

1 Is Economic Growth Enough? Poverties and the State

The recent pre-eminence of neo-liberal views of development casts doubt on previous genres of poverty literature. If a rising tide raises all ships, the legitimacy of politically difficult, fiscally burdensome and administratively complex schemes for the poor is called into question. This challenge for students of the South Asian subcontinent – which contains a large share of the world's absolute poor – was recently posed by the World Bank study, *India: Achievements and Challenges in Reducing Poverty* (1997). That study concluded that economic growth has been the major factor reducing poverty, despite a complicated array of anti-poverty schemes. Second, liberalisation is held to be the major reason for growth. Growth is to provide the resources needed for public safety nets and investment in human capital which round out the desirable poverty reduction scenario. The clear prescription is growth encouragement as the major anti-poverty mechanism; the rest (safety nets, human capital) is desirable if affordable.

Though the percentage of poor in India's population has declined by various measures since Independence, in absolute numbers the long trajectory has been an increase in poverty, with strong regional variation: by World Bank estimates, from 164 million poor in 1951 to 312 million (about 35% of the population) in 1993–94. Consistent with conventional wisdom celebrating the Kerala model,¹ the Bank notes (1997: v): 'The range in poverty reduction among states is so wide that Kerala's progress in lowering the headcount index of poverty (2.4% per year, on average, between 1957–58 and 1993–94) is more than 120 times that of Bihar and more than four times that of Rajasthan'. One implication is that we should understand Kerala better: what, for example, separates it from Bihar and Rajasthan? One curiosity, given the Bank's overall emphasis on growth, is that Kerala does so well given that its economic growth rate has been quite anaemic (Kannan and Pushpangadan 1988; Tharamangalam 1998).

¹ The literature is enormous; for a representative range of positive and critical commentary, see, for example, Drèze and Sen 1989, pp. 221ff *et passim*; Parayil 1996; Heller 1994, chapter 1; Mencher 1980; Herring 1980; Tharamangalam 1998; Jeffrey 1993. The 'model' has become so ubiquitous that Vice-President Al Gore of the United States called Kerala a 'stunning success story'.

Persistent Poverty and Path Dependency

*Agrarian Reform:
Lessons from the
United States and
India*

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About 80% of India's poverty is rural (World Bank 1997: xiii). By class, agricultural workers are especially likely to be poor; landlessness remains the major cause of poverty. Kerala's comparatively good performance in poverty reduction certainly could not have happened without land reform and the correlates of land reform – rural worker organisation, rights and policy protections – which collectively make up agrarian reform.

The World Bank report begins with a familiar comparison: India has fared badly in growth and poverty reduction in comparison with South East Asia (p. xiii). Indonesia is taken as a contrasting model: an annual decline in poverty of 10% between 1970 and 1993, from 58% to 8% of the population. These kinds of lessons age quickly. The Asian economic collapse beginning in July 1997 clearly had a more dramatic impact on nations following the neo-liberal path than on India, where there has been significant resistance and halting compliance on reform (Herring, in press). Poverty is created very quickly in general economic collapse; press reports now count the poor in Indonesia at 100 million. It is not clear how long the newly poor in Indonesia will remain so, nor how far back along the historical line of poverty reduction the current situation has moved because of economic collapse.

Cross-national macro comparisons dominate the development literature. But it is difficult to assess the real validity of their pseudo-precise measures and finely tuned conclusions about poverty. Michael Lipton notes (1997: 1004) that 'disparities between successive PPP [purchasing-power parity] measures, and between all such measures and national accounts data, are sometimes huge and unexplained'. For example:

An extreme case is China: the move from Penn 5.1 to Penn 5.6 conversions drastically cut the estimate of China's purchasing power, so that the

estimate of poverty incidence ... in the early 1990s tripled overnight, from about 9% of the population to 29%. China's estimated poverty reduction record, too, is made to look worse: economic growth since 1980 on PPP 5.6 is about half that recorded in the national accounts.

Errors of this magnitude seriously undermine the confidence we can place in the macro-comparative literature on relationships between development strategy writ large and poverty. The ethical implication is that policy which produces direct and knowable results in poverty reduction – agrarian reform, for example – should have precedence over methods whose effects are indirect, uncertain, difficult to assess (Herring 1983: chapters 9,10).

Economic growth which alleviates poverty arguably works better in relatively egalitarian settings, which are themselves more amenable to growth (Lipton 1997). Further, whatever the effects of growth, there will be a role for public intervention to alleviate particular forms of poverty and to address concentrations of people passed over or harmed² by growth processes. Public intervention by states catering to unreconstructed elite dominance are less likely to play those roles well compared to states reacting to a field of power in which there is more voice among the weakest sectors. Given the political uncertainties of emergence or sustainability of a pro-poor coalition under conditions of rapid growth, direct and knowable results should have precedence over speculation and hope. Agrarian reform has a strong record in terms of trajectories of states which have grown rapidly and with some equality (e.g. South Korea, Japan, Taiwan). The 'new consensus' on growth and poverty suffers from technical and conceptual problems,³ but to the extent that it concentrates on labour-intensive growth in situations of relatively equal asset distribution, it is not inconsistent with agrarian reform. To the extent that it assumes safety-nets and pro-poor programmes funded from the surplus created from

² Though the World Bank study of India (1997) concludes that their results 'clearly refute any presumption of "immiserizing growth," Gaiha and Kulkarni's panel data from Maharashtra (1998: Table 1) indicate significant fractions of village population who either were poor and became poorer or were non-poor and became poor despite aggregate growth. It seems unlikely that the Bank position has sufficiently

disaggregated and reliable data to make the sweeping claim above. The Bank's position cannot be literally true; there are always victims of economic change, whatever the net vector sum: cf. John Sidel on violence against the poor who stood in the way of expansion in growth sectors of the Philippines (1998).

³ See Lipton (1997). On these problems in the Bank's 1997 report, see Gaiha and Kulkarni 1998.

aggressive capitalism, it is naive political economy (cf. Drèze and Sen 1989). Advocates for the poor are probably ill-advised to depend on altruism of the new rich.

Comparison of the United States with contemporary India may seem strained, but it is informative;⁴ our propensity to think in static categories (e.g. 'Third World') misses some interesting longitudinal comparisons. The emergence of the United States from its underdeveloped agrarian origins is historically recent. Failures in Reconstruction in the United States are as suggestive as positive effects of reform in Kerala.

2 Failure of 'Reconstruction' in the Southern United States

The Southern slave population after emancipation was as intractable a problem of poverty as one can imagine: uneducated, socially despised and fractured, without contacts or assets. The period after the Civil War in the United States (1865–77) is called the 'Reconstruction', reflecting (in retrospect) more the pious hope of reformers than capacity. The greatest challenge was to reconstruct society. As in post-World War II Japan, land reforms were seen at the time as a mechanism to break the economic back of a militaristic gentry and create a new base of support for a democratic state.

The rumoured/promised land reform came under the slogan 'forty acres and a mule'. That amount of agricultural capital would in many parts of the South have afforded subsistence. But no bill survived in Congress. To the contrary, experiments in land redistribution in the South under martial law were dismantled after military occupation by

federal troops ended. Land reform under martial law, which worked fairly well in Japan after World War II, was abandoned as an option. Not only did redistribution not become law, but even preferential distribution of public lands in favour of freedmen (as opposed to railroad companies) failed as well (Foner 1989: 451). With the departure of federal troops, Southern elites re-established rule with terror, fraud, intimidation and economic power. In the aftermath of failed Reconstruction, backsliding in land policy – then entirely in the hands of state governments – reduced the limited gains of reform and produced for blacks in particular an agrarian system rivalling that of the more extreme cases of landlord rule in the South Asian subcontinent.⁵

Because the landed elite retained economic power, and eventually returned to rule, efforts to resurrect a subject class had no base. The failure of Reconstruction left in place an agrarian political economy of bi-modal subjugation and dominance, largely coterminous with race, but affecting the white agrarian poor as well. W.E.B. Du Bois remarked that 'the slave went free; stood a brief moment in the sun; then moved back again toward slavery' (in Foner 1989: 602).

The failure in political terms meant that the Thermidor period following Reconstruction saw steady erosion of black rights: restrictions on the rights of former slaves to vote, be admitted to equal public schools or fully participate in dominant institutions of public or civil society.⁶ Prosterman and Riedinger's comparative study of land reform concludes more generally that reforms 'provide a village-level underpinning that reinforces the national-level freedoms rather than contradicts

⁴ For argument, see Echeverri-Gent 1993; on agrarian structure in the South more generally, Goodwyn 1976. Echeverri-Gent notes that the southern United States, particularly in the 1930s, exhibited social-structural similarities with rural India: a caste-like system political-economic oppression and marginalisation, high rates of dependency of labourers, share-tenants and marginal farmers, small-scale labour intensive agriculture, extortionate sharecropping, credit exploitation and extensive poverty. Politics was characterised by 'elite domination, intra-party factionalism, agrarian populism' (p. 76).

⁵ North Carolina's Landlord and Tenant Act of 1877 gave the landlords so much unilateral power that one former slave complained that the landlord had been made 'the court, sheriff and jury'. Likewise, policy towards the commons restricted access by the landless, a policy first invoked in areas of greatest black concentration of population (Foner 1989: 594–95).

⁶ For a sustained argument on the relation between land reform, citizenship and democratic development, see Prosterman and Riedinger (1987). On the political consequences of this period in the United States, see Bense (1990). For an argument linking land ownership to independent social activism among Southern blacks in the 1960s, see Salamon (1979).

them' (1987: 232). Of special importance for the long trajectory of poverty, human capital development was restricted; social safety nets and educational facilities remained comparatively underdeveloped in the South generally, and especially for blacks, into the contemporary period. Land policy from Washington failed as a lever in reconstructing the South, but left behind antipathy to intervention by the federal government so severe that military force was required in the 1950s to enforce court orders to enrol blacks in public schools.

To the extent that racism (or caste⁷) explains some share of poverty's persistence, the implications of Reconstruction's failure are profound. Eric Foner (1989: 604) writes:

Reconstruction's demise and the emergence of blacks as a disenfranchised class of dependent labourers greatly facilitated racism's further spread, until by the early twentieth century it had become more deeply embedded in the nation's culture and politics than at any time since the beginning of the antislavery crusade and perhaps in our entire history.

The effects were not merely economic, but linked to systematic oppression. Education was systematically denied blacks and educational qualifications were used as tests for eligibility to vote. The World Bank's *World Development Report* 1990 rightly stressed the importance of education as one means of promoting opportunity for the landless to escape poverty.

Land reform by itself would not have solved the economic, much less social and political problems of former slaves, but there is evidence that it would have made a difference. Foner (1989: 109) notes that 'well into the twentieth century, blacks who did acquire land were more likely to register, vote, and run for office than other members of the rural community.' But 'as things turned out, blacks lacked even the partial shield against economic exploitation afforded by ownership of land' (p. 110). Subsequent evidence from the differential trajectory

of different classes of black farmers likewise indicates that the counter-factual argument is strong. Lester Salomon's (1979: 129) work on the effects of New Deal experiments in land distribution indicates the consequences of missing this historical moment in the South. Landless black tenants who benefited from very limited and truncated land distribution in the 1930s created 'a permanent middle class that ultimately emerged in the 1960s as the backbone of the civil-rights movement in the rural South'.

There are macro-political implications for poverty policy. When radical agrarian populism swept through the South in the 1890s, disenfranchised blacks were not politically available for a bi-racial coalition that might have altered the national distribution of power (Goodwyn 1976). Eric Foner (1989: 604) argues that the failure of Reconstruction led directly to one-party (and white) dominance in the 'Solid South' which 'helped define the contours of American politics and weaken the prospects not simply of change in racial matters but of progressive legislation in many other realms'. The failure to break local landed power in the South had the further pernicious consequence of creating suspicion of policy from Washington and a blind allegiance to 'states rights'. The irony of contemporary development thinking is that celebration of devolution and decentralisation validates precisely the structure that kept oppression alive in the Southern United States (Herring 1998).

Kerala's experience suggests that processes leading up to agrarian reform have a significant impact on the transformation of subjects to citizens. This transformation puts pressure on political systems for redistributive public policy. Kerala is a social democracy on a sub-national scale, with all the warts and messy politics of any democracy; every political formation must address the poor. That democracy owes its form in large part to decades of both pursuit and final implementation of radical agrarian reforms.

⁷ Gaiha and Kulkarni (1998) found that caste in India constituted 'a significant effect on movement out of poverty' (p. 17). They attribute this result to discrimination in specific markets or weak motivation

(internalised identification); it may also, I would think, reflect the variable distribution of connections: it is easier to get a job, a loan, any advantage, if one has caste fellows in positions to help.

3 The Kerala Model

A common response by agricultural workers to my question of what pre-land reform days were like in Palakkad district of Kerala State was: 'we were slaves' (*adima*). The core of agrarian reforms, finally implemented in the 1970s, was the abolition of landlordism as a social system (Herring 1980). The long process began with ratcheted episodes of popular reaction to agrarian reforms beginning with the Malabar Tenancy Act of 1929. It is this process – not simply the effective date of legislation – to which the argument below refers.

Kerala has been celebrated as a purposive, direct, policy-driven poverty reduction success story, in contrast to much of the subcontinent. By objective measures of human welfare – mortality, longevity, literacy, male–female population ratio – Kerala is anomalous for the level of per capita income (below the mean for India) and for the rate of growth in agricultural production (below the mean for India).⁸ Poverty reduction has been achieved via land reforms, labour reforms and transfer payments. All three presupposed an effective political and administrative system and popular pressure on the state, centrally involving the long process of mobilisation that produced both land reform and labour reform in the 1970s.

For reasons now quite familiar⁹, redistribution of land *rights* (not necessarily patches of soil) should have positive effects on growth and justice. Food security via public channels complements agrarian reform as anti-poverty policy in Kerala. A relatively extensive welfare profile by sub-continental standards complements food security more narrowly conceived. Such programmes presuppose a political system with both capacity and will. Anti-poverty values are embedded in real institutions and guarded and refreshed by participation. It is recognised that *redistributive* policies require extraordinary public support. The operation of ration shops and feeding programmes in Kerala reinforces the conclusion that popular participation

and consciousness are necessary conditions for effective pro-poor distributive public policy.

What the Kerala experience underscores, and does not really resolve, is the problem of the most awkward class: the agricultural labourers (e.g. Mencher 1980, Herring 1980; 1989). Income gains from more rapid growth are uncertain, lagged and unevenly distributed among households and over time. Problems of the labourers in Kerala were addressed primarily through distribution of homestead plots – which are intensively used and quite important both nutritionally and commercially – and secondarily through limited distribution of surplus lands from the land reform and public lands. Where there is a great deal of low productivity or degraded land in either public or private hands, this strategy is effective, given appropriate environmental oversight.

If it is politically impossible to redistribute land, it is still possible to formalise the obligations that traditionally legitimated land ownership (the obligation to take care of the landless) and redistribute the product of the land via higher wages and pensions. In Kerala, old-age pensions from farmers' surpluses were mandated by the Agricultural Workers Act of 1974. When this programme became politically and administratively impossible, the state took up the fiscal burden¹⁰. Security of employment ('permanency') was the second method, and tough minimum wage legislation the third. Together, these rules of agriculture, and the accompanying conflict over their enforcement, convinced many farmers (at least in the short run) that they should exit food production and/or move to less labour-intensive crops than paddy. At least some of the subsequent stagnation in Kerala's agriculture can be attributed to these dynamics (Herring 1989).

Alongside the Kerala model there is significant international attention to the West Bengal model. It

⁸ This claim is not meant to ignore the points about history raised in the debate between Amartya Sen and Surjit Bhalla (Srinivasan and Bardhan 1988); certain improvements in social welfare predate land reform. It is more useful to see land reform as the culmination of a process that spawned caste reform, educational reform, altered priorities in social welfare spending and labour reform.

⁹ See, e.g. Lipton (1993). My own arguments are developed in Herring (1983): chapters 9 and 10.

¹⁰ Herring 1989; Gulati 1990. Old age pensions also improved intra-household income distribution for the most vulnerable sections of the most vulnerable class, as families recognised that non-working members were an economic asset, even if a small one.

is less radical, despite being driven by the same communist party, and more tolerable to liberal opinion. Unlike Kerala's communists, leftist politicians in Bengal decided against the abolition of landlordism: redistributing land from all landlords to all tenants. Instead, tenancy was regulated in the familiar way. Predictably, many of the problems of tenancy reform produced by structural inequality appeared in the Bengal reforms (Mallick 1993: 52–8), confirming the common findings about the inherent weaknesses of attempts to regulate tenancy (Herring 1983: chapters 2 and 3).

The West Bengal model does have a lesson about political feasibility and sustainability. Renouncing radical agrarian reform kept the agrarian left coalition together. By keeping sharecroppers dependent on the local state and on the state-level regime in Calcutta, the parties of the left retain a loyal following in rural areas. The Kerala model of agrarian reform accepted a rupture in the class coalition of the left – newly landed farmers opposed to labourers who demanded higher wages – and the left paid for this strategy electorally. Given the extraordinary subordination of the landless in Kerala historically, and the inherent difficulty of making tenancy reform work for the poorest, there is, on balance, more to be said for the Kerala model than the West Bengal model.

Nevertheless, the Kerala reforms can be criticised on a number of grounds. First, rentiers with tenants were dispossessed (on about 42% of the non-plantation arable land), but not so the *de facto* functionless owners who hold land mainly for security or speculative value and hire and supervise labour apathetically. Many of these owners have other jobs or income sources (Herring 1989). If land is to be rationed, their claim is weak. Taxation policy should be able to move land into more intensive use. Second, the land ceiling was both too high and too restrictive (excluding plantation crops, for example) to yield much land for distribution (though the threat of a ceiling induced some market redistribution). Third, too much of the redistributed land was of poor quality and recipients had too little credit to improve it. Special efforts are necessary to provide economies of scale

in provision of inputs and marketing of outputs for holders of tiny parcels. Rather than worrying about whether this is a public or private responsibility, much more effort should be invested in ensuring that existing public sector institutions work as they should; there are strong political compulsions for working through the state. Also, as Bina Agarwal (1994) stresses more generally, land reforms must take special consideration of the effects of patriarchy on land control.

Productivity consequences of actual land reforms inevitably diverge from theory; in Kerala, there is cause for concern. The process through which redistributive reforms in particular are achieved accounts for much of their impact on growth. Radical land reforms in a democracy produce significant conflict and uncertainty. In Kerala, tenants got the land when absentee rentiers were dispossessed; the payoff to the more numerous landless labourers was limited distribution of tiny household plots (about 0.1 acres) and labour reforms granting security of employment, ratcheted wages, a pension fund and other benefits that were of limited use to the landless poor. These tensions produced a stalemated class conflict in the late 1970s and early 1980s which reduced both production and on-farm investment.¹¹ Newly landed farmers were reluctant to pay double the wage rate of surrounding states and resented having a permanent labour force working at administered wages.

Land reform may thus have serious disruptive effects on production for some time, depending on the social process of reform and how it is handled politically. In a land-to-the-tiller reform, there is concern that criminalising sharecropping has negative effects in terms of insurance and risk-sharing. Again, a staging argument about historical change is necessary: abolition of landlordism breaks social structures that perpetuate poverty and disable the state. States respond to fields of power; an unreconstructed agrarian system of dominance reduces the degrees of freedom for the state in pursuing less controversial pro-poor policies such as transfer payments, education and labour reform. Re-introduction of lease arrangements among equals after a transition period should redress any negative

¹¹ See Herring (1993). On the longer history of reform and provisions of the Act, see Herring 1983: chapters 6, 7. Patrick Heller (1994) argues that new social energies

generated by this process have worked class compromises which augur well for future growth.

consequences of a restricted land market. But without the abolition of landlordism, agrarian systems in which oppression is a major part of social dynamics perpetuate poverty. Land reform policy must distinguish between socially oppressive and exploitative landlordism and frictional tenancy arrangements among near-equals, the latter being conducive to efficient agriculture.

Contemporary Kerala has precisely the type of political institutions that are often desiderata but seemingly impossible choices for other societies. The electorate is informed, extraordinarily participatory, alert and assertive; political parties are representative and competitive. Political behaviour matters and institutions work. Yet these parameters of the political system are the product of long evolution, of struggle, and of reforms, social and economic. They were born not entirely of policy choice but through popular reaction to repression and exclusion: landlordism, casteism, degradation of women, slavery and untouchability. Yet policy choices did matter. One of the means through which institutions were developed was popular responses to state initiatives in agrarian reform. A reach exceeding the state's grasp encouraged mobilisation of newly benefited groups seeking to obtain their *de jure* rights; creating coalitions of the poor necessitated reaching across traditional social barriers and extending the scope of reform. This process was begun by a colonial state traumatised by insurgency – the Mappila rebellion leading to the Malabar Tenancy Act of 1929 – and continued through abolition of tenancy altogether in the 1970s (Herring 1988).

Kerala's remarkable record in terms of social indicators has largely been viewed as a human welfare success story, as publicised by Jean Drèze and Amartya Sen (1989) and others, and a disaster in terms of agricultural production and productivity (e.g. Tharamangalam 1998; Kannan and Pushpangadan 1988). If the World Bank's (1997) view of poverty in India is correct, sacrificing growth reduces the rate of poverty decline and depletes the resources for safety nets. I know of no convincing way to evaluate the trade-offs, if they exist. It is possible to stress the effects of a stalemated class conflict in agriculture (Herring 1989) as a source of disinvestment or to see institution building as the source of new forms of investment (Heller

1994). The World Bank's 1997 report on India argues that there is no trade-off; retargeting programmes can simultaneously create growth and human capital/safety net development. In ethical terms, the Kerala model is quite defensible. The assumptions underlying the World Bank's alternative – that economic growth will trickle down, and the elimination of popular-sector entitlements will accelerate growth – together put the burden of risk on the poor, and on this generation over the next. It is hard to mount an ethical defence of so risky a strategy.

4 What is in the Politically Feasible Choice Set?

The common argument against land reform is that it is politically impracticable. The question must be: impracticable compared to what? Serious pro-poor policies in general encounter resistance and prove difficult to sustain politically. To assume that much of any existing political system is in equilibrium, from which moving is difficult, is to assume a conservative stance that prescribes doing nothing – or tinkering at the margins. To assume that political systems, institutions and patterns of behaviour are infinitely malleable yields a wide range of policy options, but has little relevance on the ground. Political pessimists concerned with poverty may conclude that growth is enough because responsive states and coalitions for the poor are rare.

In assessing what is 'politically feasible', experience cautions against blind conservatism. The dismantling of the Soviet empire, and the Soviet Union itself, looked politically unthinkable before it happened. Many remained convinced that black rule in South Africa was unimaginable, or that China would never abandon Maoist practice. Moreover, policy has a strategic element. Instead of seeing public policy as a captive of existing structures and political dynamics, analysts need to recognise strategic elements in which new sources of support are mobilised through policy choice. Getting to an effective and representative political structure has a lot to do with historical junctures and political development over time. Path-dependency then introduces one set of analytical problems for understanding either governance or poverty; a second set is introduced by the Archimedes problem of public policy: what assumptions do we make about the

scope and limits of public authority and the malleability of political interests?¹²

Poverty policy which is effective presupposes an effective state. Some poverty is episodic, some perpetual, some frictional. Public moral economies differ across time and space regarding the way in which they construct different classes of poverty and the poor. Neither growth nor agrarian reform offers any panacea. The World Bank's *World Development Report 1997* makes the case for centring governance issues in development, but offers little in the way of feasible mechanisms. The overtly political problem is disagreement on the extent of market failure and what to do about it. Accountability, transparency, and alert activism among the citizenry all presuppose the social bases for independent action, something a serious agrarian reform facilitates in a way few other policies can. Rapid growth may be a solution for the poor with some assets, contacts, mobility, energy and low risk aversion, but do nothing for the most intractable poverty (Gaiha and Kulkarni 1998).

Alternatives to land reform are themselves impractical by demanding criteria. Transfer payments, public works and anti-poverty programmes in India frequently engender corruption and miss their targets, or approach them inefficiently (World Bank 1997: xix, *et passim*). A large part of this problem is lack of accountability of state to citizenry. Policies which can be targeted and directly reduce poverty, such as land reform, are superior to policies which require continuous intervention and indirect effect or potential for diversion. Coping with poverty effectively presupposes governance. Otherwise public programmes mutate into boondoggles for the middle class, rent subsidies for the bureaucracy and patronage for politicians.

The view of land reforms as politically impracticable also misses the dynamic element of political economy: e.g., the decline in land values in some areas or the shifting of elite interests to urban areas. Environmental protection offers some scope as well.

Since states are often poor protectors of land, the scope for environmentally acceptable or positive consequences of distribution of state lands can be significant and clearly would reduce poverty among beneficiaries. Experience from Kerala suggests that the size of such plots need not be large. Mini-plots for house-sites and gardens, less than 0.1 acres, allow families some independence and raise the reservation wage for agricultural labour.

Radical redistribution of land rights is, then, not universally applicable, nor are market-friendly land reforms inimical to the political effects stressed above (Lipton 1993). As landholding sizes decline, particularly important in terms of nutrition and poverty reduction is the intensification of 'sub-subsistence' holdings, which multiply globally. Likewise, institutional innovation for provision of inputs and sale of products takes on particular importance on tiny farms. The full mix of public and private provision is yet to be effectively exploited; new programmes of cooperative-state collaboration in Kerala should offer new evidence. Biotechnology has an unfulfilled role to play, requiring more public governance of and attention to intellectual property rights in biota.

But at base, the argument for agrarian reform has to be that empowerment of the poor requires the advances in status and independence that asset ownership brings, and that empowerment is a necessary condition for democratic governance. Otherwise, schemes for the poor will be manipulated by those more powerful, to the mutual benefit of state minions and the locally connected. If we assume that state officials are rational actors, the redistribution of power in rural areas means a redefinition of the field of incentives facing the state. Since the state resists its own reformation, changing the incentive structure makes responsiveness to the poor more likely.

On the big issues of democracy and development, we are only beginning to have a sense of interconnections.¹³ Land reform has the great advantage of

¹² For an ethical argument, see Herring 1983, chapter 9, on the enabling effect of public policy towards political potential for alleviating poverty; also Echeverri-Gent 1993.

¹³ Barrington Moore, Jr. (1966), who significantly subtitled his *Social Origins of Dictatorship and Democracy*

'Lord and Peasant in the Making of the Modern World', made sweeping claims about the political importance of breaking landed aristocracies for democratic development – in opposition to dictatorships. In an ambitious comparative study, Rueschemeyer, Stephens and Stephens (1992) confirm Moore's early findings.

empowering the least powerful, or, even if quite limited, at least raising the reservation wage and thus increasing bargaining power at the bottom of society where it is weakest. The World Bank rightly casts this argument in terms of 'investment': on its list of what has worked to reduce poverty in India is the large category of 'investments in people' including 'in general, [investments] in their greater ability to shape their own economic and social destiny' (1997: xvi). Though the Bank report on India

skips over it lightly (pp. 11, 13), agrarian reform clearly has historically served this role in Kerala; its failure has undermined it in the United States. Thus, even if the economic argument for agrarian reforms needs qualification, and political situations amenable to serious reform are somewhat rare, there are still good developmental reasons to resurrect agrarian reform as a powerful tool for reducing poverty and its correlates of suppressed dignity and autonomy.

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