Article

The Peasant Question and Contemporary Capitalism: Some Reflections with Reference to India

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Abstract

An economic policy regime under the sway of neoliberalism, or laissez-faire, puts tremendous pressure on peasant agriculture. This article argues, with a special focus on India, that during the current phase of capitalism, this is exactly what is happening in the developing world. During the *dirigiste* phase of India's development, which spanned from decolonization to the end of the 1980s, the nationalist development project gave a boost to the agricultural sector and ushered in capitalist development in the countryside. However, as the pursuit of an autonomous capitalist development has been compromised in the neoliberal period, the Indian peasantry has come under severe strain and, in many ways, this is reminiscent of the colonial rule when policies similar to neoliberalism prevailed.

Keywords

neoliberalism, dirigisme, finance, capital, peasantry

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I

To understand the peasant question under contemporary capitalism, it is useful to start by looking at the colonial period. During the latter half-century of colonial rule in India, for which we have data, per capita foodgrain availability in 'British India' declined by about 25 per cent, from roughly 200 kilogrammes (kg) per annum to around 150 kg (Blyn 1966). The reason for this decline lay in an increase in the production of cash crops for export, in a situation where the gross sown area remained more or less stagnant and where the yield per acre, whether of cash crops or foodgrains, showed no notable increase (taking the half-century as a whole). This squeezed the availability of foodgrains from domestic sources for the domestic population.

But the question may be asked: why didn't foodgrains get imported against the growing export of cash crops? The reason was that the bulk of this growing export was taken out of the country *gratis*, as the commodity form of the economic surplus extracted by the colonial government and shipped abroad without any quid pro quo (a phenomenon that the nationalist writers had described as the 'drain of wealth'). These exports, in short, did not fetch the country any foreign exchange with which it could import foodgrains. And what is more, the demand for foodgrains was also restricted by this very 'drain', so that even the *need* for importing foodgrains did not arise.[1]

The colonial 'drain' thus meant a simultaneous restriction of both the demand for and the supply of foodgrains. Since a part of the stagnant per capita agricultural output was shipped abroad in the form of cash crops, the remaining part, consisting of foodgrains, kept shrinking per capita. But, at the same time, since the cash crops exported were bought by the colonial power with the help of the economic surplus squeezed out from the Indian population in the form of tax revenue, it also restricted the level of overall demand of the population, including for foodgrains.

The economy thus was caught in a squeeze that was self-sustaining. On the financial side, this squeeze was exercised through taxation that financed the 'drain'; but corresponding to this financial extraction, there was a real product bundle that was taken out of the country. This real product bundle corresponded to the requirements of the metropolitan economy, a correspondence ensured by a system of advances by traders which virtually dictated to the peasants what they should produce.

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The population squeezed included, above all, the displaced artisans and other petty producers of industrial goods. Since the economic surplus extracted from the peasants was no longer spent on their products, as had been the case earlier under the Mughal emperors, they faced unemployment, income loss and hence, demand compression, as mentioned earlier. This displacement of domestic production, which has been referred to as 'deindustrialization', increased the pressure on land, and hence raised rents, lowered wages and pauperized vast sections of the peasantry.

To be sure, not all sections of the peasantry were equally affected by the 'drain', but the combination of a heavy and rising tax burden, on the one hand, and the general stagnation in the agrarian economy, on the other, resulted in all sections of the peasantry being adversely affected. The overcoming of this stagnation was not a priority of the colonial government, which hardly, for instance, made any investment in irrigation (except in the canal colonies of Punjab).

The chief beneficiaries of the colonial policy in the countryside were the landlords, the moneylenders and the traders, a trinity that was sometimes rolled into one. The process of commodity production improved the position of this trinity and further debilitated the peasantry by imposing upon it an asymmetry, namely, that while the adversity of depressed prices was passed on to it, the benefit of high prices was not so passed on, certainly not to an equivalent extent, which trapped the peasants in debt.

India, of course, was not the only country which witnessed this phenomenon of larger and larger amounts of export crops being taken out of a stagnant agriculture at the expense of food availability for the domestic population, including the peasantry itself. This phenomenon was common to all tropical colonies (Patnaik 2007).

II

But in addition to this, there was another phenomenon that characterized the nineteenth century and that was the large-scale migration of European labour to the sparsely populated regions of the temperate world, such as North America, Australia and New Zealand. The local population there, like the Amerindians, was driven off the land which was occupied by white settlers to produce a whole range of other, non-tropical, primary commodities for the metropolis. This second phenomenon kept down

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unemployment in the metropolis, and thereby offset the impact of domestic 'deindustrialization' (that is, the displacement of pre-capitalist production by cheaper capitalist products) there, creating the impression that capitalism by its very nature *necessarily mitigated the impact of all deindustrialization that it ever perpetrated*. But this was obviously a false impression, as was shown by the first phenomenon, which caused unmitigated deindustrialization and unemployment in the 'periphery'. Not surprisingly, both phenomena have been generally ignored in all 'mainstream' economic writings, which seek to portray capitalism as spontaneously mitigating unemployment.

The experience of the tropical colonies during the colonial period, however, points to a more basic trait of capitalism, namely, it obtains its requirements of primary commodities from its surrounding peasant agriculture without in any way contributing to an expansion in the output of the latter, and hence necessarily through explicit or implicit coercion; in Marx's terminology, capitalism is always engaged in a process of primitive accumulation of capital vis-à-vis its surrounding peasantry. The question naturally arises: why does capitalism not cause an increase in the output of the peasant agricultural sector?[2]

III

It is a truism that an expansion in agricultural output requires either an increase in the gross sown area, even on the basis of existing agricultural practices, or an increase in the productivity per acre through a change either in the cropping pattern (which raises the value productivity per acre) or in agricultural practices (which raise the physical productivity per acre). In tropical agriculture, where the scope for an increase in net sown area is limited, the chief means of increasing the gross sown area is through multiple cropping, for which what is usually needed is an extension of irrigation. Given the scale of production in peasant agriculture, such extension of irrigation usually requires public investment, at least as a necessary condition (on the basis of which complementary private investment may be subsequently undertaken).

Likewise a change in agricultural practices requires research and extension activities which can be undertaken only under the aegis of the

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state. And even if new practices were to become available, their adoption by peasants would require appropriate and inexpensive credit, which only the state can arrange, and a degree of protection against excessive risk caused by market fluctuations, which again can be provided only by the state. Such protection is needed also for shifts in cropping patterns, since market fluctuations entail that what appears to be a high-value crop today can witness a price crash tomorrow. In short, output increase under peasant agriculture requires substantial state intervention.

But where peasant agriculture is under the sway of a state ostensibly wedded to the principles of laissez-faire, or neoliberalism, such intervention does not occur. Therefore, peasant agriculture in conditions of 'laissez-faire' or 'neoliberal' state policy tends to stagnate. This is exactly what happened in the colonial period, and this is exactly what is happening under contemporary capitalism. By contrast, in the *dirigiste* phase of India's development, which spanned the entire period from decolonization to the end of the 1980s, there was substantial state intervention which gave a boost to agricultural output, including foodgrain output. Even while such intervention in the *dirigiste* period promoted landlord capitalism from above and a certain degree of peasant capitalism from below—that is, even though such intervention was part of a strategy of ushering in capitalist development in the countryside, in consonance with the general strategy of pursuing the capitalist path of development in the economy as a whole—it broke the stagnation in agriculture that *had characterized* the colonial period, and that *was to characterize* the neoliberal period.

Before examining these different phases however, a point should be clarified. 'Laissez-faire', 'neoliberal' or '*dirigiste*' are descriptive categories which, if taken literally, can even be misleading. The pursuit of the so-called laissez-faire policies by the colonial state, for instance, did not entail a general 'hands off' approach on the part of the state; on the contrary, it was accompanied by a close integration between the colonial state and British capital, especially British finance capital which occupied a dominant position in the latter part of the colonial period. Likewise, the pursuit of 'neoliberal' policies in the contemporary world has its specific class roots: it is a product of the hegemony of international finance capital, with which the leading echelons of Indian capital are closely integrated, and at whose behest and in whose interest

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the state pursues neoliberal policies. Such policies, therefore, must not be taken to mean some general 'withdrawal of the state', as is commonly portrayed in 'mainstream' writings; they serve particular class interests. 'Mainstream' writings, however, obscure this class content of neoliberal state policies, by making abstract statements about 'the state versus the market'.

Finance capital favours state activism *only in its own interest*, which, of course, it tries to pass off as the 'interest of the society as a whole';[3] it does not favour any role for the state as an investor, a spender, a producer, a defender of a high level of employment and activity or a protector of peasants and petty producers (whose property in such a case would become out of bounds for encroachment by finance capital). It always stands for 'sound finance' (zero or a small fiscal deficit relative to gross domestic product [GDP]); it stands for low government expenditure; it stands for state guarantees on the rate of return on private investment, while defending a very rigid rate of return criterion for justifying public investment; it stands for appropriately free cross-border capital movements,[4] especially financial movements, and likewise for appropriately free trade; and it stands for the avoidance of state intervention in public interest in the functioning of markets.

In all these respects, there is a striking resemblance between the policies pursued in countries like India during the colonial period (sometimes labelled laissez-faire) and the policies being pursued in the era of 'globalization', that is, under contemporary capitalism (referred to as 'neoliberal'). The point, in short, is that the hegemony of finance capital is associated with the set of policies that precipitate stagnation in peasant agriculture.

This does not mean that the imposition of policies that cause stagnation in peasant agriculture *begins* only with the emergence of finance capital; on the contrary, it begins at the very start of the colonial period. But the emergence of finance capital to a position of hegemony in the more recent period is associated with a consolidation and institutionalization of policies precipitating stagnation in peasant agriculture. The hegemony of finance capital, in short, is a *sufficient condition* for precipitating stagnation in peasant agriculture, though not a necessary one.

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IV

The period of *dirigiste* economic policies in the interregnum between the two phases of 'liberalism' needs to be analyzed in this context. *Dirigisme* in the Third World and the pursuit of Keynesian demand management policies in the metropolis were, both, the result of a post-war conjuncture, marked by a weakening of the hegemony of finance capital and a strengthening of the position of working people in general. Finance capital in the metropolis was forced to make concessions (of which decolonization was a major example) in the context of a significant expansion of the socialist camp and a significant desire for change, articulated, through social democratic politics, among the workers of the metropolitan countries themselves. The post-decolonization *dirigiste* regimes that came up in the Third World sought to pursue trajectories of capitalist development that were relatively autonomous of imperialism and sought to use the Soviet Union to buttress this autonomy.[5]

This relatively autonomous *national* path of capitalist development required the promotion of peasant agriculture, and its protection from the vicissitudes of the world market, both for widening the social base of such development and for maintaining a degree of balance within it. Hence, there were quantitative restrictions on agricultural trade; a policy of procurement at assured prices for a range of crops; a policy of directed credit towards agriculture from banks, the bulk of which had become state owned; and a significant increase in the research and extension effort, which resulted in the development and popularization of several high-yielding varieties of seeds.

These measures, of course, had a differential impact on the different classes within the agrarian economy. Indeed, within this regime of general protection against the tendencies emanating from world capitalism, the aim of the *dirigiste* regime was to promote capitalism in the countryside, through a combination of peasant and landlord capitalism. But, notwithstanding this differential impact on different agrarian classes, there was a significant expansion of agricultural output, including foodgrain output. The per capita availability of foodgrains which had declined to 150 kg in 'British India' by the time of independence, increased to around 180 kg for the Indian Union by the end of the 1980s, on the eve

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of the introduction of neoliberal policies. The level of availability at the beginning of the century was not recaptured, but there was a definite reversal of the trend witnessed during the last half-century of the colonial period.

There can be little doubt that the complete reversal of the role of the state vis-à-vis peasant agriculture, as it became more responsive to the requirements of international finance capital—with which the Indian big bourgeoisie, having abandoned its project of relatively autonomous development, became increasingly integrated—brought about a change in agricultural performance, pushing peasant agriculture once more into stagnation. This process began with the adoption of neoliberal policies from the beginning of the 1990s. Institutional credit to the agricultural sector dried up; quantitative trade restrictions were abandoned; extension services by the state were virtually wound up; the marketing role of various commodity boards, such as for tea, coffee and rubber, was abandoned; and even the system of procurement at prices remunerative to the peasants was progressively whittled down, with a corresponding whittling down, in the case of foodgrains, of the public distribution system (though, after the 2008 inflation, there has been some backtracking on this front). In short, state protection of peasant agriculture was whittled down; state promotion of peasant agriculture was reduced; and state support to peasant agriculture to withstand the vicissitudes of the world market was significantly withdrawn.

The ensuing agricultural stagnation was once more accompanied, as in the colonial period, by a decline in per capita foodgrain availability, so much so that, by early this century, it had fallen to the level that had prevailed on the eve of the Second World War (Patnaik 2007).

But a question arises here: the squeezing out of agricultural exports from an overall stagnant agricultural output, a process of which the decline in per capita foodgrain availability was a manifestation, had been accomplished during the colonial period through the so-called 'drain', or the sheer appropriation of a substantial part of the economic surplus by the metropolitan power, through the instrumentality of the colonial state. But in the post-colonial era, when colonial political control no longer existed, how could agricultural exports be squeezed out, and how could the decline in the per capita domestic availability of foodgrains be enforced?[6] This issue needs to be examined in detail.

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V

Neoliberal policies, even while causing agricultural atrophy, imposed an income deflation, which curtailed the purchasing power of the masses (at the prevailing level of prices), and hence their absorption.[7] This income deflation played the same role in curtailing domestic absorption as the colonial 'drain' had done. This is not to say that the two are not dissimilar processes. They obviously are: one entails a removal of agricultural commodities *gratis* for exports, while the other does not. But in this particular respect, namely, in restricting domestic absorption of agricultural commodities in the face of a stagnant agricultural output, income deflation plays the same role that the colonial 'drain' had done.

The mechanisms for income deflation, imposed through neoliberal policies, are several.[8] The most obvious one is the reduction in public expenditure in the countryside, which means a reduction in the amount of purchasing power that comes into the hands of the rural population. The opposition of finance capital to the role of the state as a spender (except to further its own interests) has been mentioned earlier. This opposition relies on two instruments: on the one hand, the tax–GDP ratio is generally curtailed, owing to tax concessions to capitalists for creating the right 'investment climate', and also owing to the reduction or elimination of import duties (which, in turn, restrict the ability of the state to raise excise duties) as part of 'trade liberalization'; and on the other hand, the pursuit of 'sound finance', through 'Fiscal Responsibility' legislation, ensures that the reduced tax revenue gets translated into reduced state expenditure. But since expenditure that is of benefit to finance capital, or to the capitalists in general, cannot get curtailed, the axe invariably falls on expenditure targeted towards the working population, especially the rural working population. In India, for instance, rural development expenditure as a proportion of GDP has fallen sharply during the neoliberal period compared to the earlier period, although within the neoliberal period, there has been some increase of late (but not to its earlier level).

The second mechanism is the process of 'deindustrialization', as before, though the term 'deindustrialization' now has to be understood in the more general sense of the displacement of petty producers from *all*

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sorts of activities and not from industry alone. The substitution of a whole range of 'upmarket' tertiary sector capitalist enterprises, such as shopping malls, for the old, self-employed petty providers of services is perhaps the most pronounced phenomenon of contemporary India. And its obvious consequence is income deflation, imposed on the working population, resulting in reduced absorption of agricultural commodities.

The third mechanism, akin analytically to the second, is the larger control by multinational corporations and domestic big business over the marketing of agricultural produce, and even other produce, from the petty production economy. This results, on the one hand, in the displacement of a large number of petty intermediaries by a few giant ones and hence, in that sense, a concentration of profits arising in circulation; and on the other hand, in an increase in the share of profit in the gross market value of the produce, that is, a redistribution of income from the producers to these giant intermediaries. Both these phenomena entail a reduction in the magnitude of purchasing power in the hands of the petty producers and peasants.

The fourth mechanism is the general and pronounced worsening of income distribution in society, including within the capitalist sphere itself, where the share of profits in value added rises dramatically at the expense of wages. It is well known, for instance, that the share of wages in value added in the organized manufacturing sector in India has fallen steadily during the neoliberal period to an incredibly low level of less than 15 per cent. Much the same has happened everywhere, including in metropolitan economies like the United States, during this period. If perchance the rise in the share of profits in value added had been accompanied by an exhaustion of labour reserves, as Ricardian economics would suggest,[9] then the proposition about a squeeze on the purchasing power in the hands of the working population might not have held. But the rapid rise in labour productivity that underlay the rise in the share of profits in value added also entailed a non-depletion in the relative size of the labour reserves.

This meant not just a relative squeeze but even an absolute squeeze on the purchasing power per capita of the working population: while the real wages of the employed workers did not increase, the ratio of the unemployed to the employed, or what comes to the same thing, the relative size of the reserve army of labour, did increase, resulting in an

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absolute per capita decline in purchasing power.[10] This made it possible for the capitalist segment, both domestic and metropolitan, to obtain larger agricultural exports from a stagnant peasant agriculture.

Of the reasons given so far for the squeeze on the purchasing power in the hands of the working population, the fourth one relates to what one might call the 'normal' process of accumulation, while the second and the third relate to the process of primitive accumulation of capital. The first argument covers both processes: to the extent that reduced public expenditure reduces the purchasing power in the hands of the workers employed in capitalist enterprises, it causes a rise in the share of the economic surplus, and hence belongs to the terrain of 'normal' accumulation; but to the extent that it reduces the purchasing power in the hands of producers outside the capitalist sector proper, we are in the realm of primitive accumulation of capital. The state invariably taxes producers in the non-capitalist sector more than what it spends on them, so that fiscal policy is invariably an instrument of primitive accumulation of capital. But while this spending decreases as a consequence of neoliberal policies, even as the tax burden on this sector is not decreased, we have an accentuation of the extent of primitive accumulation of capital.

In short, the process of income deflation just described is part of the process of accentuation of primitive accumulation of capital. The proposition that the hegemony of finance capital is accompanied by an accentuation of the process of primitive accumulation of capital at the expense of the non-capitalist sector, in particular peasant agriculture, appears firmly established.

VI

The transition from *dirigisme* to neoliberalism parallels a shift in the position of the domestic big capital vis-à-vis metropolitan capital: while earlier it tried to pursue a path of development that was relatively autonomous vis-à-vis the latter, it now gets more closely integrated with the latter to constitute the overall corpus of an *international* finance capital. There is also a corresponding shift in the position of the big capitalists vis-à-vis the peasants and petty producers, from accepting the state

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policy of nurturing and protecting them in the *dirigiste* era to conniving in the undermining of their economy under neoliberalism.

There are two major implications of this phenomenon. First, even when there is rapid growth of the capitalist segment under a neoliberal dispensation, since the peasant agricultural sector witnesses virtual stagnation, even as the demand for 'exports' from this sector increases (including of land for the use of those living off surplus value), the per capita foodgrain availability for the population as a whole, *from domestic sources*, tends to shrink. This could, in principle, be offset by imports, but if there is a simultaneous income deflation imposed on the population, then there is also a compression of domestic demand and the need for imports never manifests itself. Even if there is food price inflation domestically (that is, income deflation is insufficient to keep food prices in check), there will still be little inclination to import food if world food prices too are rising more or less in tandem (as is happening now). It follows that a high growth rate of the capitalist segment will be accompanied by reduced per capita foodgrain absorption and hence, growing absolute impoverishment for the bulk of the working population.

This argument is quite independent of the degree to which the growth of the capitalist segment creates jobs within it, that is, it holds even if capitalist growth is accompanied by a non-increase, or even some decline, in the relative size of the reserve army of labour. But when this relative size also increases, then the impact of the reduced per capita absorption of foodgrains is felt particularly acutely on the population outside of the capitalist segment. Here we have the second implication: a high growth of the capitalist segment is accompanied by an accentuation of the process of primitive accumulation of capital.

So far, we have talked about high growth. Even if there is *an acceleration of growth*, if such acceleration worsens the situation with regard to foodgrain availability, through increasing the pressure for 'exports' out of a stagnant peasant agriculture, the relative size of absolute poverty will increase rather than decrease.

The proposition that accelerating growth in the capitalist segment could well increase absolute poverty not only vindicates Marx's remark that capital accumulation produces the growth of wealth at one pole and poverty at another, but flies in the face of all received wisdom regarding the elimination of poverty. Whenever it is pointed out that high growth,

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such as what India has been experiencing, is nonetheless accompanied by growing absolute poverty, conventional wisdom suggests that the rate of growth should be increased still further to alleviate poverty. Our discussion, however, points to an exactly opposite conclusion, namely, that an acceleration of the growth rate is likely to increase the proportion of the absolutely poor in the population. Note that to say this is not the same as saying that a reduction in growth will *automatically* improve the poverty situation: it all depends upon the size of 'exports' out of a stagnant peasant agriculture. And there may well be ratchet effects, such that 'exports' from peasant agriculture, having reached a certain level through an acceleration of growth in the capitalist segment, will not decline even when this growth comes down.

If the stagnation of agriculture which is dominated by peasant production is the cause of the decline in foodgrain availability, and hence of an increase in poverty, then, it may be thought that the solution lies in replacing peasant agriculture by corporate agriculture, which could bring about significant increases in agricultural growth, as it is doing in other sectors. But even if we assume that such a growth increase in agriculture would happen upon the introduction of corporate farming, the peasants displaced by corporate agriculture will not have the purchasing power to buy foodgrains unless they are absorbed into the capitalist segment. But since the capacity of the capitalist segment to absorb labour is limited, absolute poverty will increase as a consequence of corporate agriculture (even if agricultural growth rate accelerates). This 'solution' to poverty, in short, is no solution.

VII

Let us recapitulate the argument. 'Laissez-faire' or neoliberal policy regimes, such as what prevailed during the colonial period or what prevails now in the era of globalization, are marked by an absence of support by the state for peasant agriculture. Now, since the growth of peasant agriculture—even when we have the development of capitalism *from within the sector itself*—requires the support of the state, such regimes are typically characterized by agricultural stagnation. And since out of such a stagnant agriculture, 'exports' of a variety of non-food crops have

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to be squeezed for the capitalist segment (including of land for use by those who live off the economic surplus of the capitalist segment), per capita foodgrain output tends to decline, which has the effect of reducing per capita foodgrain absorption by the working population of the economy (consisting of workers of the capitalist segment, and of peasants, petty producers, permanent agricultural labourers and the unemployed, semi-employed and 'informally' employed who constitute the reserve army of labour). This entails rising absolute poverty.

Even if growth in the capitalist segment accelerates, since the stagnation of peasant agriculture persists, and the demand for its 'exports' increases, if anything, there is an accentuation rather than an amelioration of absolute poverty. And since a dissolution of peasant agriculture and its replacement by corporate farming—even if we accept, for the sake of argument, that it would overcome agricultural stagnation—will only pauperize the peasant masses, whose employment opportunities in the capitalist segment will be limited (in view of the 'jobless' growth that occurs there), poverty can only get accentuated through this route.

It follows then that poverty removal, and genuine development for the people, requires an approach to the peasant question that is very different from what neoliberalism entails. It requires the protection and promotion of peasant agriculture by the state, not with a view to developing capitalism from within, as was the case earlier during the *dirigiste* era, but with the explicit objective of keeping down inequalities within the agrarian economy, through land reforms inter alia. To be sure, state-sponsored petty production cannot be the ideal regime for all time to come. But enlarging the scale of production will have to be done through voluntary cooperativization among peasants within a more or less egalitarian agrarian economy.

Since any revival of state support for peasant agriculture goes against the thrust of neoliberalism, as dictated by international finance capital, an alternative agenda of this sort will have to entail a degree of delinking from the current regime of 'globalization', and hence conflict with international finance capital under whose hegemony the process of globalization is occurring. This requires the creation of appropriate political conditions; otherwise, there is little possibility of authentic development.

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Notes

1. For a discussion of the impact of the 'drain' on the foodgrain economy, see Patnaik (2007).
2. Interestingly, this question has been recognized by many economists, but the answer given by almost all of them, from David Ricardo (1986) in 1817 to Nicholas Kaldor in 1975, has focused on the so-called 'diminishing returns' arising from the fixity of land. As a matter of fact, the explanation lies not in *natural* but in *social* factors such as those discussed in the present article.
3. An indicator of this is the way stock market fluctuations are portrayed as being true indices of the health of the economy.
4. I use the term 'appropriately' here to cover both cases, one where finance capital is international and its insistence is on completely free capital movements; and the other where finance capitals of different metropolitan countries have divided the world into their respective 'spheres' and the insistence of each is on free movement of capital *within its own* '*sphere*'.
5. Kalecki's (1972) concept of an 'Intermediate Regime' is a refracted expression of this phenomenon.
6. Strictly speaking, the term 'exports' here refers to 'exports' to the capitalist sector, not just to the metropolis but also to the domestic capitalist sector. During the colonial period, when the domestic capitalist sector was small, distinguishing between the two senses in which the term 'exports' could be used was hardly necessary. But in the current context, this distinction must be made, and the fact that the term 'exports' is used here in the more inclusive sense must not be lost sight of. (In fact, it must also be remembered that the encroachment on peasant land by the domestic capitalist sector plays a role exactly analogous to such 'exports'.) If along with such 'exports' there was also an exodus of population to the capitalist sector *where it would be absorbed*, then the per capita food availability to the pre-capitalist segment need not decline; but as argued in the text, this is precisely what has not been happening.
7. For the concept of income deflation, see Patnaik (2003).
8. These mechanisms are discussed in detail in Patnaik (2008).
9. For Ricardo's views on machinery, see Ricardo (1986); see also Hicks (1965) on the 'classical traverse'.
10. The assumption here is that the per capita income of those in the reserve army of labour is lower than that of the workers in the active army and of the peasants and petty producers (from whose ranks the reserve army is typically recruited). All casual labourers, including agricultural workers, are included here within the reserve army.

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