tamil Nadu. Elsewhere, where the common man and low castes have gained electoral power, their objectives appear to be confined to the political. There is no economic project by dalits for dalits mediated by the state where dalits have gained power. Apart from the limited purchase of land reform,<sup>130</sup> there has been no project for pcp under democratically elected communist party rule.

### *3.4 The politics of pcp*

We will follow the example of Williams who devoted less space to peasant politics than to peasant economics. Unlike Williams on peasant politics however and in the light of our arguments so far we cannot parallel his certainty and will develop the argument by testing competing possibilities. Much has been written about the politics of ‘intermediate capital’ and ‘intermediate regimes’ involving an alliance between rich peasants, the self employed outside agriculture and the bureaucrat who is self employed through the supplements he corruptly earns over and above his salary. The grand coalition of intermediate classes fosters state capitalism to promote and nationalise economic growth, from which it specifically benefits to the detriment of more broad based development. Their mode of accumulation is through politics, particularly through manipulating a politics of scarcity.

Whether an intermediate regime existed in India is hotly debated but liberalisation has certainly threatened the existence conditions of such a regime.<sup>131</sup> Elements of the intermediate classes survive and thrive in liberalised India but the empirical evidence is for and against the politics of what in the context of this essay we would call petty capitalism rather than pcp – the embodiment of capital and labour but able to employ labour too. *Is there a distinctive politics of petty production?* We examine five interpretations of the role of this form in Indian class politics.

#### *Political society: pcp in a grander coalition than intermediate classes*

Petty producers are the archetype of what Partha Chatterjee has termed ‘political society’ practising a distinctive politics from bourgeois, law-governed civil society. Because of its numerical electoral importance, democratic politics involves stability transfers to political

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<sup>128</sup> Kaviraj S. 1991, ‘On state, society and discourse in India’, in J. Manor (ed.), *Rethinking. Third World Politics* (pp.72-99). London/New York, Longman; Partha Chatterjee 2008 ‘Democracy and economic transformation’ \*\*\* EPW

<sup>129</sup> ‘The NCEUS ‘struggles to bring the informal economy to the policy agenda’ (Papola, 2008,\*\*\* p6). This section has been developed from Harriss-White 2009 GLJ op cit

<sup>130</sup> Land reform amounted to securing and regulating the rights of share croppers through registration. It affected 8% of cultivated land in West Bengal B. ROGALY, B. Harriss-White and S. Bose (eds), 1999, *SONAR BANGLA? AGRICULTURAL GROWTH AND AGRARIAN CHANGE IN WEST BENGAL AND BANGLADESH*, New Delhi/London/Thousand Oaks: Sage.

<sup>131</sup> McCartney M and B Harriss-White 2000 Intermediate Regime and Intermediate Classes Revisited *QEH working paper 34*

society in order to compensate it for the degradations of the new wave of assets-stripping and primitive corporate accumulation. These transfers are the quid pro quo of the current era of corporate hegemony (Chatterjee, 2008). This is a form of politics in which the force of numbers confronts the force of corporate capital. But Chatterjee's theory fails to recognise the retreat of the state in exactly the sectors and era he identifies as being distinctive for their expansion. It bundles the entire differentiated non-corporate economy up as political society and ignores the use by political society of political tactics Chatterjee associates with civil society. The political field of transfers in which the claims of political society have moral legitimacy is the election but it is universal public knowledge that funding for elections streams from the black economy in such a way as to ensure that primitive accumulation is at the very heart of democracy. While Inclusive Development is a political tool no doubt, the idea that pcp has democratic clout and legitimacy enough to drive significant stability transfers whichever party holds central power does not stand up to scrutiny.

*Populist mobilisation: movement politics and pcp as capital*

Despite the dispersed locations of pcp which are widely understood to prevent organisation, there is compelling evidence for pcp as an active partner in cross-class coalitions within agriculture and in corporatist politics in the informal economy. Wherever they develop, farmers' movements incorporate pcp and capitalist farmers on a slate of common interests in input-product price relationships and higher and stable returns to production.<sup>132</sup> This requires appeals to the state to improve the relations of incorporation while the relations preventing this are market-mediated. Interlocked, tied contracts and delayed payments may link unequal parties within the agrarian coalitions). Pcp are rarely net producers with the same interests in high prices for wage goods; as net consumers their interests align with those of wage labour.

The analogue in the non-farm economy is the trade or business association where pcp finds common cause with petty and not so petty local capital. The definition of proper contracts, collective insurance, collective representation to the state, the control of labour and of prices in derived markets link pcp activism with a class which may simultaneously oppress and exploit them. These business organisations often evolve from caste associations and although they are being de-exclusivised, caste solidarity has distinct micro-political reproductive and productive advantages for pcp in the form of exclusive entry, apprenticeships and other such characteristics of guilds. When it comes to the organisation of the spatial territory of the marketplace or the settlement of disputes interests of pcp qua labour rest at the foot of the caste-corporatist agenda.

As Williams concluded for peasants pcp 'remain committed to the institutions which are the means of their exploitation and oppression'.<sup>133</sup>

*Labour mobilisation and pcp as labour*

Much of what we know about pcp is at the mercy of the labour statistics. These classify self-employed own-account workers (who may use family labour but who do not hire-in

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<sup>132</sup> Lerche\*\*\*, Glyn Williams \*\*\*for N India; Pattenden S India\*\*\*

<sup>133</sup> Williams p 394 in ed Harriss (1982)

labour) in the informal sector alongside the self-employed who do hire labour as informal employees – based on the high probability of being small scale, lacking social protection and contracts and being vulnerable to arbitrary regulation. Yet wage workers are also informal employees - thereby creating the remarkable anomaly that exploitive employers are classified as equal to their employees. Both are de-classed.<sup>134</sup>

Labour laws are also premised on the employer-employee relationship in which pcp is also a weak anomaly. The Beedi industry is the only one where the law has conferred employee status on pcp outworkers and homeworkers under the Contract Labour Act giving them legal protection of wages and social security benefits.<sup>135</sup> In all other industries including state corporations it has not been possible for courts to rule that the employer of a sub-contractor is the employer of the direct producers. As a result, not only do pcp have no labour rights but regular wage-workers also cannot raise a dispute on behalf of sub-contracted labour.<sup>136</sup>

From 2002-6, the ILO argued for pcp to be organised by Workers in their own tripartite organisation but has left the veil masking labour relationships as commercial ones to national labour policy to lift on a case by case basis. Neither the demands of the final NCEUS report nor the draft social security bill languishing in Parliament do this. They include all pcp in the informal sector as labour.<sup>137</sup>

While only 8% of India's workforce is unionised, mostly in the formal sector, now that certain unions have belatedly striven to reach out into the informal, 'unorganised' economy they have been able to recruit pcp disproportionately to casual wage workers. Yet, as Lerche writes, '(t)he focus appears to be on establishing a regulatory framework for conditions of work and pay, and promoting welfare issues, rather than undertaking more classical grassroots union activities concerning day-to-day conditions of work and pay within enterprises.'<sup>138</sup>

It is a paradox that in classifying and mobilising pcp as labour, and in acknowledging that self employment can include small labour forces, the role of capital in its combined pcp form or as capital remains unnoticed.<sup>139</sup> Meanwhile distributive shares among labour-employing firms in the informal economy have swung massively towards profit and

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<sup>134</sup> . K Sankaran 2008 'Informal Economy, Own Account Workers and the Law: An Overview' WIEGO Law Pilot Project on the Informal Economy

<sup>135</sup> The CLA is an addition to the Industrial Disputes Act and the Industrial Employment Act which regulate work (wages, working hours, terms and conditions, leave, and conditions of dismissal)

<sup>136</sup> Sankaran argues that it is a proper response to the complexities of work arrangements to include pcp under labour laws rather than setting about creating a different legal regime for them Sankaran, 2008, op. cit.; Sankaran K 2010b 'Flexibility and Informalisation of Employment Relationships : the Role of Labour Law' Paper for the conference Blurring Legal Boundaries : Commercialisation and Informalisation of Work International Institute for the Sociology of Law, Onati ]

<sup>137</sup> Their demands include an 8 hour working day, a rest day, minimum wages, prompt payemtn without arbitrary deductions and the right to organise NCEUS 2009 *Main Report* New Delhi.

<sup>138</sup> Lerche, 2010

<sup>139</sup> Breman, 2010, p43

capital.<sup>140</sup> The possibility of a new labour politics in which the social security of pcp is resourced through cesses levied at the points of market exchange currently faces denial in courts and is in a foetal stage as a political project<sup>141</sup>.

### *Pcp for pcp*

In the mobilization of pcp specifically for itself, the Indian SEWA has played a unique role. First it is the largest union of informal workers worldwide and has led to a host of smaller and more specific adaptations. Nearly 40 years ago it started by training the wives of textiles mill workers but now, it has over 1.2m mainly urban self-employed members. Even so, this is but 1% of the urban self employed workforce. SEWA mobilizes self-employed women in over 80 trades 'to obtain work security, income security, food security and social security (at least health care, child care and shelter)' [[www.sewa.org/](http://www.sewa.org/)]. It has developed a politics of organization and bargaining with the state as much as with employers - who refuse to engage in that capacity. Second, SEWA is a legal federation including a trade union, a bank, health insurance collective, a pension fund, co-operatives, an academy, a housing trust, non-profit trade facilitation centre, a set of SEWA organizations for research, training, and communications, an eco-tourism enterprise, cleaning co-op, housing, sanitation and infrastructure services, health, child care and legal services (ibid) - each moving on a track from being subsidised to commercial viability and cross subsidy. Third, it also is a movement working with the state producers' groups, social security NGOs and co-operatives, savings and credit groups, with gains in social security,<sup>142</sup> collective action in production and micro credit. Unlike the case of the trades unions it has made some political inroads into production conditions. Like trades unions its considerable achievements are a drop in the ocean.

In addition SEWA has strong international networks and funding. These capacitate its international lobbying and policy making activity but are not easily replicable.<sup>143</sup> When outside funders act as trustees of pcp, it is not so much the *outside* funding that is a problem. The problem is that to be effective this mobilisation needs funding on a scale that needs outside involvement. This permits it in the first place but, in creating a political mobilisation articulated with institutions of foreign development philanthropy, it also limits its scope.

### *The Maoist mobilisation: the revolutionary potential of pcp:*

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<sup>140</sup> There is little research on this. One long term study of local agro-capital found the distributive share had shifted from 25:75 to 85:15 against labour over the twenty years from 1973 to 1993 (Harriss-White B forthcoming *Local Capitalism* Three Essays Press /MIDS Working Paper

<sup>141</sup> Sankaran, 2008, 2010b

<sup>142</sup> Jhabvala et al 2001 \*\*\*

<sup>143</sup> 'They include organisations for the self-employed in the informal economy (e.g. SEWA (the Self-Employed Women's Association) and the National Alliance of Street Vendors (NASVI)), as well as slum movements and new unions (such as the fish workers' union, the National Fish Forum (MFF), and the *adivasi* forest workers association (VIKALP)). In 1995 a coalition of informal sector unions, the National Centre for Labour (NCL), was set up providing an umbrella for many of them.' Lerche, 2010

Williams concluded that a Maoist agriculture-first politics would best serve the interests of the African peasantry. In India the Maoist movement is said by the Prime Minister to have a significant presence in a quarter of its districts and 20 of its 28 states.<sup>144</sup> It is difficult to find material theorising their political economic project. A remarkable Government of India report on *Development Challenges in Extremist Affected Areas*<sup>145</sup> argues that support for Maoists stems from decades of utter neglect – in regions where the state effectively does not exist and where the people are not citizens in any sense.<sup>146</sup> In emphasising land to the tiller the several earlier Maoist movements had a project speaking to the most elementary form of security needed by such people. Others reason that Maoist revolutionary politics resonates with people whose experience is not of neglect but of decades of violation – first their forests were taken by the state and land was seized for infrastructure (notably HEP schemes); now they are engulfed by a wave of forced and poorly or un-compensated separation from the means of production - even from their newly reformed rights in forests - by land surface seizures and by MoU's in regions with metals and minerals underneath.<sup>147</sup> Alpa Shah shows that over and above this, Maoists have recruited educated upper-caste youth, seized control of the informalised markets in protection and exploited conditions sabotaging trust.<sup>148</sup>

India's advantage is in cheap production conditions; it relies on transfers of technology though foreign ventures that will never allow 'India' complete acquisition of technological frontiers. India will be continually dependent on imported components generating balance of payments imbalances. Faced with China's power in manufacturing and lacking the skills required to dominate the global service economy the Indian capitalist elite is turning to extraction to generate foreign exchange and profit. We saw earlier that compensation for development induced displacement is the rejected orphan of Indian development policy. For some of those whose livelihoods are compromised by the Indian state and corporate capital, where NGO activism and indigenous rights movements have little success in resistance or compensation, there evidently is no alternative to extra-parliamentary movements which educate and mobilise them and also use armed struggle.

The two main factions of the Maoists merged in 2004<sup>149</sup> and prepared a document for the CPI(Maoist) *Strategy and Tactics* in which there is a disaggregated analysis of classes of pcp. It includes i) semi-proletarian petty production (handicraftsmen, hawkers, fishers, rickshaw drivers and pullers and domestic service) - these are 'continuously becoming

<sup>144</sup> Shah 2010 'Annihilation is the last choice' *Economic and Political Weekly* XLV, 19, pp24-9

<sup>145</sup> Government of India 2008 *Development Challenges in Extremist Affected Areas* New Delhi, Planning Commission

<sup>146</sup> T.H. Marshall distinguished political, economic and social citizenship (1949) arguing that achieving each was a political process which would involve class struggle. Indian research has privileged political citizenship (Mitra 2010 and forthcoming). Economic citizenship as a political project is in its infancy (Prakash and Harriss-White 2009).

<sup>147</sup> Kanungo, 2010, op cit. Alpa Shah in interview with the CP(Maoist) leader Gopalji records that it is not development that Maoists oppose, it is seizure without compensation. (2010 op cit)

<sup>148</sup> A Shah forthcoming, *India Burning: the Maoist Revolution* in (ed) I Clark-Deces *A Companion to the Anthropology of India* Blackwell

<sup>149</sup> The CP(Maoist) was banned as a terrorist organization in June 2009.

part of the proletariat'; ii) the middle peasant, the rural petty bourgeois, who is described as self-sufficient or exploiting others and subject to exploitation by others : a 'reliable ally'; iii) the labour-hiring rich peasant who is 'neutral' or a 'vacillating ally' because of their class conflicts with feudalism, comprador bureaucrat capitalism and imperialism; and iv) the petty bourgeoisie – classified into three sections according to earnings, the lower strand of which (small traders, and artisans and lower level professionals) are 'reliable allies'.<sup>150</sup> The CPI(Maoist) asserts the 'organisational discipline' and revolutionary potential of an alliance of these classes against imperialists, feudal landlords, and comprador bureaucrat capitalists. Their strategic project is to use armed struggle to seize feudal agricultural land, reform land rights and establish co-operative production, mobilise labour for irrigation works, stop the plunder of forest wealth, halt repayments of debt, reject taxation by the Indian state and replace it with progressive levies of their own, establish control of rural tracts, establish courts schools and health centres and lay siege to towns while recruiting urban workers.<sup>151</sup> Virtually nothing is known about the interests of agricultural and non-agricultural petty producers in this 'peoples' war'. Rather than struggle for big revolutionary ideas, the revolution within the revolution – the immediate political aspirations of local people - appear to focus on improving existing conditions of production (wages, terms of sharecropping contracts etc).<sup>152</sup> The Chhattisgarh police have coined the term Operation Green Hunt<sup>153</sup> epitomising the state's ongoing militarised –rather than developmental – response to mobilisations whose own idioms and moral economy are that of family and kin.<sup>154</sup>

There is no distinctive politics of pcp - unlike that of African peasants in 1970s. Pcp is discursively incorporated in grand alliances of capital and in revolutionary projects for labour; in practice its politics range from participating in focussed alliances with fractions of capital, through those with labour, via attempts to mobilise self employed producers for themselves. Despite its power of numbers and pcp's flexibility it is not a class force for itself and it is unlikely ever to be one. It has never generated a political party. The class which acts most consistently as a trustee for pcp is labour, but labour itself is a fractured and pulverised class in India and, despite the conclusions of the CPI (Maoist), the potential of pcp for differentiation makes it both in theory and in practice a not wholly reliable ally.

*4. Development? What is to be done? Re-conceiving the agrarian question for energy*  
Pcp may sometimes be the unintended outcome of development projects, but it is the outcome of capitalist developments, here to stay, as modern a kind of capitalism as the corporation but without a single politics, just as there is no single capitalism.

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<sup>150</sup> CP(Maoist) 2004 *Strategy and Tactics* <http://www.bannedthought.net/India/CPI-Maoist-Docs/index.htm> ch 2 pp 19-28

<sup>151</sup> Op cit p 67; see also Shah 2010 op cit

<sup>152</sup> Shah, forthcoming

<sup>153</sup> Overwhelmingly those hunted are in their twenties or less, either those who can be maintained using the local social surplus or those contributed from families to the revolutionary armies.

<sup>154</sup> Shah forthcoming op cit

When Gavin Williams took the part of peasants he deployed parsimonious definitions of development and modernisation, which he yoked together. Development was the use of the capacity of advanced technology to increase the productivity of labour while modernisation involved the adoption of complex form of organisation of production and administration. Virtually none of the great body of scholarship on the agrarian question to which he contributed considered the waste products of development and modernisation - of the transitions and transformations discussed here.<sup>155</sup> Under capitalism the physical degradation of energy and materials after the cycle of production and consumption, and their reconstitution in forms potentially capable of entering into production again, is so completely at variance with the time-scale of capitalist production cycles that the waste process is 'irreversible'. Though some re-enters the cycle of accumulation as a raw material, most waste is useless to capital. But these waste products now tower over any project for development, especially as they belch into the sky.

It is more than an irony that the drivers of social progress also break the nutrient cycle, it is a tragedy. The spatial appropriation and dislocation of metabolic flows has been a key aspect of capitalist accumulation.<sup>156</sup> Whether capitalism can transcend fossil fuel is a question unresolved even among critical scholars – and the stakes could not be higher. While on the one hand it can be argued that there is no reason why capitalism cannot dematerialise (though insodoing it may not create livelihoods)<sup>157</sup> on the other the physical fabric of the capitalist economy is the product of dense fossil energy which cannot be substituted for by renewable forms.<sup>158</sup> The relative contribution to environmental degradation of labour and pcp versus capital in all its other forms is also unresolved and bears high stakes. On the one hand advanced accumulation may use energy increasingly more efficiently than petty forms but the compulsion of growth outweighs these gains. It is the rich who generate the CO2 and the poor whose risks are rising due to climate change.<sup>159</sup> This is to essentialise CO2 however and it is pcp (articulated to capital) that is forced directly into ever more extreme and delicate habitats which it degrades with widespread destructive biospherical multipliers.<sup>160</sup> But in India it has also been pcp that has developed recycling.<sup>161</sup> Taking the part of pcp means at the very least supporting measures which help pcp brace for climate change and expressing solidarity by stopping causing it.

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<sup>155</sup> Bernstein and Byres deplore this omission during their tenure as editors of the *Journal of Peasant Studies* (2001, op cit).

<sup>156</sup> Burkett (2006, p. 172). 'Capitalist production ... only develops the techniques and ... the social process of production by simultaneously undermining the original sources of all wealth – the soil and the worker', Marx, *Capital* 1, 1976, pp. 637-38, cited in Foster (1999, p. 379).

<sup>157</sup> Buck 2006/7\*\*\*. Beware the celebration of the dematerialisation of the service economy. Google's British data centre is said to use as much electricity as all the Medway towns combined.

<sup>158</sup> Apart from his advanced argument about crisis and fossil fuel – to recapitulate. Altvater, 2006/7TO DO \*\*\*

<sup>159</sup> See Billets for India 2009\*\*\*

<sup>160</sup> Singh P 2008 'Capitalism's Multiplying Crisis' *Economic and Political Weekly* October\*\*\*

<sup>161</sup> Gill, K 2010 *Of Poverty and Plastic* OUP New Delhi

But there is also a glaring need to reconceive development. The dynamics of capitalism neglects *restitution*. When, after the US economist Henry Carey, Marx called capitalism a ‘robbery system’, he was writing about the rifts in physical metabolism rather than the appropriation of surplus value.<sup>162</sup> Capitalism also requires only a selective type of human development.<sup>163</sup> A developed society would be one with free time for the development of the individual capabilities of all. It would also be one where capabilities for human development could be developed through productive work. This is what Marx understood by human development and not the example we have considered here of a kind of society where labour and pcp are forced into ‘vegetation as pure production machines’ for the ‘display of material wealth by others’.<sup>164</sup> For sustained, permanent, generalised and full human development, restitution would be both a major precondition and an on-going process.<sup>165</sup> Clearly social relations would have to be greatly transformed for restitution and human development to be possible. This is what a reconceived development project would involve.

The ‘Energy Question’ is thus the reverse of the agrarian question which asked how agriculture would be transformed under capitalism and provide the resources for industrialisation - and which is not fully played-out. The energy question asks how human development can be generalised while restituting physical and biological resources. First it would require the identification and then the preservation of the ‘whole gamut of permanent conditions of life required by the generations’,<sup>166</sup> which should not be commodified if they are to remain in balance. Forward from actually existing capitalism, un-alienated production conditions which preserve these balances and provide for generalised human development would need restoring in both agriculture and non agriculture.

Practically this would require a project which reduces CO2 and is ever lighter in its use of materials while reducing the mass of unemployment in OECD countries and addressing pauperised petty production, underemployment and exploitative and oppressive relations of wage work in countries like India. It would need kinds of growth that are neutral or beneficial to the biophysical sphere rather than destructive to it.

Capabilities for small scale applications would need to be developed without the devaluation of labour that forms one of the logics of pcp. Transcending the alienation that is another of its logics would be possible with political support for robust democratic collective action and/or co-operation – also necessary for the many applications which would require scaling up. Scholarly knowledge about best practice would be essential to this process. This would call for the discovery, codification and availability - as public goods - of the cleanest technologies capable of liberating pcp under capitalism from capitalism and of creating what the ILO calls decent work but under new property rights regimes. The project of generalised human development would also require drives for

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<sup>162</sup> Marx, *Capital* 1, p638.

<sup>163</sup> Lebowitz M 2009 ‘The path to human development’ *Monthly Review*

<sup>164</sup> Marx *Economic Essays* XXXI 1312

<sup>165</sup> Marx, *Capital* 1, pp. 637-8

<sup>166</sup> Marx, *Capital* 3, p. 754

education about the incorporation of restitution into development as well as re-skilling throughout societies. In the Indian case it would cause no harm to be focussed on pcp and casual labour for intrinsic as well as instrumental reasons. There would be ‘infinitely diverse ways’ of doing this.

This is a start. The best sequencing of sectors to be transformed for generalised human development would rapidly come into play as a question. It is already known that energy from renewable sources is the precondition for reducing the consumption, in all spheres of production and reproduction, of energy and materials that generate most harmful waste and attack biodiversity.<sup>167</sup> Changes to construction and domestic and workplace layouts have the potential greatly to reduce GHG emissions and create livelihoods. Mobility can be reconceived with public transport powered by renewable energy; health with public health protection and best environmental practice in unavoidable chemicals and pharmaceuticals industries. Many of the relevant technologies already exist. The physical toxicity of military activity, the military-industrial complex and the political conflicts they express would act as a drag on – if not an insuperable obstacle to – such a project. Here it is not so obvious that superior political or physical technologies already exist.

In India as elsewhere, this is the only era - the neo-liberal - where already-researched, socially useful technologies have to be developed and diffused not only with minimal state support but in competition with existing fossil fuels and other energy sources that are massively subsidised in perpetuity - and that create oppressive and dangerous labour conditions along with the conditions of co-existence with pcp.<sup>168</sup> Demands would have to be mobilised for the state to anticipate and underwrite the risks of this necessary transformation. Developmental states would be needed<sup>169</sup> at a time in history when the core responsibilities of states are being commodified.<sup>170</sup> This then would have to be a global project, one set against the current indifference and hostility of most finance and manufacturing capital<sup>171</sup> and much of the capitalist elite which have captured states, censored much democratic debate and practice, developed a position rejecting any but market-based ‘solutions’ to climate change, while encouraging scepticism and denial.<sup>172</sup>

Outlining research needed for the preconditions for mobilisation based on the flawed principle of restitution and for the building of developmental states in a neo-liberal era is not a normal way of concluding a paper like this. It is a long way from the African peasantry where we started. It is also a long way from both populism and ‘populism’. But

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<sup>167</sup> Agriculture for instance is one - constituting some 14% of GHG emissions while the entire agro-pastoral-forest land-use system including inputs and post harvest activity is reckoned to approach 45% .

<sup>168</sup> WISE 2008 Power Drain: Hidden subsidies of conventional power in India.

*A WISE research report* . For pcp in a quarter of the Indian the coal industry - see Lahiri Datt \*\*\* EPW

<sup>169</sup> Robinson M and G White 1998 *The Democratic Developmental State* Oxford OUP. The conditions for democratic developmental states to develop the necessary autonomy prove to be restrictive.

<sup>170</sup> Leys 2007 *Total Capitalism* Merlin Press especially ch 3 ‘The Cynical State’

<sup>171</sup> With individual exceptions, one of whom, Pascal Lamy, Director General of the WTO, declared in a gathering of European social-democrats and British ‘Progressive Left’ in February 2010 that capitalism is economically, politically, environmentally and ethically unsustainable (Policy Network, London).

<sup>172</sup> Lohmann L (ed) 2006 *Carbon Trading: A Critical Conversation* Dag Hammarskjöld Foundation; see also [www.carbontradewatch](http://www.carbontradewatch).

if we depart by taking the part of petty commodity production in this day and age it is hard to see where else to arrive...

*Acknowledgements*

I am grateful to Gavin Williams for the best learning experience of my teaching career, to IEDES, Paris-1 for the visiting fellowship which released sabbatical time to prepare this essay, to Roland Noel for providing space for it, Isabelle Guerin, Jens Lerche, Gautam Mody and Prabha Mohapatra, Kamala Sankaran, Jonathan Neale and Sanjeev Ghotge for their discussions on labour and energy, and Olle Frodin and Alpa Shah who helpfully shared literature on the agrarian question and the Maoist mobilisation.