crisis for farmers. The IRRI's Jan. 8 warning noted that rice farmers, burned by price swings, "will likely play safe and reduce input for their 2009 crops."

Farmers in the U.S. Midwest (mostly corn farmers) are holding off as long as possible, to purchase nitrogen, phosphorous, and potassium fertilizers (known as NPK). The prices of these soared for the past six years, then, in the recent months of commodity deflation, wholesale fertilizer prices dropped, but the price to the farmer remains high. The wholesale price of anhydrous ammonia in the U.S. grainbelt fell from $1,000 a ton, down to $500 or less, but not the retail price to the end-user. Farmers are holding off lining up purchases for Spring fertilization.

Seed prices are likewise high. The University of Illinois estimates that the non-land, per-acre costs of producing a corn crop in the state on fertile ground, will be 43% higher this coming year than in 2008. This cost level will be double the annual average over the five-year period, 2003-07.

Production Principles, Precedents

There are principles, and no lack of precedents for what governments ought to be doing to change this. In brief, these involve restoring fixed and fair exchange rates, ending "outsourcing" and cartelization of foods, fertilizers, and other necessities; outlawing commodity speculation; launching needed infrastructure programs of rail, water management, soil improvement; and busting up the seed and genetics cartels.

For farm support measures, look to the United States in the 1930s and '40s. The FDR Administration initiated such actions as setting floor prices for farm commodities—based on what was necessary for farmers to have an income on a par with others in the economy, so they could stay in farming, and provide national food security. This was called, a "parity pricing" policy. By the 1980s, it was phased out, when globalization was imposed.

The early years of the European Community's Common Agriculture Policy likewise provide precedents for dealing with today's emergency.

The most fundamental principle, is that nations have a sovereign right and responsibility to provide for domestic food security through building up productive capacity, and not be forced into dependence on globalization. Now that world markets—evil from the onset—are collapsing anyway, there is nothing except principle that should guide government intervention.

400 Million Indians Still Lack Electricity

by Ramtanu Maitra

India's major business magazine, *Business India*, reported on July 29, 2008 that over 78 million Indian households, or roughly 390 million people, lack access to electricity. On Aug. 13, the news daily *The Hindu* carried an article by S.K.N. Nair, a former member of the Central Electricity Authority and a former consultant to the National Council of Applied Economic Research (NCAER), New Delhi, pointing out that "power shortages are worsening, hardly an encouraging sign for a country aiming to take electricity within reach of over 80 million more households (40 per cent of total) within the next four years. The all-India energy and 'peak power' shortages increased by a percentage point each in April-May this year compared to the corresponding period in 2007."

For a while now, the Indian business community has been complaining of the decreased interest of foreign investors due to the lack of electricity, among other industrial infrastructure requirements. According to a study by an industry body, Assocham, the power available for industrial production in April-July 2008 was reduced by 25%, due to the extremely erratic supply in February and March 2008, while power stations on the premises of industrial companies were running at half-capacity because of the soaring cost of fuels such as diesel and gasoline.

"The industrial production suffered heavily in winter of 2007 as the power deficit had remained within the range of 18-20%. However, between the month of February and March 2008, the deficit went up to around 25%, causing industrial production to fall steeply," said Assocham President Venugopal N. Dhoot.

A Solution or a 'Trophy'?

New Delhi is not wholly unaware of these facts. Prime Minister Manmohan Singh's "brain truster," Montek Singh Ahluwalia, deputy chairman of the Planning Commission, told *Business India* recently that "India must grow at a faster rate to catch up with the advanced economies. Improvements and enhancements of our infrastructure are a prerequisite for this objective."

But no one in power has ever been held responsible for not providing such basic necessities as water, power, education, and health care to the hundreds of millions of rural and urban poor. Why is that?

With respect to nuclear power development, since 2005, the Manmohan Singh government left very few stones unturned to push through the U.S.-India nuclear deal. By September 2008, this objective was achieved; but it is not clear whether the Indian Prime Minister was more interested in using this as a "trophy," to be shown in the general elections in May, or to alleviate the power shortages that keep 400 million Indians poor and helpless. This question arises because of the past record of Indian political leaders, including that of Singh himself.

Some people claim, for reasons which make sense, that India was able to maintain its sovereignty and non-aligned identity, despite the political and economic pressures that it experienced during the four decades of Cold War, because of its ability to push through a Green Revolution,[1] which provided it with food security; a nuclear power program, which enabled it to develop the entire nuclear fuel cycle, including the capability to develop nuclear weapons; a space program, which provided new technologies for use in industry, as well as an indigenous rocket program that complements its security and defense; and a nationalized banking system, which prevented it from integrating more deeply with the globalization scams that have plunged the global financial system into a black hole.

Unfortunately, very few in power today in India would agree with this observation. Why not?

Because they do not value these achievements of the past, and they have no understanding of nation-building. They have consistently promoted the integration of the Indian economy with the global financial system, under the rubric of the sacred word "reform." They promoted liberalization and privatization as dictated from abroad.

The power sector is a case in point. Over the decades, India's Five-Year Plans projected new power generation and distribution targets, which were never met, except in the Seventh Plan (1984-89), which achieved a modest target of adding 20,000 MW.

Sabotage of the Power Sector

The power sector's performance in the Eighth and Ninth Five-Year Plans (1992-2002) was atrocious. This was the period when India was identified as the "shining" and "rising" star. There are reasons to believe that the power sector at the time was sabotaged by Manmohan Singh, who was then Finance Minister.

Singh, like his alter ego Ahluwalia, had worked for the International Monetary Fund and was a strong proponent of reduction of the IMF's standard prescription for lower fiscal deficits, and more privatization, liberalization, and globalization.

In 1991, when he took over as Finance Minister under Prime Minister P.V. Narasimha Rao, Singh had a very difficult task before him. The country had a significant foreign debt, but very little foreign exchange reserves. It was having great difficulty meeting its external debt payments and conducting trade. So, it called in the IMF for help.

Prior to 1991, economic thinking in India was straitjacketed by a chronic shortage of foreign exchange reserves. In the name of conserving scarce foreign exchange, high tariff walls had been built up. The architect of the post-1991 economic reforms, Manmohan Singh, was instrumental in ending of the acute dollar shortages; but poverty remained.

But, there exists another side to this reform which needs to be looked at carefully. At the commencement of the Eighth Five-Year Plan, the gap between demand for electrical power and its supply was estimated at 85,000 MW. Since resources to produce this quantum of power were not available through budgetary means, an expert committee of the Planning Commission decided that about 45,000 MW had to be generated during the Eighth Plan period. Eventually, that figure was whittled down to only 31,000 MW.

Singh announced before the Indian Parliament, in 1991, that the previously state-controlled power sector would be opened up for private investments, and that

1. The Green Revolution refers to the program after World War II which transformed agriculture with new technologies in the developing world, making it possible to feed a growing population. This is not to be confused with the anti-progress "green" agenda today.

the private sector would generate approximately 14,000 MW during the Eighth Plan period. The announcement was a stunner, since India's private sector had not previously contributed any substantial amount of power to the national grid, and was in no position to generate anything close to 14,000 MW over the next five years.

IMF Ideology Rules the Roost

When the dust eventually settled at the end of the Eighth Plan, the private sector's contribution was a paltry 1,423 MW, while the public sector's contribution was close to 15,000 MW—less than half what was projected in the Eighth Plan, and about 4,000 MW less than the Seventh Plan.

It becomes evident how ridiculous was Manmohan Singh's projection of what the private sector would deliver, when one considers that in the Ninth Plan (1997-2002), the private sector, which had developed some muscle by then, could deliver only 4,800-odd megawatts.

The problems continued through the Ninth Plan. To cover up some of the backlog left from the Eighth Plan, an "ambitious" target of 50,000 MW new power generation was initially set—and then reduced to 35,000 MW. Ultimately, only a 20,000-MW increase was achieved.

Was this a miscalculation on Singh's part, or was it pure fraud? Most likely, the major factor was Singh's ideological affinity with the IMF. By taking out 14,000 MW from the government's expenditures, the the fiscal deficit was reduced, to please the IMF—thereby causing serious long-term problems for the Indian economy, in which hundreds of millions still live in darkness.

At the time, with India bereft of foreign exchange reserves, the IMF and its proponents in India were dishing out orders about what India must do to pay the foreign debts and expand foreign trade. The IMF pushed the only "medicine" in its cabinet, ordering the Indians to forget the poor, forget the future of the country, and just cut back on expenditures. Privatization was identified as a way to rein in inflation by reducing the fiscal deficits (thereby limiting the monetization of the deficit), and a convenient way to raise foreign exchange—e.g., by selling state enterprises to foreign investors—and to attract larger foreign direct investments (FDIs).

Undermining the Nuclear Sector

There is more to this sordid story. The Department of Atomic Energy, in 1984, had envisaged 10,000 MW of electricity generation through nuclear power by the year 2000. This was scaled down to 5,700 MW in 1992. In its report to Parliament in December 1995, the parliamentary standing committee on energy pointed out that it had been informed by the government that the target was scaled down because of severe "resource constraints." As a matter of fact, against an outlay of 144 billion rupees proposed in the Eighth Five-Year Plan for the nuclear power sector, the approved outlay was only Rs41.19 billion.

In a memorandum furnished to the committee, expert N. Srinivasan wrote: "Shortage of funds bordering on total neglect has characterized the approach to nuclear power on the part of the government. The stretching of the schedule to match the flow of funds has escalated costs to the extent that they do not reflect the true costs but avoidably inflated ones. . . ." Srinivasan could not have been more right.

More of the Same

In his capacity as Prime Minister since 2004, Manmohan Singh has presided over the implementation of power generation in the last three years of the Tenth Five-Year Plan (2002-07), and also over getting the Eleventh Five-Year Plan off to a start. A large shortfall in the increase of power-generating capacity occurred during the Tenth Plan period: Against a target of 41,000 MW, the net addition has turned out to be around 30,600 MW. This means carrying forward a 25% requirement into the Eleventh Plan. The country is now short by at least 80,000 MW. This happened when foreign exchange reserves were close to $400 billion. Was this yet another "resource constraint" excuse, or utter disregard for nation-building, which requires providing electricity to industry and 400 million people?

So far, what Indians have heard is not much different from what Manmohan Singh had promised in 1992, when he told them that 14,000 MW would be delivered by the private sector during the Eighth Plan period. This time around, he says he has invited more foreign investment into the infrastructure sector, which was in need of over $300 billion in funding.

However, he has not told the poor that the investment will be forthcoming.