

Structural adjustment

The havoc it will cause to the environment

By Miloon Kothari & Ashish Kothari

THE debate on the adoption of the IMF-World Bank Structural Adjustment Programme (SAP) in India has so far centred around economic and national sovereignty issues. Some perceptive commentators have outlined the possible social impacts of the SAP. But hardly anyone has raised the vital question of how it will affect our country's environment. For the vast majority of Indians, the natural environment forms the very basis of daily survival, directly meeting their food, water, housing, energy, and cultural needs. Any assault on the environment is, therefore, an assault on the lives and livelihood of these people. Is the new economic policy mindful of this?

It seems not. The sweeping changes being introduced to meet our balance of payments crisis and propel our economy into quicker growth, are only likely to greatly intensify the environmental problems already faced by India. Each of the major components of the SAP package — export-orientation, industrial liberalisation, market-oriented privatisation, spending cuts — will lead to further stress on the resource base of the common Indian citizen. Such is the experience of almost every country which has in the past embraced SAP conditionalities, the worst examples being from sub-Saharan Africa, Latin America and South-East Asia.

Even prior to the IMF loan and the introduction of the SAP in India, a tendency to borrow excessively from outside and the resultant debt crisis has made foreign exchange (foreign) the new god. There are countless examples of environmental guidelines and rules being sacrificed at its altar to attract foreign investment and increase exports. Now, the SAP is supposed to propel the economy towards greater export-orientation. The results could be ecologically disastrous: more food crop lands will get transformed into cash cropping with its attendant problems of water diversion, fertiliser and pesticide based contamination, and land degradation; marine and freshwater areas will be subjected to intensified commercial fishing and prawn-shrimp cultivation, leading to destruction of fisheries and aquatic and coastal ecosystems; free trade zones will be created with no environmental restrictions; hazardous industries will be forcibly invited as foreign investment

chase. SAP policies in Costa Rica since 1985 have emphasised beef exports, causing deforestation and overgrazing over thousands of hectares to make way for ranches, and soil deposition from increased tropical erosion killing the country's only coral reef. In Brazil, Bolivia and Indonesia, the SAP influences export of timber, minerals, and agricultural products like cocoa, has caused amongst the highest deforestation rates in the world.

Under the SAP, export-orientation is usually accompanied by liberalisation and market-dominated privatisation. Traces of these processes have been present in India for quite some time, and have laid by far to be environment-friendly. It is true that in the sweeping changes in licensing procedures for industries, environmental clearance procedures have not been done away with. But since this now remains the only "hammer" to urbanised industrial growth, the environment departments in all States and at the Centre are going to become everyone's punching bag, and they will find it harder and harder to

diseases is related to contaminated water, and where lakhs of children are killed every year by this scourge, this cut is extraordinarily callous. Other programmes which have suffered are waste area development (down by 23.5 per cent), and promotion of non-conventional energy sources (cut by 26.2 per cent), programmes which could have gone a long way in reducing the strain on our natural resources. Significantly, the heaviest budget reduction is in the human development programmes who cares about the 30 crore people (45 per cent of our population) whose very existence is tied to the condition and availability of biomass?

The SAP also has a whole series of indirect impact on the environment. An estimate by the HCO and I NDE states that in the next two years alone, between eight and 18 million people will become unemployed as a result of budget cuts and other SAP policies. Many of these people are likely to either migrate to cities, adding to the social and environmental stress already faced there. Or they will end up further degrading the rural environment by being forced to cash in on common lands or moving into marginal, ecologically sensitive zones.

The Government and its current foreign funding puppeteers are likely to dismiss these arguments as unfounded. But they will have little basis for doing so. There has been no environmental impact assessment of these policies by either the Government or the funding agencies. It is unlikely that the Union Ministry of Environment and Forests was consulted, the recently positioned environmental staff at the World Bank seems powerless, and the IMF has no such staff at all.

Perhaps the worst aspect of the SAP is the thoroughly undemocratic process in which it has been adopted. There was no prior public debate, no attempt by the Government to explain the consequences. Indeed, democratic space is being further squeezed, witness the recent brutal behaviour of the Delhi police with tribal representatives of some anti-dam struggles, when they had come in March in protest against the IMF and World Bank.

In all this, let it not be misunderstood that the pre-SAP days were ideal from the environmental viewpoint. Clearly, the present path of development, Indian or Western, is sorely ineptuous and ecologically unsustainable, and the SAP only greatly aggravates its destructive tendencies. The true alternative does not lie in regaining self-sufficiency, in a suicidal process. Rather, it lies in getting away from both an over-centralised system and an excessively privatised one, towards the very many genuine people's developmental efforts that are scattered throughout India: the watershed and land management of Raiganj, Sidhi and Sukhomay, the organic farming of Ghotia Land and Hoshangabad, the water management and distribution of Pani Panchayat, the village republic of Seed, the terraced farming of 21 varieties of rice in Khonoma, and countless other examples of traditional and new ways of making a sustainable and self-sufficient living from the earth that our resourceful people have discovered. The tragedy is that the new onslaught of foreign-influenced forces may bulldoze these indigenous ways of living much before we are able to regain our wisdom. No amount of foreign exchange can then bring them back.



entice their stipulators. Already there is a strident demand to get rid of these stipulations altogether.

At the same time as there is an intensified attack on the environment, government programmes which could counter this are in for drastic pruning. This is a direct outcome of the IMF-World Bank insistence on cutting government spending to reduce the budget deficit. Countries under the SAP invariably end up chopping allocations for those social or "soft" sectors which cannot bring immediate tangible returns. Marmohan Singh's 1992-93 budget is startlingly severe in this respect. Allocations for the prevention and control of pollution have been cut by 35.5 per cent (in real terms). Rural sanitation programme has suffered a cut of 46.8 per cent and the urban water supply project of the Water Mission has been sheared of 39.3 per cent and the intra-water supply project of the Water Mission has been sheared of 39.2 per cent of its budget. In a country where a majority of the incidence of

Already the deals are being struck and clearances being given. An American company has reportedly been cleared for deep-sea fishing off the eastern coast. An Indian firm has been allowed to start export of spring water from the Himalayas, as if India has surplus water! An agribusiness consortium has been proposed by the Government to give a boost to commercialising Indian agriculture to cater to expanding consumer markets, both locally and abroad. Not surprisingly, the man who brought in the ecologically and socially disastrous Green Revolution into India, M. S. Swaminathan, pressed this proposition, stating that this "Green Revolution" would shift the present emphasis on meeting minimum needs to tapping the full commercial potential of agriculture. Suddenly, meeting minimum needs seems no longer to be important, so long as money (especially foreign) can be generated.

The experience of other countries is a pointer to what could happen in the forest