GLOBAL POLICY FORUM

Blenheim and Bangalore:
A Tale of Subsidies in Two Communities

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July 5, 2005

Every time I visit Blenheim Palace, an aristocratic estate in Oxfordshire, I am reminded of the connections between its most famous inhabitant and my hometown – Bangalore, in South India. In October 1896, Lieutenant Winston Churchill of the 4th Queen's Own Hussars was posted to Bangalore – a town that he described in letters to his mother as 'a garrison town which resembles a third rate watering place'. Here he assuaged his boredom by immersing himself in books and cultivating a butterfly collection that eventually fell victim to rats.[1] He left no permanent traces of his stint in Bangalore, barring an unpaid bill at the Bangalore Club for the sum of 13 rupees. Churchill's debt is duly recorded in one of the Club's yellowing accounting ledgers, which is carefully displayed in a glass case in the central lounge.

Recent news items in the British press suggest to me that Blenheim might owe Bangalore (and indeed the world at large) debts of a rather less nostalgic sort. Following a freedom of information campaign led by the Foreign Policy Centre (London) and the Guardian newspaper, the British government recently released data on all recipients of payments under the European Union's Common Agricultural Policy (CAP) in England.[2] The figures reveal that most of the CAP payments go, not to struggling, small or family-owned farms, but to large agribusinesses and wealthy landowners. The sugar refiner Tate & Lyle is the single largest beneficiary, with its various subsidiaries netting a total of £127,324,713 in subsidies. Sir Richard Sutton – a man valued at £120 million and ranked 321 on the Sunday Times Rich List – reportedly receives £1,117,139 annually in CAP subsidies, heading the list of individual recipients. Also on this list are the Duke of Westminster (Britain's second richest person as per the aforementioned Rich List), who receives £448,472, the Queen (who is given £399,440 for her Sandringham Estate), and Prince Charles (who takes £134,938 for the Duchy of Cornwall and £90,527 for his Highgrove Home Farm estate). About halfway down the list at a generous £511,435 per year, stands the Duke of Marlborough who owns the Blenheim Estate.

Meanwhile agriculture in the Indian state of Karnataka, of which Bangalore is the capital, is in crisis – particularly for small and marginal farmers. The recent spate of farmer suicides that has blighted the rural landscape is tragic testimony to the severity of the crisis. According to one estimate, 3,000 farmers have taken their lives in Karnataka in the period between 2000 and August 2003.[3] A recent Christian Aid report[4] suggests that the situation in neighbouring Andhra Pradesh is even more acute: 2,115 farmers took their lives in the year 2004, bringing the toll since 1998 to 4,378. These seem but regional manifestations of a countrywide phenomenon of agricultural distress that has seen 22,000 farmers commit suicide over the past decade.

Farmers are driven to suicide by a complex of factors, but the single most common trigger seems to have been severe indebtedness to private moneylenders charging extortionist rates of interest. Small and marginal farmers lack access to institutionalised forms of credit – partly because landlessness and lack of assets makes them ineligible for such credit, but also because banking sector ‘liberalisation’ has meant a decline in preferential lending to agriculture. As a result, farmers are driven into the informal credit sector where moneylenders sometimes charge interest at rates as high as 50%.

Yet the moment one considers the factors that render farmer debt virtually unpayable, the culpability of globalisation and structural adjustment in this human tragedy quickly become evident. Farmers are increasingly unable to recover their investments because of the soaring cost of agricultural inputs and the collapse of agricultural commodity prices. The former can, in part, be directly attributed to deregulation policies that typically form part of the structural adjustment packages foisted on developing countries by the Bretton Woods institutions. For example, the first tranche of the World Bank-provided Karnataka Economic Restructuring Loan in 2001, came with the condition that the government withdraw from the power sector as operator and regulator of utilities. This meant a partial withdrawal of the power subsidy that had hitherto been granted to farmers, the discontinuation of free power for agricultural water pumps and significant increases in power rates over the next five years. Already reeling from crop failure due to drought and crushed by the burden of debt, poor farming families were suddenly saddled with bills for electricity arrears running into several thousands of rupees. Journalist Parvathi Menon writes that several of the cases of suicide reported in the media at the time ‘were of farmers who, suddenly confronted with a fresh payment burden from the Hubli Electricity Supply Company, decided to end their lives’.[5] In addition, withdrawals of food and fertiliser subsidies and newly incurred costs on seeds and pesticides (inputs that subsistence farmers would traditionally not have tended to purchase) have increased the pressure of rising production costs.

At the same time, farmers are being squeezed by the collapse of agricultural commodity prices – a development that is also attributable in part to subsidies, but this time those that are provided to farmers in developed countries. Investigating suicides in Karnataka's fertile and prosperous Mandya district, Parvathi Menon reports that the fall in the market price of sugar was a significant contributory factor. She quotes V. Ashok, State secretary of the Karnataka Rajya Raitha Sangha (a large and vociferous association of farmers in the state) as saying: 'The price at which sugar factories are buying cane has fallen from Rs. 1,500 per quintal in 1992 to Rs. 1,150 per quintal. The government is now importing sugar at a landed price of Rs. 900 per quintal which is less than our cost of production'.[6] Indian environmentalist Vandana Shiva estimates that subsidy regimes in developed countries depress world agricultural prices to an extent that costs Indian farmers a staggering Rs. 1,15,800 crore (about £14 billion) annually.[7]

Who is to blame? And how much?

The juxtaposition of these two not unknown states of affairs – large subsidies for wealthy farmers in developed countries and the destitution of subsistence farmers in developing countries – is disturbing in and of itself. But it also invites some comment on the possibility of a connection between the two. This is by no means a straightforward task. To claim that Blenheim is causally implicated in the agricultural destitution surrounding Bangalore would be ambitious for at least three reasons.

First, the claim would be most powerful if the Duke of Marlborough and subsistence farmers in Karnataka were competitors in the same product market. If they are not, then the former is less directly implicated in the deaths of the latter. As far as I'm aware, the produce of the Blenheim Farm Partnership comprises beef cattle, a dairy herd, sheep and seed plant; although farmers have committed suicide in a number of states across India, the phenomenon seems to have been most widespread among cotton farmers in Andhra Pradesh and sugarcane growers in Karnataka. Second, the unfairness of global agricultural trade rules as exemplified in the CAP subsidy regime, is only one of a number of factors driving Indian farmers to their deaths; further, the Duke is only one of a number of beneficiaries of the regime. Third, his contribution to the destitution of Indian farmers is not the most proximate or immediate trigger for the suicides discussed here – nor is it even possibly the most important causal factor. These caveats mitigate, quantitatively and qualitatively, the Duke's possible implication in the suicides of subsistence farmers in Karnataka, so that he may – at worst – be seen as trivially responsible for the eventual outcome.

This by no means lets him off the hook. In his book Complicity: Ethics and Law for a Collective Age, Christopher Kutz suggests that 'marginally effective participants in a collective harm are accountable for the victim's suffering, not because of the individual differences they make, but because their intentional participation in a collective endeavour directly links them to the consequences of that endeavour. The notion of participation rather than causation is at the heart of both complicity and collective action.'[8] While it is difficult to causally link the Duke of Marlborough directly and definitively to farmer suicides in Karnataka, it is possible to conclude: (1) that the CAP subsidy regime is a collective harm, given the well-established relationship between subsidies in the developed world, falling agricultural commodity prices and consequent destitution in the developing world; (2) that the Duke is an intentional participant in this collective harm; and (3) that he is therefore complicit in the suicides of subsistence farmers in Karnataka.

But why single out the Duke of Marlborough (who, I have no doubt, is an honourable man)? Because of that old conundrum that social scientists call the structure-agency problem. We are all agents implicated in structures (modernity, capitalism, an anarchic states-system) that no identifiable agents are causally responsible for. This rather depressing realisation often induces us to sleepwalk through life, zombie-like, pretending that structures determine the behaviour of agents in a sort of relentless, Orwellian fashion. This obscures the fact that structures are produced by agents, that some agents are more powerful than others, and that more powerful agents bear more responsibility for the structures that they help to produce. Behind all structures are a number of agents – agents that have names and faces and addresses and bank balances. If structures are ever to change, it is necessary to identify the agents that produce and reinforce them (bearing in mind the structural constraints within which their agency operates). The Duke of Marlborough is, of course, only one of the agents complicit in agricultural destitution in Karnataka – but as my neighbour in Oxfordshire, he seems an appropriate agent for me to begin talking to, and about.

Bangalore and Blenheim are arbitrary places to pick. There are far more deprived regions in the world than the state of Karnataka, far more influential agents than the Duke of Marlborough and far more directly exploitative relationships than those between Blenheim and Bangalore. Yet my analysis proceeds from these vantage points because I am part of both of these political communities.

As an ironic footnote to all this, it is worth noting that I, too, appear to be complicit – much against my will – in the destitution of Indian farmers. My possession of Indian citizenship coupled with my residence in Britain on a student visa enables me to vote in British elections (as a Commonwealth citizen), as well as in Indian elections. I also pay taxes in both countries.

A recent Oxfam briefing paper reports that the 2002 UK budget contribution to the CAP amounted to £3.9 billion, representing one penny in the pound on the basic rate of income tax. According to the same paper, every taxpayer in the UK contributes an average of £134 a year to finance the CAP.[9] It seems reasonable to conclude that I am being taxed in one political community in a way that is complicit in the deaths of members of the other political community to which I belong and to which I have much older and deeper commitments. Multiple belonging, apparently, has its pleasures but also its perils.

What is to be done?

It should be evident that the CAP subsidy regime needs to be radically reformed to take into account the interests of farmers in the developing world. One way to generate the necessary political will would be to shame undeserving recipients of CAP subsidies. But what of deserving recipients? If CAP subsidies were intended primarily to support declining farming incomes particularly on small family-run farms, this does not seem to be happening.

The largest 2.5% of cereal-growing holdings account for 20% of total CAP cereal payments while the smallest 30% receive less than 6% of the total.[10] As for CAP sugar payments, the bulk of the support goes to processors and large farmers. Processing firms function as gatekeepers of the sugar sector – they are allocated quotas by national governments, and then go on to licence growers to produce fixed amounts of sugar beet. Two firms – British Sugar and Tate & Lyle – account for 90% of the British market. They receive subsidies for the refined sugar that they export, with Tate & Lyle being the single largest recipient of CAP subsidies in Britain. Some of what the processing firms receive must be passed on to beet growers in the form of guaranteed procurement prices. But beet growing is concentrated in prosperous agricultural regions such as East Anglia and Lincolnshire, on holdings that are almost four times the average EU size, generating incomes that are double the average farm income. So even CAP sugar payments go, largely, to wealthier farmers.[11] The story of CAP milk payments is not very different. Large dairy companies such as Philpot Dairy Products, Nestle and Milk Supplies figure prominently on the list of top CAP subsidy recipients, even as net dairy farm incomes have declined and small farmers have been leaving the dairy sector in droves.[12]

It seems clear from all this that the CAP subsidy regime does not primarily benefit small and marginal farmers in Britain – the sorts of people who work gruelling 58 hour weeks for an annual income of just £7,482 in places like Derbyshire.[13] If there is any justification at all for subsidies in the developed world it is surely the protection of such farmers (in addition to the promotion of environmental and other public-interest objectives). The key ethical question that needs to be asked is whether the interests of marginal farmers in the developed world can be protected without harming the livelihoods of subsistence farmers in developing countries. Are the interests of these two groups necessarily zero-sum? On closer consideration, one might see them as having allied interests. To be sure the plight of marginal farmers in a wealthy, welfare state such as Britain is not comparable to the desperation of subsistence farmers in a poor, bourgeois-democracy such as India. However, both groups of farmers are similar in that they have clearly been excluded by their respective social contracts – small farmers in Britain, as a result of improper targeting of CAP subsidies; subsistence farmers in India, because of the increasingly clear bias in agricultural policy towards corporate agribusiness and the food processing industry.

Under these circumstances, it seems advisable for both groups of farmers to make common cause and advance their interests jointly. This would deny hypocritical European governments the opportunity to continue using their marginal farmers as a moral fig leaf to justify a continuation of CAP payments in their current form. At the same time, focusing attention on the plight of subsistence farmers in the developing world would ensure that the benefits of agricultural trade liberalisation did not accrue solely to large farming interests in those countries. It is important not only to back demands for agricultural liberalisation made by developing country governments in coalitions like the G20, but also to ensure that the fruits of liberalisation reach the poorest farmers in those countries: they too are often used as a moral fig leaf by their respective governments in international negotiations, only to be disregarded in the domestic division of the spoils.

There are already opportunities for such disparate communities to come together, learn about each other and even forge platforms for common action. Global NGO meetings and social forums provide one possible venue. Still more promising are international networks such as Via Campesina (which already brings together farmers from developed and developing countries). Marginal farmers in the North and the South should recognise together their shared exclusion and speak with a common voice in defence of their interests, so that the one is not used to justify the miseries imposed on the other.

Endnotes

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