

Summary of 29 Sep 21 Session on Markets

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The session was proposed in the context of articles about the question of MSP and WTO role in global agricultural prices posted on the Whatsapp group by Gandhi and the importance of coming to grips with the conception of future markets in the Lokavidya thought.

There is general agreement that emergence of global markets has deepened the condition of unequal exchange as a mechanism of exploitation of farmers and of lokavidya samaj in general. There is also a consensus on the opinion that a market, which is less exploitative and more just for these samaj needs to be a 'regulated' market. The important questions to debate are (i) What kinds of regulation? and (ii) Regulation by whom and at what level? It should be beneficial, as well as probably not incorrect either, to consider distinct opinions expressed by everyone during the session as views on going about answering these questions.

Following is a not-too-brief (mostly non-literal) summary of points emphasized by everyone.

Suneel:

An important aspect is whether the products on the market are exchanged as "use values", or as "exchange values". The more the latter, the more the absence of "human element" in the market. **Withdrawal** of government from markets for food articles and strengthening of modern markets in its place deepens a situation where buyers of food from farmers are not its consumers and actual consumers of food appear merely as buyers. Eventually food is not produced for consumption, but for sale. Such trade would inevitably involve and cause unequal exchange. Vis-a-vis this a small shop-owner appears more as a facility-provider rather than a substantial gainer in this unequal exchange. **Arrangements** like the earlier e-chaupal, which apparently reduce the intensity of this unequal exchange, work only in conjunction with sale of costly industrial input to agriculture. International trade, which existed earlier constituted a very small proportion of local market. Also, it related not to articles of daily consumption. So, thinking about markets may probably not be

essentially influenced by international, which might be treated as a perturbation. **The** preference shown by people to global products is not from considerations of quality, facility etc but is caused by something else. Thus, a social campaign (swadeshi, local preference, ...) is needed to promote local produce.

Vijay:

Global market in agricultural produce is strongly under the yolk of subsidies by Western nations, which are expected to grow three-fold to \$1.7 Billion by 2030. So, with this, where is the 'market'? WTO regime has failed to discipline these subsidies. International grain prices for grains (wheat and paddy) are lower today than they were in 1986-97. Here they are higher only due to devaluation of the Rupee. In this system, where the most mechanized farms also need subsidies to sustain, how will farmers' incomes here increase? The farmer and the lokavidya samaj cannot survive in this market. Varanasi kind of experiments will not work after post-globalization changes. **Even** experiments like e-chaupal paid higher prices only when international prices were high. **Vinoba** had clearly said that we need an economy where grain sells at high price and industrial produce is cheaper. **Nations**, which tried to modernize by keeping food prices low are all poor today. We need to study the case of Japan, which did the opposite, paying 3-4 times the global prices to their paddy producers. **Purchasing** power of farmers and lokavidya samaj must be increased. Prices in urban areas rise and fall so as to match demand at a price to supply. But, what does this even mean in the absence of purchasing power with 80% of people? **Apart** from export-import policies and fiscal arrangements (like needed by pay-commissions) the government uses even its buffer stocks to manipulate prices. **The** MSP itself was never considered remunerative by Farmers' movement. Yet today we are compelled to demand even that. **Free** markets do not solve the problem. We need regulation in the interests of the farmer and the lokavidya samaj.

Naresh:

Earlier the proportion of produce exchanged was relatively smaller. It was local exchange of produce, not barter, but with local currency – may be grain. **If** one looks at the meaning of market price over time one may get a good idea about the

meaning of market over time. The concept has been related to the idea of scarcity. **Modern** markets now have become more and more impersonal. Here the idea of relative (Naresh, is this the word?) power becomes very important. **Every** market must function within some institutional framework – there is nothing like free market – one entirely between the buyer and the seller. **Markets** for different things have very different determinants.

Girish:

Not just the modern market, but modern production itself is organized to produce for sale. The new laws deflate the difference between food and other consumption articles. **Equal** exchange cannot be imagined without regulation. However, intervention by modern state / government has always proved to be damaging to lokavidya samaj. There is need to think about the geographical / territorial scale at which regulation is to be exercised. This scale may be larger than that at which governance and administration may be imagined.

GSRK:

Are there any other nations, where procurement by government is done on the scale existing here? Is there really any difference between cash and non-cash crops today. It appears that everywhere mostly local agricultural produce is not what is consumed locally. So, even in agriculture almost everything is produced for cash. **Is** it then significant to raise the question of use values even in relation to food?

Gandhi:

Government procurement existed in EU. They used it to export grain to India, when we were deficit. After WTO, they switched to different methods like income assurance. **We** have been talking of support to local markets. We have to think whether this is possible. **India** was not rich because of local markets. Can we shun global markets? **Regulation** is necessary, but what type and by whom? **Government** intervention is not going to solve the problem. **We** need to think about these questions with these constraints. We have talked about a market morality (dharma, shared values), which can regulate markets. Need to think about what the dharma

was in pre-British times. **We** cannot have any external body to regulate. **Is** self-regulation with mutual agreement between producer, service provider and consumer possible? May be we need both - dharma and self-regulation.

Suresh:

Purely economistic thinking about markets will not help. It may at most uncover some long-term laws / trends, which may be purely fortuitous. **But**, with introduction of power considerations, do they survive? Short-term measures such as subsidies / support for modern agriculture etc does not change that. Force becomes important in what emerges. Not that any equilibrium happens except in the short run. State power appears as a direction-giving power to agriculture and industry establishing a system of 'enlightened' relationship between big capital and the poor. This nexus creates markets and decides outcomes. For example, contribution of agriculture to the GDP. **Morality** appears out of place in all this, and its introduction not in our hands. **So**, it appears we are back again at looking at relationships between different social sections and whether there is an emerging consciousness to challenge imperialism.