The World Bank on 'agriculture for development': a failure of imagination or the power of ideology?

Henry Veltmeyer *
* International Development Studies, Saint Mary's University, Canada

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COMMENTARY

The World Bank on ‘agriculture for development’: a failure of imagination or the power of ideology?

Henry Veltmeyer

The paper provides a critique of the World Bank’s 2008 World Development Report on the role of agriculture in the development process, specifically its conception of capitalist farming as a pathway out of rural poverty. It is argued that the Report is unable to overcome a fundamental deficit in development thinking based on modernisation theory and an ideological predisposition towards (and belief in) the agency and working of the market. The paper also argues that the failure of the Report to propose radical land redistributive measures for tackling rural poverty derives from its failure to grasp the fundamental cause and dynamics of rural poverty.

Keywords: agrarian transformation; pathways out of rural poverty; World Bank; neoliberal globalisation

The World Bank’s 2008 World Development Report is a signature study of a critically important issue: the role of agriculture in the development process as one of three pathways out of rural poverty. The Report is presented in the midst of an apparent sea change in the structure of international north–south relations and the organisation of global production, to which agriculture, despite the epoch-defining changes in this organisation, still makes a substantial contribution. Agriculture, according to the Report, also provides the only or principal source of livelihood for a large part of the world’s population, particularly in the countries that it classifies as ‘agriculture-based’ (mostly in sub-Saharan Africa but also in parts of Asia and Central America), where on average agriculture accounts for over 20 percent of national production, at least 65 percent of employment and more than 50 percent of the population living and working in conditions of poverty. Agriculture, however, like industry and services, is not static: it is at the base of a long-term and large-scale process of capitalist development and structural transformation resulting in what the Report describes as the ‘three worlds of development’ – rural-agrarian (agriculture-based), in transition (‘transforming’) and urban-industrial (urbanised). This categorisation of three ‘worlds’ provides the context for the Report’s analysis of what we might term the ‘rural poverty problematic’. The central concern of the WDR-08 is to conceptualise the pathways out of this poverty available in each of these worlds, the contribution and role of agriculture in the process, and the possible agencies for change and development.

There is, of course, nothing new in this studied concern, except perhaps the opportunity to respond to it under conditions of change in the political economy of...
global development in the new millennium – and within the framework (and with the lens) of the ‘new paradigm’ in development theory and the ‘post Washington consensus’ (PWC) on appropriate macroeconomic policy achieved in the 1990s. But this is precisely what makes the WDR-08 so disappointing: its failure to break out of the old development paradigm of modernisation theory or to critically examine the development dynamics of the post-Washington consensus on the need for a more inclusive form of neoliberalism and a more participatory and equitable form of development. As a result, the WDR-08 is unable to overcome the deficit in development thinking based on the belief in the magic of a market freed from the regulatory constraints of the development state – the central proposition and staple diet of the faith-based economics that has dominated development thinking and policymaking over the past two decades.

This paper will argue that the WDR-08 in its ideological concerns and blinders fails to explain or even identify the fundamental dynamics of rural poverty. Because of this, the economists associated with the WDR-08 fail to see the connection of poverty to the neoliberal policies of the Washington Consensus – or a more recent Post-Washington Consensus – and even to consider let alone evaluate the abundant analysis that contradicts their fundamental domain assumptions, or to listen to the voices of the poor themselves raised against these policies. This failure and refusal by itself is clear evidence of the workings of an ideology, paradigmatic assumptions that are rooted in a modernisation theory of economic development/structural transformation that has guided development thinking and policy for close to sixty years. The paper identifies a number of blindspots in the analysis and conclusions presented in the Report. These blindspots, it is suggested, vitiate an otherwise valuable and commendable effort to analyse at length and in detail the global dynamics of rural poverty, and the role of agriculture as a pathway out of poverty.

Pathways out of poverty in the era of neoliberal globalisation

The World Bank in its 2008 World Development Report on Agriculture (WDR-08) conceives of three pathways out of poverty – labour, migration and farming. But it is evident although not precisely stated that the authors of the Report, like World Bank economists generally, continue to assume that the most practical and advisable solution to the problem of rural poverty is for many of the ‘economically inefficient’ rural poor to abandon farming and exit the countryside.

As De Janvry, one of the WDR-08’s leading authors, noted in an earlier study on this issue as regards Latin America, to that date the exodus of the poor to the cities was the primary form of poverty reduction, explaining virtually all of the advances made on the rural front of the global war on poverty. ‘Reduction in the number of rural relative to urban poor’, De Janvry and Sadoulet (2000, 389) argued in this connection, ‘has been mainly the outcome of migration, not of successful rural development’.

1De Janvry and Sadoulet (2000, 389) note that ‘[d]espite relatively high income levels among developing countries, Latin American countries have high incidences of rural poverty because of the highly unequal distribution of income that characterises them, both between sectors and within the rural sector’. He also notes that rural poverty is ‘considerably deeper’ than urban poverty, rooted as it is in grossly unequal land tenure systems and associated conditions of landlessness, land poverty, and near landlessness.
At the time De Janvry and Sadoulet conceived of four ‘exit paths’ available to the rural poor: exiting (outmigration), agriculture (farming), assistance (essentially in support of farming), and ‘pluriactive’, with reference to the livelihood strategy pursued in practice by many if not most of the rural poor, which is to combine farming with off-farm wage-labour. In effect, then as now (at least in Latin America) most of the rural poor are poor not because of the low productivity of agricultural activity or their regressive worldview, but because they have been rendered landless or near landless in a process of ‘primitive accumulation’ of capital. Dispossessed from their means of social production, they had little choice but to turn from direct production to labour in one form or the other, working the land owned by others or, more often, to search for non-farm employment in the countryside or in the cities. Most of the rural poor had (and still have) no option but to turn from farming to migration and labour, often both.

The workings of this assumption – that the forces of social change dictate that the poor exit agriculture and rural society – on World Bank thinking about development are reflected, first of all, in the relative lack of concern for and attention to agriculture in the Bank’s annual review of critical development issues. The first and last report on agriculture before this year’s Report was in 1982.

Another manifestation of the assumption that labour and migration constitute the most effective pathways out of rural poverty is the belief, deeply embedded in the modernisation theory that dominated analysis and practice in the 1950s and the 1970s and evidently shared by World Bank economists even today, is that (i) the dominant form of agricultural production, the small-scale agricultural producer or peasant farmer, is economically backward, marginal and unproductive; (ii) the peasant economy of small-scale localised production is a drag on development; (iii) capital invested in urban-based industry has a considerably greater return, with much greater multiplier effects on production and employment, than a comparable investment in agriculture; (iv) development requires, and is predicated on, a modernisation process of structural transformation – of agriculture into industry and the peasantry into a working class; (v) rural society and agriculture in this process serve development as a reservoir of labour surplus to the requirements of capitalist development and modernisation; (vi) farming opportunities for the rural poor, most of whom are engaged in relatively unproductive economic activities and are either landless or near landless, are scarce and restricted because either the limits of land reform have been reached or because of the requirements of capitalist modernisation (large or increased-scale production, capital-intensive technology, external inputs, access to markets, etc.); (vii) many of the rural poor who retain some access to land are compelled to turn towards wage labour as a source of livelihood and household income; and (viii) because of the economic and social structure of agricultural production there are simply too many people in rural society chasing too few opportunities for productive economic activity. Thus farming provides few ‘opportunities’ for the rural poor to change and improve their situation – to escape or alleviate their poverty.

The combination of these ideas have led many economists – including, as it turns out, the lead authors of the Report – to view the peasantry by and large as an anachronism, seeking to defend a way of life and an economy that is inherently non-viable, entrenching most in a poverty trap. The best, if not precisely the only,
pathway out of this dilemma is to abandon farming and migrate in the search of wage-labour employment opportunities and inclusion in government services, also more accessible in the cities and urban centres.

Notwithstanding the World Bank’s declared commitment to ‘evidence-based development policies’ its approach to thinking and practice in the area of agriculture clearly reflects the working of the assumptions cited above. Even so, more often than not the working of these assumptions is not clear or transparent because they are not normally specified and often the relevant evidence is ‘constructed’ to suit. Thus, to determine the relative weight of the evidence and fundamental beliefs (paradigmatic assumptions) is not easy. It requires a careful deconstruction of the discourse in which these assumptions, that delimit or structure both development thinking and practice, are embedded – to expose them and trace their effect on the Bank’s analysis and policy prescriptions. The WDR-08 and its 42 background papers provide a useful means to this end.

Deconstructing the WDR-08

To deconstruct the text of the WDR-08 it is important to identify its authors, whose assumptions in research and analysis inform and ‘structure’ the ideas presented. Of course, it is not easy to sort out the precise contributions of so many authors and consultants, particularly in the case of this Report, which, Akram-Lodhi (2008) points out, manifests a surprising ‘pervasive heterogeneity’ of ideas. Given that a number of scholars associated with the writing of the report – and even one of the leading authors in the report team – have been critical of the World Bank’s interventions in regard to rural economies, the problem of sorting out the World Bank’s thinking and its policy position is even more difficult. What it requires is a sorting out of the basic underlying domain assumptions, which presumably do not exhibit the same degree of heterogeneity as the presented ideas. In fact, it is likely – and this is our working assumption – that the deeper we probe the text of the report the more clearly an underlying unity of thought will appear. Differences in interpretation, even conflicting ideas, may materialise, but often these differences – this heterogeneity – mask an underlying agreement on fundamental principles, a small set of shared beliefs and common assumptions. Thus, the question in regard to the WDR-08 is whether such an underlying unity can be identified in the mix of ideas and the research findings advanced.

Of course the existence of an underlying agreement and shared domain assumptions does not obviate the utility of specific ideas or take them out of context, particularly, as Akram-Lodhi notes, there ‘is a lot in the WDR-08 with which many people [presumably himself and fellow researchers] would agree’. In other words, ideas can be detached not only from the context that gave rise to them but the discourse in which they are embedded and from which we propose to excavate them (Sachs 1999). The problem is to determine the relation that these ideas have to the assumptions underlying them and the empirical evidence adduced in support of a belief in, and use of, these ideas. Nevertheless, as in any archaeological dig – to extend Wolfgang Sachs’ metaphorical Foucauldian representation of discourse analysis – this discourse excavation and deconstruction requires that the outcome products (discovered ideas) be carefully catalogued and contextualised. Often it also means the reconstruction of elements that are missing or absent but,
This operation in discourse analysis has three basic dimensions. First, an inferential logic (piecing together the whole from existing parts) rather than empirical correlation – associating observed patterns to conditions that are objective in their effects (related to these patterns). Secondly, it means identifying silences or patterns of absence in phenomena (interpretative ideas) that are conspicuous by their very absence, i.e. the empirical data presented in the text suggests or points to interpretative ideas that are not given. And thirdly, a critical discourse analysis requires digging beneath the ideas advanced in the text of the discourse (the WDR-08) to the socioeconomic interests that they reflect, connecting them not so much to the adduced empirical evidence but the unstated and perhaps barely conscious interests of the authors – to the social group or class with which they identify; i.e. to view these ideas not in terms of a presumed or identified operative scientific theory but to view them as part of an ideology, designed to obfuscate or mask reality rather than explain it. In this connection, it is safe – or almost so – to assume that any text has within it elements of both science and ideology, the first in the interest of advancing knowledge, and the latter in the interests of a group or class with which the author knowingly or unknowingly identifies. The problem, and task, is to sort out the workings and weight of science and ideology relative to the relevant objectively given or constructed ‘facts’.

**Appearances and reality: stated aims and operating assumptions**

The WDR-08 aims to be, in Akram-Lodhi’s (2008, 2) words, ‘a paradigm-shifting reimagining of the policy and practice of rural development’, but Akram-Lodhi argues that it falls far short of this aspiration. Rather than a new vision and imagining, or a simple interpretation of the facts, it is, rather, ‘an intervention that is the logical culmination of prior rural policy and practice at the World Bank’ (Akram-Lodhi 2008, 2). In other words, the Report hews close to the analysis of related developments in earlier and different contexts, staying very close to the assumptions of the old and still dominant paradigm, assumptions shared by economists and practitioners at the Bank regardless of a professed concern for establishing a ‘new paradigm’, and regardless of the apparent ‘heterogeneity’ in their ideas. These assumptions lead the authors of the WDR-08 to arrive at predetermined conclusions and to prescribe policies that reflect the dominant paradigm, some facts and many ideas to the contrary. For one thing, neither in the Report itself, nor any of the 42 background papers prepared for it, is there any consideration of ideas that reflect a different viewpoint or conflicting assumptions. These assumptions, and the large body of studies that reflect or advance them in their research and analysis, are studiously or consciously ignored – a ‘fact’ that can be ascertained by a reading of the text as well as a simple perusal of the studies consulted and the Report’s list of academic references. The point is that the viewpoint and ideas of organisations such as Via Campesina, and the large volume of critical academic studies are conspicuous by their absence.

**The notion of ‘three worlds of development’**

The WDR-08 distinguishes three broad groups of developing and transition countries, based upon the contribution of agriculture to economic growth and the
share of rural poverty in total poverty. These three ‘worlds’ are composed of: (i) *agriculture-based* countries, in which agriculture’s share of production is greater than 20 percent and the rural poor constitute at least 50 percent of all the poor; (ii) *transforming* countries, in which the contribution of agriculture to growth is less than 25 percent and the rural poor are at least 60 percent of all the poor; and (iii) *urbanised* countries, in which the contribution of agriculture is less than 20 percent and the rural poor are less than 60 percent of the total.

Both categories (worlds of development, poverty) as defined or measured betray long-held assumptions more than they represent ‘facts’. Behind the notion of ‘three worlds’ is the clear albeit unstated assumption of a long historical process of productive and social transformation – the ‘great transformation’ in the conception of Karl Polanyi, which in the mainstream of development thinking among sociologists and economists over many years, over a century (the twentieth) in fact, has three critical dimensions, each manifest in a meta-theory or over-arching explanatory framework: (i) *modernisation* – the transition and transformation of a traditional type society based on a traditional communalist culture into one modern society based on modern individualist culture of achievement orientation in which each individual rationally calculates and pursues a path of self interest, taking advantage of available opportunities; (ii) *industrialisation* – the transformation of a pre-industrial agrarian society into a modern industrial form of society (a transformative change in the basic structure of production); and (iii) *capitalist development or proletarianisation* – the transformation of a society of small-scale peasant agricultural producers into a proletariat, a class of individuals dispossessed of the land and compelled to exchange their labour power for a living wage. There is considerable historical evidence of a long-term trend that can be theorised in these terms.\(^2\) On this there is little to dispute. Where there is considerable dispute and on-going social-scientific debate – although there is no trace of it in the WDR-08, which is not surprising, or in any of the background papers, which is more surprising – is in regard to the assumption of an immutable historic process; that the forces of social change and structural transformation released in this process are irresistible; that the only possible response to these forces is to adjust to them, and to do so in one of just three ways.

### Conceiving of change – pathways out of rural poverty

The central idea advanced by the WDR-08 is that the rural poor have available to them three pathways out of poverty, each a possible response to the forces of change – capitalist development, industrialisation and modernisation. Interestingly, although with reference to its paradigmatic assumptions not surprising, the Report assumes – there is, in fact, no systematic analysis or theory constructed to the

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\(^2\)For example, the WDR 2008 (p. 27) conceives of the three worlds of global agriculture within the same understanding of a long-term development process of structural transformation as the WDR 1982 (p. 43). A major centre of reference for an analysis of this process is the classic work of Chenery and Syrquin (1975), in which the structural transformation is analysed in terms of a progressive decline in the share of agriculture in GDP and in a similar decline for the shares of the labour force in agricultural employment. Thus, the WDR-08, like the WDR-82, clearly expects that, over time, agriculture-based countries (agrarian societies) will eventually be transformed (industrialised and modernised) and eventually urbanised (p. 28).
purpose of explaining rural poverty, a major lacunae in the report – that the fundamental source of rural poverty is the economic and social structure of the rural economy rather than the forces of change that surround and beset this ‘agrarian structure’. In this, they differ from – and totally ignore – the analysis provided by scholars with a divergent political economy approach to analysis and a critical theory as to the operation of these forces. Within the theoretical and analytical framework used by the economists at and with the World Bank, and, it would seem, shared by all the authors who contributed to the WDR-08, the economy and society of the small-scale agricultural producer – the ‘peasant’ as self-defined and academically conceived by many – is viewed as having a traditional cultural orientation (towards communalism) and an unproductive economic practice that marginalises them from the process of productive transformation and the opportunities for self-advancement and improvement that this process generates. In this conception the only way out of poverty is for the poor to participate in the opportunity structure of modern industrial capitalist society, and the best policy advice that can be given them is to adjust to and not resist the forces of change. ‘Development’ in this context implies intervention in the form of helping the poor make this adjustment – to capacitate them to do so: to see and take advantage of the opportunities open or made available to them, a policy matter of ‘equity’, ‘inclusion’, ‘participation’, ‘empowerment’ and ‘good governance’ (World Bank 1994, Potter 2000, UNDP 2006, Bebbington et al. 2008).

As for the pathways that the poor might or should take, the Report sees the greatest opportunities to be in migration and labour, notwithstanding a professed concern for the significant development contributions that agriculture can make. But this is in no way derived from a careful analysis of un- or de-constructed facts, nor of the thinking and struggles of the rural poor themselves. At the turn into the new millennium the World Bank collected the voices of more than 60,000 poor women and men from 60 countries, in an unprecedented effort to understand poverty from the perspective of the poor themselves (Narayan et al. 2000a, 2000b, Narayan and Petesch 2002). They even consulted with representative organisations of the rural poor such as Via Campesina, and the global coalitions that have raised the voice of the rural poor in the struggle for inclusion in the process of change and development, and in resistance against the forces of capitalist development under conditions of neoliberal globalisation. But none of these voices can be found within or even behind the text of the WDR-08.

The concepts used to categorise information and research (worlds of agriculture and development, pathways out of poverty) are descriptive rather than analytical. As for the dynamics of change and development associated with these categories, the Bank’s focus is entirely on three types of adjustments made by the poor to the forces operating on them, on their economies, their communities, their societies. There is a total absence of any reference to, let alone analysis of, the response to these forces in the form of resistance. And resistance to these forces in different contexts (especially in Latin America) have taken diverse virulent forms (see, for example, Petras and Veltmeyer 2005). By definition or analytical fiat, to resist is viewed as regressive, a failure to appreciate the insistent and – in the long term – unavoidable dynamics of change. As the authors of the Report view it, the only way out of poverty is for the poor to adjust to the requirements of the new world order in which the forces of freedom (the private sector, the market, etc.) are liberated from the restrictions of the development state, and to take advantage of the opportunities made available in the
process. This is reflected in the Report’s notably positive and sanguine view of the private sector and its diverse policy prescriptions.

**Farming versus migration and labour**

The Bank's differentiation of three worlds is based on a somewhat arbitrary line drawn across two points of agricultural employment as an average share of the labour force: 65 percent, 57 percent and 18 percent. There is, in fact, little reasoning provided in support of this categorisation that points to substantive differences in the three worlds of development. Why not two or four? Presumably there are dynamics and shared conditions associated with this typology of 'worlds', which denotes different stages in a development that all countries, it is anticipated and theorised, will undergo. Thus, the category of 'urbanised' is a reconceptualisation of 'modern' and thus 'developed' and 'industrialised' in the heavily criticised theory that dominated the 1950s and 1970s (criticised precisely for its assumption of universality and immanence). By the same token, the category 'agricultural' is a proxy of 'traditional' in this theory, associated with 'undeveloped' and economical backwardness. As for 'transforming' it represents an intermediate stage of development in the direction of modernisation and capitalist industrialisation in an inevitable and unstoppable process of productive and social transformation.

Several comments are in order here. First, the notion of 'three worlds' is not only a descriptive rather than an analytical category but it is a bad one at that: it does not correspond to reality. Secondly, it reflects a return to the modernisation theory of the 1950s and 1960s – hardly the imagining of a new vision and certainly no paradigmatic shift. It ignores entirely the real possibility in the world today for the rural poor to pursue their own path or to imagine and create their own future along a different trajectory from this preconceived path. It also ignores the possibility for the rural poor, small-scale landholders, and agricultural producers to resist rather than adjust to these forces of change and, under certain conditions, to defend and preserve a society and economy of small-scale producers (Desmarais 2007).

The problem is to determine what these conditions might be, but in several blindspots of the Report’s analysis, and the inability of its authors to think outside the box (the orthodox paradigm), there is no interest in exploring dynamics of change that run counter to their preconceived notions and the ideology associated with them. The peasantry in this context represents a backward social and economic category that has declining numerical and political significance as a spent force railing against irresistible force with no potential for constructing their own future along their self-chosen path, which by the Report’s definition is a poverty trap.

**Productive and social transformation**

A domain assumption of modernisation theory is that ‘development’, understood as incremental improvements made in the direction of economic growth, is based on transformative change in the structures of economic production, culture, and society. Ironically, this assumption, explicit in both the 1982 and 2008 WDR on agriculture, is shared by Marxist political economists and sociologists who have a decidedly different perspective on the process of capitalist development, but nevertheless share
with orthodox development economists the view of development as a process of structural transformation surrounding the expansion of a ‘capitalist nucleus’.

There is in fact a lot of evidence and argumentation in support of this meta-theory of social change. It is evident that large numbers of the rural poor, since the 1960s, particularly in Latin America, have taken the road of least resistance, adjusting to the forces of change by abandoning agriculture along the pathways of labour and migration – often in the combined form of labour migration. The dynamics of this process are reflected in the statistics on national poverty rates, particularly in regard to the urban-rural distribution of these rates, as well as the substantive evidence of a process of rapid urbanisation: in the 1960s, most countries would have been categorised by the WDR as ‘agricultural’; but by 2005, after two decades of neoliberal reforms that by any account have worked to accelerate the process, every country had completed the transition and transformation into the modern world of agrarian capitalist development and urbanisation. Even Bolivia and Paraguay exceeded the urbanisation threshold as defined by the Report.

There is little dispute over a long-term trend in this direction. But where there is considerable dispute is in how to understand the dynamics of the process, particularly in regard to the depoliticised nature of the World Bank’s understanding of these dynamics. First, there is no awareness in the WDR-08 of the dynamics at work in the process of capitalist development of agriculture. This development is predicated on a process of ‘primitive accumulation’ – dispossession of the direct producers from the land, which, as it happens, not only induces a process of social transformation (conversion of peasants into workers) but is the basic structural – and political! – source of poverty in rural society: landlessness or near landlessness (on the regional dynamics of this process see the various studies in Moyo and Yeros 2005).

This condition is not the inevitable consequence of an unstoppable process. More often than not it is a political condition rooted in a historic process of expropriation or dispossession by violence and . . . legislation. It is, in the unformulated modernisation theory behind the WDR-08, the source of backwardness and poverty: the traditional communalist (as opposed to individualist) culture of peasant society leads to unproductive practices – the failure to invest productively in new technology and superior forms of organisation, and to take advantage of the opportunities presented by the forces of change.

Rather than resisting these forces, the landless or semi-proletarianised peasants of today are expected, if not required, to adjust to change. What about farming as an option – as a pathway out of poverty? For most peasants it is not an option. They simply do not have the wherewithal – first of all, land, and then the technology and capital, and then the capacity – to exploit these resources productively and effectively. One of the Report’s ideas that Akram-Lodhi (2008) thinks that ‘we can agree with’ is that some peasants could indeed adjust to the forces of agrarian capitalism and agricultural modernisation and be capacitated to pursue farming as a pathway out of poverty. This is one difference from the 1982 WDR and economists at the Bank over the years. They had always worked with the assumption that the key to agricultural productivity is capitalist development, which specifically excluded the peasant producers who dominate agricultural production in the global south.

The problem is that this policy comes up against another blindspot in the WDR-08. The first blindspot relates to the dynamics of primitive accumulation as the source of poverty. The second concerns the actual dynamics of productive and social
transformation associated with the process of capitalist development. In the Latin American context, for example, the rural poor include large numbers of landless or near landless peasants but most, over 50 percent in many cases, are semi-proletarianised, that is, they have to combine agricultural production or tenant farming with wage labour. In theory, the labour released from the land would be absorbed by urban industry, incorporated into the labour markets of the growing urban centres. But reality has not confirmed this theory. In practice what has occurred is a process of partial or semi-proletarianisation. Rather than being converted into a modern urban-centred working class, the vast majority of the rural poor, dispossessed from the land, have been converted into a rural semi-proletariat, retaining access to some land but increasingly reliant on wage labour as a means of livelihood and household income, and an urban semi-proletariat of informal workers, working ‘on their own account’ on the streets rather than exchanging their labour power against capital. Over 50 percent of the rural poor in Latin America can be categorised as semi-proletarianised in these terms, with substantial evidence to suggest that they will never complete the theorised transition – the process of social transformation into a modern waged working class. And most of the urban poor are similarly unable and unlikely to complete the process, compelled or led in numerous cases to look further to migrate overseas in the search of greater ‘opportunity’.

At a macro-level, the problem with the implicit thinking behind the WDR-08 is that the level of urbanisation cannot, as in prior theory, be used as a proxy for structural transformation and thus the level of development. In this theory, to which many economists today it would seem still subscribe, development is defined in conditional terms as economic growth, measured as an annual increase in the GDP, and at the structural level as industrialisation, which tends to be urban-based and urban-centred, thus leading to a convergence between urbanisation and industrialisation-modernisation, capitalist development-proletarianisation and economic development. However, in Latin America there has not been such a convergence: urbanisation, over the course of the past three decades, has increased at twice the rate of industrialisation and has not correlated well with the degree of economic and social development. Most countries in the region today, after two decades of neoliberal globalisation and associated ‘development’, can be placed in the middle-income category, but so could many of them in the 1970s, in a process of transition. As for the ‘transforming countries’, most of which are located in Asia, they currently exhibit the most dynamic forces of economic growth and structural transformation in the world but at lower rate of urbanisation than in Latin America, where the forces of adjustment and resistance are more dynamic than the rate of economic growth. The fact is neither rural nor urban society under given conditions today have an opportunity structure, impeding the efforts of the World Bank and the development community to induce a process of ‘productive transformation with equity’ (ECLAC 1990) and so expand the opportunities available to the rural poor, capacitating them to take advantage of these opportunities – the fundamental policy of the World Bank in its war on global poverty.

A third blindspot in the analysis of the economists at the World Bank and associated with the WDR-08 is the failure to recognise what the urban and rural poor understand all too well – that the very ‘pro-growth’ policies that the Bank prescribes for both urban and rural development are designed to close the poverty trap in which the poor are enmeshed. These policies have in fact been redesigned
under the terms of a ‘post Washington consensus’ (PWC), but by many accounts they have had but a marginal impact, if any, on the state or rate of rural poverty.

The question is, is there a substantive difference between the policies of the Washington consensus (the lauded but heavily criticised ‘structural adjustment program’) and the ‘post-Washington consensus’ on correct policy (the PRSP, formulated within a new ‘Comprehensive Development Framework’ (CDF)). More to the point, what does this policy – and paradigmatic shift – mean for the rural poor? Does it have any bearing on the structure of opportunity available to them in agriculture or the labour market – on the forces of change generated in the on-going capitalist development process of productive and social transformation? Does it have any bearing on the pathways out of rural poverty – in removing existing obstacles? And more to the point, does it have any bearing on the struggle of peasants to take the path of resistance rather than adjustment – to their efforts to construct a different regime, a viable peasant economy of small-scale agricultural production within an alternative paradigm?

Pathways out of poverty: sins of commission and omission

The WDR-08, like the WDR-82, despite the recognition of diverse patterns and heterogeneity, clearly expects that the ‘great transformation’ from a traditional, precapitalist, and agrarian society into a modern industrial capitalist system will necessarily proceed by degrees through definite, if not predetermined, stages: in the WDR-08’s conception from ‘agriculture-based’ to ‘transforming’ and then to ‘urbanised’. Thus the key to this analysis – the implicit theory of development behind the report – is the dynamic of ‘transformation’. But what characterises this dynamic – what releases the forces of change and development? What are the driving forces? The obstacles? The agency of change?

Presumably the major obstacles to change are rooted in the structure of the agriculture-based societies, most of which today are found in sub-Saharan Africa. Typically, most of the transforming countries are found in Asia – earlier in Japan and southeast Asia and today in China, India, Indonesia, etc. As for the impediments to growth and transformation, they are undoubtedly rooted in the internal structure of these societies – although the authors betray no analysis or the least understanding of these structures, focusing as they do on an apparent heterogeneity of economic practice in agriculture as well as a general orientation towards cash crop production and resource extraction within the international division of labour. However, the Report also notes common characteristics, which presumably should be factored into any analysis of the failure or slowness of these

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3This PWC takes a number of forms, including: (i) proposals for a ‘more inclusive neoliberalism’ based on a ‘new social policy that targets the poor’ and ‘local institutions for poverty alleviation’; (ii) ‘a decentred but capable state’ with a ‘joined-up decentralised governance’ (Craig and Porter 2006); (iii) a new development paradigm based on decentralised governance, social capital, and local development (Atria et al. 2004); (iv) a call for ‘more balance between the state and the market’ (Ocampo 2007); (v) the institution of a ‘social democratic regime’ capable of ‘reconciling … growth through globalised markets with extensions of political, social and economic rights’ (Sandbrook et al. 2007); and (vi) an overarching Comprehensive Development Framework (CDF), and, within this framework, construction of a new policy tool – the Poverty Reduction Strategy Paper (PRSP) – introduced by the World Bank to the ‘development community’ at the 1999 G8 Summit.
countries in proceeding along the evolutionary path of progress. The authors include (no analysis is actually made) the fact that these countries tend to be small in population size or have low population-land densities, are often landlocked, and are commonly emerging from conflict, which means that the trade, infrastructure, and services necessary for markets to work well are weak or sparse. Moreover, agriculture-based countries seem to be particularly susceptible to climatic shock in their reliance on rain-fed water supplies.

As for the transition from agriculture to the first step towards transformation, in the case of agriculture-based countries, and the second set of steps that the rural poor need to take in the context of ‘transformation’, the critical issues have to do with the dynamics of a rural-to-urban migration process – relocation of the rural poor to the cities and urban centres where appropriate infrastructure and other requirements for change and development, for equitable social inclusion, as well as its driving forces (capital, technology, trade) and key agents, are based or focused. The point is, it is argued and the Report makes clear, many if not most of the rural poor are unable to ‘farm their way out of poverty’ (World Bank 2007, 234), and thus they need to exploit any ‘rural non-farm opportunities’ (rural wage labour) as well as – and on a larger scale – opportunities available in the urban centres.

Oddly enough, neither the rural migration nor the labour market dynamics of the urbanisation process are presented for analysis. Unlike the structural dynamics of contract farming or the policy dynamics associated with the process of incorporating agricultural production into the global economy, they are taken for granted, or perhaps buried in one of the background papers. They are nevertheless taken as key factors in the transformation process, which implies a process of productive transformation (of agriculture into industry) and social transformation (of peasants into wage workers). The focus of the Report’s limited analysis is on the dynamics of capitalist development of agriculture and the requirements and opportunities provided by these dynamics for farming as form of livelihood and pathway out of poverty.

The critical factor regarding the latter is to increase the productivity of agricultural labour – although the Report notes that it is already higher in farming than non-farming – thus providing little constraint. And the key to increased productivity, as the authors of the Report see it – again, as in 1982 – is improved access to both capital and technology, to the product and capital markets, as well as investment in research and extension, and, above all, increasing competitiveness, i.e., market-led development and the agency of the private sector (rather than the state) and capital in this development. Presumably, the state is expected to facilitate and assist this development by providing an appropriate institutional and policy framework, as well as infrastructure – a critical factor in the economic development process and for markets to function properly – and security – a critical factor impeding the development process in the agriculture-based countries of sub-Saharan Africa (Collier 2004).

The key to improving the competitiveness of smallholder farming in agriculture-based countries, and so reducing rural poverty – and again this is the same message of the WDR-82 – is to make markets work better in the production of traditional staples and non-traditional agricultural (and resource-based commodity) exports, and in higher value crop, livestock and horticultural products, by integrating smallholders into global agri-food commodity chains, deepening and broadening the export orientation of agricultural production. The problem from this perspective is
that the small-scale agricultural producers or peasants are or appear to be (hence the need for education and training) relatively resistant to this development – in many cases and for the most part unable or unwilling to adapt to the requirements of modern farming, and at the same time unwilling to take the migration route out of poverty. Evidently peasants in sub-Saharan Africa and in Asia are less inclined to take the migration and labour pathways out of rural poverty. Also, how well migration and labour have worked as pathways out of poverty is not entirely clear. In Latin America, for example, a process of rapid urbanisation both preceded and followed a process of rampant capitalist development in the 1960s and 1970s, and continued apace in the 1980s, barely slowing down in the 1990s when most countries in the region passed the ‘urban world’ threshold. But the dynamics of this process do not correlate with progress made on rural poverty, which has not only resisted diverse strategies designed to reduce its absolute and relative incidence but has maintained its high level – currently 51 percent across Latin America – despite the exodus of millions in search of better opportunities elsewhere.

The politics of poverty reduction
The striking feature – and another blindspot – in the WDR’s analysis of the pathways out of rural poverty is that they are conceived entirely in terms of an economic adjustment to the presumed irresistible forces of agrarian transformation and capitalist development. In these terms opportunities of the rural poor to ‘farm their way out of poverty’ are few, and the majority are expected – and encouraged – to take the pathways of labour and outmigration.

The critical point of this lapse is the struggle of small-scale agricultural producers and other categories of ‘peasants’ that make up the bulk of the rural poor in each of the three worlds identified in the Report. What is surprising – considering the extensive field experience of at least one of the WDR-08’s leading authors (De Janvry) in the contentious area of land reform – is how it entirely ignores the political dynamics of social change that arise out of this struggle. In Latin America, for example, the struggle for land reform has brought the small-scale producers and the mass of landless and near landless ‘workers’ – generally conceived of as ‘peasants’ in different forms – into a relation of political conflict with the big landlords and rural bourgeoisie, who through different means under diverse conditions in different rural contexts managed to acquire the lion’s share of the arable and productive land, and the state, which in this context generally assumes responsibility for mediating this conflict.

Poverty relief in agriculture-based countries
The solution to rural poverty in agriculture-based countries, as noted earlier, can be found in the deeper integration of competitive smallholders into global agriculture through an expansion of non-traditional agricultural exports – admittedly a small part of the solution, given that most peasants either have little productive capacity or are non-competitive; through expanding opportunities for rural waged labour, a policy endorsed by the report’s authors; and through outmigration from the rural economy, the most popular and preferred pathway out of rural poverty.

And what of the two other categories of countries in which agriculture plays a smaller role, making a relatively limited contribution to the overall production? For
one thing, the WDR argues that agricultural productivity is lower in these countries than it is in agriculture-based societies, which is attributed to competitive pressures for scarce resources, particularly land and water, and a decline in farm size, all of which, according to the WDR-08, have generated political pressures in the direction of subsidising and protecting food prices, electricity, and access to water and fertilisers, etc. These pressures, of course, work against the World Bank’s ‘pro-growth’ policies and thus against the rural poor, who, the Report argues (somewhat tortuously, it might be said) do not benefit from a policy of protectionism and subsidies; this policy, it is argued, benefits the rural elite, not the poor.

The one apparent departure from orthodox development theory, articulated most clearly in the Lewis model, presented by the WDR is in regard to income dynamics. While the Lewis model assumed an initial gap between rural and urban incomes that was functional for economic development in causing a shift of labour to the urban centres, the authors of the WDR-08 argue for the utility and benefits of increasing rural incomes – to retain rather than expel labour. The mechanism for increasing rural incomes, the authors add, is to raise the productivity of agricultural labour by promoting the expansion of tradable agricultural staples, and by aligning policy and technology so as to promote export growth of these staples, thus taking advantage of the comparative advantage in agricultural production. Of course, this form of agriculture is relatively capital-intensive – capital intensity being the normal route to productivity growth. And the theory of comparative advantages in agricultural production for export is a fundamental pillar of orthodox development policy. Where the WDR-08 departs from this orthodoxy is in the belief that a policy of non-traditional agricultural exports can, and should, be combined with a more labour-absorbing production of high value food crops, horticulture, livestock, and aquaculture products, for which there is a growing demand and both local and external markets. The point made by the Report is that both smallholder farming and rural waged labour can be connected in this way to expand production of non-traditional agricultural exports, thus opening up opportunities along the pathways of labour and farming, the only alternatives to rural poverty and outmigration, the third pathway out of rural poverty.

**Poverty relief in transforming countries**

A key message for stakeholders in rural development within the ‘transforming’ countries is that agriculture alone cannot relieve rural poverty. Indeed, the authors argue, farming is an option for very few of the rural poor, partly because of the relative lack of opportunity (given the dynamics of structural change) and partly because of the mindset of most peasant farmers. For a majority of the rural poor the only way out of poverty is outmigration or rural non-farm waged labour. But to expand the farming pathway out of poverty, to provide more opportunities for poverty relief via farming, the WDR recommends policies designed to improve productivity through better soil and water management, technological upgrading, and extension interventions; and to increase the integration of farmers into the market, capacitating them to do so via trade and price policies. As for policies in this area, the authors recommend unsurprisingly (considering the operating World Bank ideology of neoliberalism) ‘getting process right’ – to improve thereby the investment climate for agricultural businesses and to facilitate a tighter linking of smallholders...
to agri-food processors and agri-food retailers – and, more surprisingly, ‘contract farming’ (because it entails higher incomes).

As for rural waged labour, or outmigration for those drawn to more remunerative urban employment, clearly the option favoured or recommended by the authors of the WDR-08, the best and indeed only policy, is skill enhancement and capacitation.

Poverty relief in the world of urbanised countries

Given the light weight of agriculture and its limited contribution to national production in the urbanised countries, as well as the advance of urbanisation in the process of structural transformation, the analytical focus and policy emphasis of the report naturally enough falls on the alternative pathways of rural outmigration and labour, the pathway to which – considering the restricted structure of rural wage employment – also requires outmigration.

Notwithstanding the high degree of urbanisation, which normally – in theory at least – correlates with other dimensions of structural transformation and associated improvements in the level of development, groups of urbanised countries in the global south also exhibit high rates of inequalities in the distribution of rural incomes and rural poverty. In Latin America, for example, the rate of rural poverty hovers around 50 percent (ECLAC 2008), despite decades of outmigration and development programming. There is some correlation, in that in many cases the higher the rate of urbanisation, the lower the rate of rural poverty. This suggests several things. One, that the rural to urban migration process in recent years, especially in the decades of the 1970s and 1980s, which witnessed the greatest rural exodus, did have a moderating effect on the rural poverty rate, and, it would appear also generated new forms of urban poverty in the process (ECLAC 2008).

Second, the problem of landlessness, by most accounts the major source of rural poverty (in addition to the low productivity of agricultural labour pointed to by the authors of the WDR-08), persists, pointing to the absence of any effective land reform process, as well as mounting resistance to policies of neoliberal globalisation (Petras and Veltmeyer 2005).

The WDR-08 points to another notable feature of rural development in the urbanised countries of the global south, namely the relatively higher weight of non-farming activities in the structure of production and employment, which the Report links to the productivity and income gains of agricultural modernisation and commercial agriculture, which have dramatically expanded in recent years in the context of an irresistible and advancing globalisation process. In this context, small landholding farmers, according to the Report, are disadvantaged, held back by a relative lack of assets as well as unfavourable terms and conditions for entry into food and agricultural markets. Thus, neither rural non-farm labour nor small-scale

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4 ECLAC’s Social Panorama of Latin America provides the latest ‘official’ poverty estimates available for the countries of Latin America. These estimates indicate that in 2006–7, 36.5 percent of Latin America’s population (195 million people) were poor and 13.4 percent (71 million) were extremely poor. This represents a significant improvement in the situation prevailing in the region in the 1990s. However, other studies (see Petras and Veltmeyer 2009) suggest that the real poverty rates, determined on the basis of a ‘basic needs’ measure as opposed to the World Bank’s standard measure of US$2 a day, are much higher and well over 50 percent in many cases, with a 20 percent urban–rural differential.
farming provide a viable route out of poverty. The solution is to transform inefficient, low productivity smallholder agriculture into modern efficient commercial agriculture, well connected to the growing global markets for food and agricultural production in which the countries of the global south have a comparative advantage. As for the rural poor, it is clear that most of them will not be able to farm their way out of poverty. The solution or pathway out of poverty is continuing and further outmigration, a process that the development community should assist by capacitating the rural poor for waged or self-employment, and by providing or strengthening the skills platform (the health and educational infrastructure) for this process.

This ‘conclusion’ and policy advice is hardly surprising: both were predetermined by the fundamental and unshakable assumptions shared, it would seem, by economists at the Bank, even the erstwhile critics who have been incorporated into the extended process leading to the production of the WDR-08.

On the basis of these assumptions and the unshakable belief in the irresistible force and structural transformation/progressive development of agricultural modernisation, the authors of the WDR-08 do not in any way or at any level address the fundamental question begged by their policy advice: what are the outcomes of the outmigration process? Is outmigration a pathway out of poverty or merely the substitution of one form of poverty (rural) for another (urban)? A recent study of urban development, as global in scale as the WDR-08, by Mike Davis (2006) points to the latter ‘development’. Indeed, diverse studies of urban development over the past decade and a half suggest that under widespread social and economic conditions of neoliberal globalisation the so-called and presumed ‘structural transformation’ associated with and responsible for improvements in social economic conditions (‘development’) has stalled, leading to an exceedingly uneven development process. In effect, the productive transformation of agriculture into industry, and the social transformation of peasant farmers into waged-and-salaried workers, have not unfolded as they should (according to theory). This observation leads us to suggest and argue that neither the conditions of rural and urban poverty, nor the policy dynamics associated with the diverse efforts to assist the poor, nor the pathways out of poverty available to the rural poor, should be disconnected – as they are in the WDR-08.

**Conclusion**

The WDR-08 identified five different categories of rural livelihood strategy pursued by the rural poor: (i) market-oriented farming, where at least 50 percent of agricultural production is sold in markets and 75 percent of total income derives from farming; (ii) subsistence production, where less than 50 percent of agricultural production is market oriented and 75 percent of total income derives from farming; (iii) the combination of farming with wage-labour, pursued on a casual or seasonal basis; (iv) migration-oriented livelihoods, where over 75 percent of total income is derived from remittances; and (v) diversified livelihoods (where labour or migration income sources contribute over 75 percent of total income).

What is striking about the Report’s categorisation of rural livelihood strategies across the three worlds of global agriculture is that they result in a remarkably uniform triad of pathways out of rural poverty: commercially-oriented entrepreneurial smallholder farming; rural non-farm enterprise development and,
more particularly, rural non-farm waged labour; or outmigration. These pathways can be complimentary and mutually reinforcing. Indeed, in the Report’s typology of livelihood strategies it is outmigration and rural income diversification – that is to say, mutually reinforcing multiple pathways – that are usually found to be the normal route out of rural poverty in the evidence that is presented. Thus, as Akram-Lodhi points out, ‘an analytical perspective predicated upon pervasive heterogeneity gives way to a standardised and homogenous set of paths out of rural poverty across the three worlds of global agriculture’. In this sense, then, the WDR-08, in Akram-Lodhi’s words, ‘offers a dose of agro-pessimism that reflects a unilinear, path-dependent vision of the future of food and agriculture’. We might add, and we conclude, that the Bank’s ‘agro-pessimism’ also reflects the power of an unstated unifying ideology. The ‘analysis’ provided by the Report is more reflective of this ideology than the ostensibly social scientific research provided in the more than 40 background papers on which the report’s authors have drawn. This is one conclusion that can be drawn from a review and critical analysis of the WDR-08.

Beyond these analytical deficiencies – and there are others – the WDR-08 can be viewed as a powerful if nuanced restatement of a theory that had been all but abandoned by researchers in the field of agrarian transformation and rural development. As it is, the Report makes no reference to, or any use of, the large body of work in the unorthodox tradition of alternative development thinking. Nor do the authors of the WDR-08 acknowledge or critically review and analyse the growing body of ideas and prescriptions for action by activists in a global peasant-based and peasant-led movement committed to the sustainability of small-scale agricultural production and a way of life based on it.

This in itself is hardly surprising, reflecting as it does the presence and working of various paradigmatic assumptions, and an ideology that predisposes analysis towards system-supportive findings and prescriptions and ignores contrary ideas. But if the economists at the Bank and the authors of the WDR-08 had been able to think ‘out of the box’ (the dominant paradigm of modernisation theory) they might have been able to conceive of available ‘pathways out of poverty’ in broader and not merely in economic adjustment terms, and also to propose radical land redistributive measures for tackling rural poverty, rather than the conversion of ‘peasant’ farmers into capitalist entrepreneurs and their integration into the market. The Report’s stance on this point and its policy prescriptions derive from a failure to grasp the fundamental cause and dynamics of rural poverty. Even without the required systematic analysis, it is evident that radical land redistributive measures and the mobilised resistance of small-scale producers would provide a better pathway out of poverty than the capitalist market.

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**Henry Veltmeyer** is Professor of International Development Studies at Saint Mary’s University, Canada and the Autonomous University of Zacatecas, Mexico, and author and co-author of over thirty books on the political economy and sociology of globalisation and development, and Latin American development. Recent publications include *Illusions and opportunities: civil society in the quest for social change* (2007) and, with James Petras, *Multinationals on trial: foreign investment matters* (2007) and *What’s left in Latin America* (2009).

Corresponding author: St. Mary’s University, Halifax, NS, B3H 3C3, Canada.
Email: hveltmeyer@smu.ca