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THE POLITICAL ECONOMY OF RURAL DEVELOPMENT:  
INTERNATIONAL DEVELOPMENT AGENCIES AND THE INDIAN  
CONTEXT

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THE POLITICAL ECONOMY OF RURAL DEVELOPMENT:  
INTERNATIONAL DEVELOPMENT AGENCIES AND THE INDIAN CONTEXT

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## ABSTRACT

Are the "new-style" antipoverty rural development strategies propagated by international development agencies suitable for alleviating poverty in the Third World? In areas where projects using these strategies have been taken up, are the stated goals of poverty alleviation and structural change being achieved? How has the application of these models fared in the Indian experience?

This study uses a critical political economy perspective to examine the above questions, applying a theoretical framework based on the dependency/imperialism paradigm. The focus of this study is the feasibility of the major current approaches to poverty-oriented rural development; the models that have been reshaped and propagated during the 1970s by international governmental organizations (IGOs) and which influence development policies in the Third World.

As a framework for research and analysis, seven propositions are developed. These address (1) the formation and content of the models and applicability for structural change; (2) technical-managerial bias in IGOs; (3) interaction and mutual influence between the center (represented by international agencies) and periphery (represented by India); (4) communication flows between

center and periphery, international and internal; (5) development communication patterns and practices in new-style IGO projects; (6) impact of the projects on distribution; and (7) evaluation of development projects.

Data for the study were collected by visiting the main and regional offices of selected international agencies and relevant Indian government departments and institutions. Primary materials and in-house reports were reviewed. Interviews were conducted with officials and critics of rural development policies at the international centers and at Delhi. Two rural development projects were reviewed, and a field visit was conducted in rural Gujarat in India.

For purpose of analysis, the primary models are divided into four categories: (1) redirecting investments, (2) basic needs, (3) agrarian reform and (4) integrated rural development. Factors influencing their formation, assumptions and limitations in practice are examined. The study confirms that while there is a new emphasis on poverty alleviation, the models are strongly tied to conventional development theory and the assumptions and trends of the old paradigm persist in the "new" development strategies. There is an inherent contradiction between the stated objective of structural change in these approaches and the attempt to maintain and work within the

existing power structure. Overall, the new approaches serve to legitimize and strengthen the structures than to institute radical change.

The findings both validate and extend the initial propositions. We find an excessive technical-managerial bias in IGOs and avoidance of political factors. The Indian experience with poverty alleviation is assessed and a close parallel is found between the Indian approach and IGO models, traced to linkages between the centers which shape the models at both levels. Analysis of the Training and Visit System reveals success in productivity increase but not in distributional aspects, indicating the persisting bias in new-style projects towards better-off sections. We find that "new" communication practices tend to backslide and function in the parameters defined by the political and institutional factors. The Small Farmers Development Agency is analyzed both on theoretical and practical aspects and the reasons for inadequacy in reaching small farmers are identified. The ethos and biases of the projects tend to be reflected in the project evaluation systems and alternate indicators to assess actual beneficiaries are not applied. In conclusion, the study discusses successful programs of organizing and mobilizing the rural poor as possible alternative development strategies.

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## LIST OF ABBREVIATIONS

|        |   |
|--------|---|
| ADB    | Asian Development Bank                                  |
| APDAC  | Asian and Pacific Development Administration Center     |
| APDI   | Asian and Pacific Development Institute                 |
| ARD    | Agriculture and Rural Development                       |
| ASARRD | Asian Survey on Agrarian Reform and Rural Development   |
| CAD    | Command Area Development                                |
| cC     | Center of the Center                                    |
| CD     | Community Development                                   |
| cP     | Center of the Periphery                                 |
| CSRE   | Crash Scheme for Rural Employment                       |
| ESCAP  | Economic and Social Commission for Asia and the Pacific |
| FAO    | Food and Agriculture Organization                       |
| GOB    | Government of Bihar                                     |
| GOI    | Government of India                                     |
| IADP   | Intensive Agricultural Development Programme            |
| IBRD   | International Bank for Reconstruction and Development   |
| IDA    | International Development Association                   |
| IFC    | International Finance Corporation                       |
| IGO    | International Governmental Organization                 |
| ILO    | International Labour Organization                       |
| IRD    | Integrated Rural Development                            |

|        |   |
|--------|---|
| NGO    | Non-Governmental Organization   |
| NIEO   | New International Economic Order  |
| PEO    | Project Evaluation Organization   |
| pP     | Periphery in the Periphery  |
| RDAC   | Rural Development and Agricultural Credit<br>Division, Asian Development Bank |
| SFDA   | Small Farmers Development Agency  |
| T & V  | Training and Visit Agricultural Extension<br>System                           |
| WCARRD | World Conference on Agrarian Reform and<br>Rural Development                  |

CHAPTER I  
PROLEGOMENON

Poverty and Development

The United Nations' Second Development Decade has ended in despondency.

Far from solving the problems of hunger and poverty, the plight of the absolute poor in most of the underdeveloped world has stagnated, even worsened. The lack of progress on the poverty front during the two "development" decades was highlighted in the address of President Julius Nyerere of Tanzania at the World Conference on Agrarian Reform and Rural Development at Rome in July 1979:

There were in 1972 some 700 million people who were victims of absolute poverty, and about 85 percent of them lived in rural areas. This 700 million figure was larger by 43 million than it was ten years earlier; by 1982 it will be very much larger still....

In the face of this situation there is a general recognition that "something must be done." The purpose of this meeting is surely to promote the achievement of a minimum objective...I would like to state that minimum objective in the now old-fashioned phrase: the elimination of Poverty, Ignorance and Disease.

If this is our objective, the past fifteen years provide, on balance, a lesson on how not to succeed.<sup>1</sup>

The World Bank,<sup>2</sup> an institution that has become a leading authority on economic and statistical analyses, estimates that around 800 million people, over 40 percent of the population of "developing" countries, live in "absolute" or "relative" poverty. Absolute poverty is described as income levels below which minimum levels of nutrition, shelter and personal amenities cannot be maintained. Relative poverty reflects extreme differences in levels of living between the top and bottom strata of society. By adopting an annual income level of \$50 or less for a person in a state of absolute poverty, about 600 million people can be estimated to suffer from absolute poverty in rural areas of the "developing" world. About three-fourths of them live in the rural areas of the "developing" countries of Asia alone.<sup>3</sup>

Whatever the precise figures are on poverty, one important observation is that they have not decreased over the past two decades. This is despite the maintenance of high growth rates throughout the period. Average per capita income has increased by over 50 percent since 1960. The incidence of poverty, phenomenal as it is, seems to have either stagnated or further increased. There is some controversy on that score owing to differences in measurement methods and indicators, but the evidence points to the latter. Conservative estimates like those projected in the Bank's World Development Report 1978 show that "800 million

people still live in absolute poverty. These are people living at the very margin of existence--with inadequate food, shelter, education, and health care. For many of them, there has been little improvement in the standard of living, and for some, there may have been a deterioration."<sup>4</sup>

Other studies are more specific on the deterioration aspect. Estimates by Irma Adelman based on a study of 43 underdeveloped countries indicate that the position of the poorest 40 percent has worsened both relatively as well as absolutely, while the share of the top 5 percent and the middle 20 percent registered a marked increase.<sup>5</sup> Keith Griffin and Azizur Rehman Khan made an analysis of the trends in relative and absolute incomes of the rural poor since 1960. Ten empirical studies were undertaken and figures compiled for six Asian countries and four states of India. The study shows that not only the absolute numbers but also the percentage of the rural population below the poverty line (based on income necessary for purchasing the minimum caloric requirement) has shown a steady upward trend (Table 1). Even during periods of rapid agricultural growth, the share of the poorer sections in aggregate income and consumption has been falling. More disturbing is the finding that "in almost every case a significant proportion of low income households experienced an absolute decline in their real income, particularly since

Table 1  
Percentage of Rural Population Below the Poverty Line

| Country or State     | Year    | Rural Population in Poverty |    |    |
|----------------------|---------|-----------------------------|----|----|
|                      |         | A                           | B  | C  |
| Pakistan             | 1963-64 | 72                          | 54 | 45 |
|                      | 1966-67 | 64                          | 52 | 44 |
|                      | 1968-69 | 64                          | 53 | 46 |
|                      | 1969-70 | 68                          | 46 | 36 |
|                      | 1970-71 | 71                          | 47 | 38 |
|                      | 1971-72 | 74                          | 55 | 43 |
| Punjab, India        | 1960-61 | 18                          |    |    |
|                      | 1970-71 | 23                          |    |    |
| Uttar Pradesh, India | 1960-61 | 42                          |    |    |
|                      | 1970-71 | 64                          |    |    |
| Bihar, India         | 1960-61 | 41                          |    |    |
|                      | 1963-64 | 54                          |    |    |
|                      | 1964-65 | 53                          |    |    |
|                      | 1970-71 | 59                          |    |    |
| Tamil Nadu, India    | 1960-61 | 70                          | 48 |    |
|                      | 1961-62 | 66                          | 36 |    |
|                      | 1964-65 | 72                          | 46 |    |
|                      | 1969-70 | 74                          | 49 |    |
| Bangladesh           | 1963-64 | 40                          | 5  |    |
|                      | 1968-69 | 76                          | 25 |    |
|                      | 1973-74 | 79                          | 42 |    |
|                      | 1975    | 62                          | 41 |    |
| Malaysia             | 1957    | 40                          |    |    |
|                      | 1970    | 47                          |    |    |
| Philippines          | 1956-57 | 10                          |    |    |
|                      | 1961    | 12                          |    |    |
|                      | 1965    | 13                          |    |    |
|                      | 1970-71 | 12                          |    |    |

Notes: The data refer to the proportion of the rural population in poverty, except in the case of Malaysia and the Philippines where the data refer to households.

The poverty lines are defined as follows: Pakistan- Income sufficient to yield food consumption satisfying 95% of the estimated caloric requirements (estimate A) or 92% (B) or 90% (C); Punjab- Rs 16 per capita per month in 1960-61 prices; Uttar Pradesh- Rs 14.50. Bihar- Rs 15.83; Tamil Nadu- Rs 21 (A) or Rs 15 (B); Bangladesh- Tk. 23.61 per capita per month in 1963-64 prices, income sufficient for 90% caloric requirements (A) or Tk. 17.02 for 80% (B); Malaysia- 97.4 Malaysian dollars per household per month at 1965 prices. These interpolations are tentative.

Source: Keith Griffin and A.R. Khan, "Poverty in the Third World: Ugly Facts and Fancy Models," World Development 1978, Vol. 6, No. 3, p. 297.

the early 1960s."<sup>6</sup> In most of the countries, real wages of agricultural laborers either remained constant or declined.

If development is regarded as satisfying the elementary needs and raising the living standards of the largest possible number of the bottom strata of society, the "development" strategies applied in most "developing" countries as well as the policies of concerned international governmental organizations (hereafter IGOs) have failed. It appears euphemistic to apply the term "developing" in the face of such failure; the more accurate term "underdeveloped" will be used in this study.

At the core of the poverty problem, which is overwhelmingly rural, are the small and marginal farmers with holdings below two hectares, and the marginal laborers. According to World Bank statistics, over 80 percent of the poverty stricken population of underdeveloped countries is rural, four-fifth of which is dependent on agriculture. There are over 80 million small holdings of less than two hectares, most of which yield incomes below the absolute poverty level. Tenants, sharecroppers and squatters constitute another 30 million or more families.<sup>7</sup> An alarming fact is the growing army of landless or near-landless agricultural workers in Asian countries constituting among the poorest of the poor. The majority of the

rural poor are in three South Asian countries: India, Pakistan and Bangladesh, with 83 million households comprising 410 million people in the category of small farmers and landless laborers.<sup>8</sup>

What are the implications for the alleviation of absolute poverty in the next two decades? The World Bank makes some projections in its 1978 report, prefacing its guesstimates with the warning that they "may have large margins of error, since so little is known about the interaction of economic and social structures with development policies, which produces particular patterns of economic growth with different effects on the poor."<sup>9</sup> The alternative scenarios are based on the growth rates, in keeping with the Bank's support of the hypothesis of Kuznets that as development proceeds, income inequality worsens first and then decreases. The assumption is, to say the least, debatable specially in the light of studies on the relationship of growth and poverty like those cited above. The Bank itself doubts the validity of the assumption but goes by it on the basis of tentative cross-country studies relating income equality to average income levels.

Thus the high growth scenario envisages a reduction of poverty in low income countries from 630 million or 52 percent of the population in 1975, to 260 million or 13 percent, inclusive of population increase, in the year 2000.



Table 2  
Projected Decline in Absolute Poverty, 1975-2000 (millions)

| Countries      | Simulated Result in 2000 |                |                          |                |                          |                |
|----------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
|                | 1975                     |                | Base Scenario            |                | Alternative Scenario     |                |
|                | Percentage of Population | Number of Poor | Percentage of Population | Number of Poor | Percentage of Population | Number of Poor |
| Low Income     | 52                       | 630            | 27                       | 540            | 13                       | 260            |
| Middle Income  | 16                       | 140            | 4                        | 60             | negligible               | negligible     |
| All Developing | 37                       | 770            | 17                       | 600            | 7                        | 260            |

GDP: Average Annual Percentage Growth Rates, 1975-85: Low Income Countries: Base Scenario 5.0%, High Growth Scenario 5.1%. Developing Countries: 5.7%, 6.1% respectively.

Source: The World Bank, World Development Report, 1978, p. 33.

Levels of Absolute Poverty Under Alternative Scenarios, Year 2000 (millions)

| Countries      | Base Scenario            |                | High Scenario            |                | Low Scenario             |                |
|----------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
|                | Percentage of Population | Number of Poor | Percentage of Population | Number of Poor | Percentage of Population | Number of Poor |
| Low Income     | 22                       | 440            | 17                       | 340            | 26                       | 520            |
| Middle Income  | 10                       | <u>160</u>     | <u>8</u>                 | <u>130</u>     | 12                       | <u>190</u>     |
| All Developing | 17                       | 600            | 13                       | 470            | 20                       | 710            |

GDP: Average Annual Growth Rates, 1980-90: Low Income Countries: Base 4.9%, High 5.9%, Low 4.3%. All Developing Countries: Base 5.6%, High 6.6%, Low 4.8%.

Source: The World Bank, World Development Report, 1979, p. 19.

With the low growth scenario, the figures are 540 million or 27 percent of the population (Table 2). A year later, the Bank's 1979 World Development Report shows a higher figure for people below the poverty level: 340 million or 17 percent of the population in the year 2000 with the high growth scenario, and a possibility of a total of 710 million absolute poor if growth rates are low.

It must be pointed out that these figures are little more than a statistical exercise and can serve at best as a vague indication of the magnitude of the problem. Given the uncertain relationship between growth rates and poverty and the much less understood political and socioeconomic factors that operate against the poor, one can agree with the Bank that poverty is not likely to be eliminated by the year 2000. The problem is that the magnitude of poverty could be very much higher than the Bank or the national governments envisage unless the rethinking on development and the new-style strategies are actually effective in reversing these trends.

Since the late sixties and early seventies there has been an attempt to redefine development in humane terms with an emphasis on providing basic standards for the poorest sections. There has been a marked shift from the dominant "growth-first-redistribute-later" approach to strategies promoting growth with equity and redirecting

resources with a favorable bias towards the poorer "target groups;" from industrialization as the core sector to priority for rural development. The lack of trickle-down effects of growth, the increasing inequalities and the impoverishment of the bottom 40 percent of the underdeveloped world are glaring reasons which could no longer be ignored without threatening implications. Industrialization through utilization of the agricultural surplus could no longer be condoned in view of increasing unemployment and poverty in rural areas. The shift of labor from agriculture to the industrial and service sectors envisaged in the Lewis model failed to solve the poverty and unemployment problem since the technology imported from the West was capital intensive and labor-saving, and the rate of population growth was underestimated.<sup>10</sup> Despite the rural-to-urban migration, the rural population in underdeveloped countries has been growing at approximately 2 percent per annum. Thus the disenchantment with Western growth models, the process of reconceptualization of development theory, and the glaring fact of Third World poverty have combined to cause a return to prominence of rural development strategies, both at the level of international governmental agencies and of most Third World governments.

### The IGO Involvement

While the process of reconceptualization of development theory was progressing, the international governmental organizations were quick to embrace the rhetoric of growth with equity, poverty alleviation, and basic needs. A landmark in the IGO involvement is the speech of Robert McNamara, President of the World Bank since 1968, at Nairobi in 1973:

Absolute poverty is a condition of life so degraded by disease, illiteracy, malnutrition, and squalor as to deny its victims basic human necessities. It is a condition of life suffered by relatively few in the developed nations but by hundreds of millions of the citizens of the developing countries represented in this room.

- One-third to one-half of the two billion human beings in those countries suffer from hunger or malnutrition.
- 20% to 25% of their children die before their fifth birthdays. And millions of those who do not die lead impeded lives because their brains have been damaged, their bodies stunted, and their vitality sapped by nutritional deficiencies.
- The life expectancy of the average person is 20 years less than in the affluent world. They are denied 30% of the lives those of us from the developed nations enjoy. In effect, they are condemned at birth to an early death.

This is absolute poverty: a condition of life so limited as to prevent the realization of the potential of the genes with which one is born; a condition of life so degrading as to insult human dignity--and yet a condition of life so common as to be the lot of some 40 percent of the peoples of the developing countries. And are not we who tolerate such poverty,

when it is within our power to reduce the number afflicted by it, failing to fulfill the fundamental obligations accepted by civilized man since the beginning of time?<sup>11</sup>

He then discusses how the concentration of poverty is in the countryside of "developing" nations, and how investment limited to the "modern" sector increases the disparities in income; therefore the necessity of reorienting development policy towards more equitable growth by increased investments in agriculture and rural development, focussing on the 100 million small farm families. These were seemingly revolutionary ideas emerging from a conservative banking institution whose main concern had been investing in "bankable" projects to governments or institutions which were financially sound and capable of returning the loans with interest due. It was also significant that these observations were coming from McNamara, previously the U.S. Secretary of Defense who, in earlier speeches, had listed factors like population growth as major obstacles to development rather than social and political issues.<sup>12</sup>

Since then the World Bank has established itself as the "largest single external source of funds for direct investment in agriculture in developing countries."<sup>13</sup> A study entitled Redistribution with Growth was published by the Bank jointly with the Institute for Development Studies, Brighton, U.K. in 1974, with the purpose of formulating

"policies to improve income distribution in developing countries in the context of economic growth."<sup>14</sup> The Bank's collection of policy papers entitled Assault on World Poverty (1975) states that the main thrust of its "attack" on rural poverty is to raise the income of small farmers. The "Rural Development Sector Policy Paper" indicates a commitment of 50 percent of all agriculture and rural development loans for the direct benefit of small farmers, and 70 percent of the total projects to contain a small-holder component.

According to Bank spokesmen, these targets have not only been met but have been exceeded.<sup>15</sup> Lending in agriculture and rural development has increased from \$2.5 billion for 1969-73 to \$10 billion during 1974-78, an increase from 20 percent of total lending in 1969-73 to 39 percent in 1978. The total number of projects went up to 363, a 10 percent increase in the proportion of projects for agriculture (Table 3). Within the agricultural sector, percentage lending for the rural development component went up from 21 to 53 percent between 1973 and 1978.<sup>16</sup> The Bank hopes to have "affected" over 60 million of the rural poor during 1974-78, and more if the broader components of the projects are considered. The actual impact on poverty and the nature of the new poverty alleviation strategies will be discussed later; for now, suffice to

Table 3

IBRD/IDA Lending for Agriculture and Rural Development, 1969-78 (in \$US millions)

|  | Annual Average<br>1969-73 | Total<br>1969-73 | 1974  | 1975  | 1976  | 1977  | 1978  | Total<br>1974-78 |
|--|---------------------------|------------------|-------|-------|-------|-------|-------|------------------|
| <u>Agriculture and Rural Development</u>                                       |                           |                  |       |       |       |       |       |                  |
| Lending  | \$500                     | 2,507            | 956   | 1,858 | 1,628 | 2,308 | 3,270 | 10,020           |
| Number of Projects   | 35                        | 175              | 56    | 70    | 65    | 84    | 88    | 363              |
| <u>Total IBRD/IDA Operations</u>   |                           |                  |       |       |       |       |       |                  |
| Lending  | 2,570                     | 12,700           | 4,313 | 5,896 | 6,632 | 7,067 | 8,411 | 32,319           |
| Number of Projects   | 129                       | 645              | 174   | 190   | 214   | 228   | 236   | 1,042            |
| <u>Agriculture and Rural Development<br/>as % of total IBRD/IDA Operations</u> |                           |                  |       |       |       |       |       |                  |
| Lending  | 20                        | 20               | 22    | 32    | 25    | 33    | 39    | 31               |
| Number of Projects   | 27                        | 27               | 32    | 37    | 30    | 37    | 37    | 35               |

The World Bank financial year is from July 1-June 30.

Source: World Bank, Annual Report 1978 and Christofferson, L.E. "The Bank and Rural Poverty," Finance and Development, December 1978, p. 21.

Table 4  
World Bank Lending for Rural Development, 1974-78  
(In \$US millions)

|  | Annual Average<br>1969-73 | 1974 | 1975 | 1976 | 1977 | 1978 | Total<br>1974-78 |
|--|---------------------------|------|------|------|------|------|------------------|
| <u>Rural Development</u>               |                           |      |      |      |      |      |                  |
| <u>Poverty Oriented Agri-</u>          |                           |      |      |      |      |      |                  |
| <u>culture*</u>                        |                           |      |      |      |      |      |                  |
| Lending                                | \$ 78                     | 390  | 690  | 726  | 994  | 1397 | 4197             |
| Number of Projects                     | 7                         | 19   | 30   | 31   | 45   | 40   | 165              |
| <u>Multisectoral</u>                   |                           |      |      |      |      |      |                  |
| Lending                                | \$ 31                     | 60   | 322  | 73   | 328  | 331  | 1114             |
| Number of Projects                     | 3                         | 6    | 11   | 8    | 11   | 9    | 45               |
| <u>Total Rural Development</u>         |                           |      |      |      |      |      |                  |
| Lending                                | \$ 109                    | 450  | 1012 | 799  | 1322 | 1728 | 5311             |
| Number of Projects                     | 10                        | 25   | 41   | 39   | 56   | 49   | 210              |
| <u>Rural Development as %</u>          |                           |      |      |      |      |      |                  |
| <u>of overall Agricultural</u>         |                           |      |      |      |      |      |                  |
| <u>&amp; Rural Development Lending</u> |                           |      |      |      |      |      |                  |
| Lending                                | \$ 21                     | 47   | 54   | 49   | 57   | 53   | 53               |
| Number of Projects                     | 29                        | 45   | 59   | 60   | 67   | 56   | 58               |

The World Bank financial year is from July 1-June 30.

\*Poverty oriented agriculture projects are those in which the majority of direct benefits accrue to the rural poor (defined by absolute or relative poverty income levels).

Multisectoral projects are those involving two or more sectoral components with the dominant sector (agriculture) constituting less than 75% of net project costs.

Source: Christofferson, LE "The Bank and Rural Poverty," Finance and Development, December 1978, p. 21.



say that this leading and influential agency has apparently undergone a reorientation towards development strategies for poverty alleviation.

Nearly all the major development oriented international governmental organizations have sponsored research and publications highlighting the need for a shift of priorities to poverty-oriented rural development projects. Dominant in this group are the World Bank, International Labor Organization (ILO), Food and Agricultural Organization (FAO), Asian Development Bank (ADB), Economic and Social Commission on Asia and the Pacific (ESCAP) and its related institutions, Asian and Pacific Development Institute (APDI) and the Asian and Pacific Development Administration Center (APDAC). The leading role in this regard has been of the World Bank, central in this study.

Since the early seventies, the International Labor Organization has been involved with new labor-intensive approaches to development emphasizing "growth from below," "participation" and "employment-oriented" strategies. The "basic needs" strategy has been developed and emphasized by ILO and policy recommendations were adopted at the World Employment Conference in June 1976 which placed the basic needs issue high on the international agenda. The strategy outlined in the ILO publication Employment, Growth and Basic Needs: A One-World Problem (1976) involves a

labor-intensive development with growth program to meet basic needs. The Director-General proposed the year 2000 as a target date by which "most essential basic needs should be met in all societies."<sup>17</sup> ILO has also called on the U.N. General Assembly to make the policies required to meet basic needs "the core of the Third Development Decade Strategy." Illuminating studies like Poverty and Landlessness in Rural Asia (1977) which imply the need for radical change have been sponsored by ILO, though with the usual disclaimer that the views expressed are those of the authors and "not necessarily those of the organization."

FAO has been at the forefront in agrarian reform since its project "Asian Survey on Agrarian Reform and Rural Development" (ASARRD), April 1973-June 1976. The emphasis is on small farmers and peasants, on "starting from below"--the subtitle of the project recommendations. The Asian regional office includes a Small Farmer Development Team which has developed programs for initiating field action like workshops, peasant cooperatives and "group action." From being a technical-oriented agency geared for increasing food production and technical knowhow, FAO now regards its primary problem as reaching the 500 million malnourished. Its documents point to agrarian reform and organization of the poor as essential to meet the poverty problem. It hosted the landmark World Conference

on Agrarian Reform and Rural Development (WCARRD) during July 1979 at which other U.N. agencies, high level Third World government representatives, as well as people representing non-governmental organizations and radical groups participated.

The Asian Development Bank, along the lines of the World Bank, has recently increased its projects for rural development, though not quite in the same proportion. It has developed and is experimenting with integrated rural development projects. It has sponsored a series of studies entitled Rural Asia: Challenge and Opportunity since the mid-1970s, and though they carry the usual disclaimer, they reflect the shift in ADB's policies towards rural development and poverty alleviation.

ESCAP has been playing the role of coordinating and assisting other U.N. agencies as well as national governments for integrated rural development in the Asian and Pacific region. At its 31st session in New Delhi in 1975, ESCAP declared the "highest priority to the rural disadvantaged," and its secretariat at Bangkok has been coordinating a program of integrated rural development for 1976-81. An Inter-Agency Committee consisting of all heads of U.N. agencies for the region has been organized in Bangkok, along with an Inter-Agency Task Force for Integrated Rural Development to study and advise on issues and problems in

related activities. The emphasis is repeatedly on the urgency of action for poverty alleviation.

Two institutes set up under the auspices of ESCAP are the Asian and Pacific Development Administration Center at Kuala Lumpur and the Asian and Pacific Development Institute at Bangkok. Both are involved in research and training in the area of rural development. A large number of publications have emerged as a result of seminars and case studies on policies and models dealing with rural poverty. There is a great deal of interaction with policy makers and government officials of the region in these institutes. Several of the studies point to political and institutional factors inhibiting rural development and the alleviation of poverty. Often strong policy implications emerge for mass organization and mobilization, conscientization, and the necessity of group pressure from below: ideas that heretofore would have been regarded as too radical to consider. Though not directly proposed as lines of action, these ideas are discussed at length in seminars and academic discussion papers.

#### The Indian Position

Among Third World nations, India occupies the dubious distinction of being central in the problem of poverty alleviation. This seems warranted by at least three prominent reasons.

Firstly, India has the largest mass of rural poverty. Of a population of some 651 million people--second largest after China--80.1 percent is rural, and over half the total population consists of small farmers with holdings below two hectares and landless laborers. The Draft Sixth Plan 1978-83 estimates 290 million people below the poverty line. A World Bank study estimates a total of 327 million people in the category of rural poor dependent on agriculture in India: 45 million small cultivator households comprising 213 million people, and 24 million landless households of 114 million persons.<sup>18</sup>

Secondly, it is virtually the only one that has retained, except for a brief period under Emergency, a continuity in its commitment to parliamentary government and democratic socialism with the expressed objective of social justice and poverty removal over the past three decades. Such objectives were initiated in the first plan and have been reiterated in every five-year plan since then. There has also been continuity in terms of the institutions, including the "experienced bureaucracy" since the colonial era, as against frequent and abrupt changes and purges in other nations. By the prevalent logic, this should have resulted, by virtue of consistency and expertise, in greater success with the professed objectives.

Thirdly, there has been a great deal of interaction between the IGOs and India. India has been the prime

testing ground, the area of experience and experiment for many of the IGOs. Notable among these is the lead agency, the World Bank.

India has been the biggest client of World Bank loans, having recieved over twice as much as any other country (in absolute terms, not per capita): about \$8 billion for 156 projects, with Brazil next at about \$4 billion. The Bank regards its relationship with India as a special one:

India...is the largest (in population) of the World Bank members...The cumulative total of Bank and IDA lending to India...represents an important part of Bank and IDA financing in all developing countries ...Although the bulk of the resources--human and material--for India's economic development has come from within, assistance from the World Bank has played an important complementary role...The close cooperation between India and the Bank goes far beyond the normal creditor-debtor relationship. It has a beneficial impact on both India and the Bank. In the evolution of the Bank as a world development agency, a number of initiatives were first taken in response to India's compelling and complex problems...

The Bank has also said:

Although India's national income has increased since Independence, there has been no significant rise in the living standards of the vast mass of rural and urban poor...19

Despite its emphasis from the beginning on a planned economy and balanced growth, India went through policies fairly typical of many underdeveloped countries: the

initial phase of increasing food production and raw materials as a prerequisite for industrialization; phase two, concentration on rapid industrialization to the neglect of agriculture except as a secondary resource base; phase three, the emphasis on rapid increase of agricultural output as a base for other sectors and for building self-reliance, to the neglect of distributional aspects--the Green Revolution phase; and the current phase where the rhetoric shifts to transforming the mass rural sector through resources directed towards the majority of small farmers and through labor intensive rural projects to generate employment and rural infrastructure.<sup>20</sup>

The First Five-Year Plan (1951-56) qualified its commitments to social justice and equality with its adherence to the dominant view prevailing at the time: that rapid economic growth and income redistribution are irreconcilable, and that the latter would occur in the later stages of development. On the contrary it was feared that an overemphasis on equality could jeopardize development. Stalwarts like Kenneth Boulding supported the view that "in a poor society, economic growth may require quite sharp inequalities, and too great equality may condemn the society to stagnation."<sup>21</sup>

Such fears were expressed in the First Plan itself:

It is important to ensure that the measures, fiscal and other, to be adopted for promoting

economic equality do not dislocate production and jeopardize the prospects of ordered growth.<sup>22</sup>

The Plan gave top priority to public sector investment in agriculture with a view to increased output of food and raw materials, not for purposes of redistribution or rural development, but because:

We are convinced that without a substantial increase in the production of food and raw materials needed for industry it would be impossible to sustain a higher tempo of industrial development.

Thirty-one percent of the total outlay, a sum of Rs. 601 crores,<sup>23</sup> was allocated for agriculture and irrigation during the First Plan. During the Second Plan, the emphasis shifted to industrialization for which the allocation was increased from 4 percent during the First Plan to 20 percent of the outlay, while the allocation for agriculture and irrigation was reduced from 31 percent in the First to 20 percent of the outlay for the Second Plan (Table 5).

Even as the socialistic ideals of reduction of inequality and a more even distribution of economic power were reiterated, the emphasis on "growth first" gained greater validity with the writings of W.W. Rostow on the stages theory, Simon Kuznets on the legitimacy of widening gaps in the initial stages of development, and W. Arthur Lewis on economic growth and use of surplus labor from



Table 5  
Sectoral Outlays in Indian Plans  
(Rupees Crores)

|                                 | <u>First Plan</u> |            | <u>Second Plan</u> |            | <u>Third Plan</u> |            | <u>Fourth Plan</u> |            | <u>Fifth Plan</u> |            | <u>Sixth Plan</u> |            |
|---------------------------------|-------------------|------------|--------------------|------------|-------------------|------------|--------------------|------------|-------------------|------------|-------------------|------------|
|                                 | Total             | %          | Total              | %          | Total             | %          | Total              | %          | Total             | %          | Total             | %          |
| Agriculture & Development       | 291               | 15         | 530                | 11         | 1089              | 12.7       | 2320               | 14.7       | 4302              | 11         | 8600              | 12.4       |
| Irrigation                      | 310               | 16         | 420                | 9          | 664               | 7.7        | 1354               | 8.6        | 4226              | 10.7       | 9650              | 13.9       |
| Power                           | 260               | 13         | 445                | 10         | 1252              | 14.6       | 2932               | 18.6       | 10219             | 26.2       | 20800             | 30.0       |
| Village & Small Industries      | 43                | 2          | 175                | 4          | 241               | 2.8        | 243                | 1.5        | 510               | 1.3        | 1410              | 2.0        |
| Industry & Minerals             | 74                | 4          | 900                | 20         | 1726              | 20.1       | 2864               | 18.2       | 6852              | 18.2       | 8940              | 12.8       |
| Transport & Communications      | 523               | 27         | 1300               | 28         | 2112              | 24.7       | 3080               | 19.5       | 6917              | 17.6       | 10562             | 15.3       |
| Social Services & Miscellaneous | 459               | 23         | 830                | 18         | 1493              | 17.4       | 2985               | 18.9       | 6224              | 15.8       | 9355              | 13.5       |
| <b>TOTAL</b>                    | <b>1960</b>       | <b>100</b> | <b>4600</b>        | <b>100</b> | <b>8577</b>       | <b>100</b> | <b>15779</b>       | <b>100</b> | <b>39322</b>      | <b>100</b> | <b>69380</b>      | <b>100</b> |

Crore = 10 million      \$1 = About Rs 7.70 at present.

Plan years: First, 1951-56; Second, 1956-61; Third, 1961-66; Fourth, 1969-74; Fifth, 1974-79 (cut short); Sixth, 1978-83.

Total means actual expenditure, except for the Sixth Plan where it means total outlay.

Source: Draft Five-Year Plan, 1978-83, pp. 17-18; Dalt and Sundharan, Indian Economy, pp. 174-189.

agriculture.<sup>24</sup> The industrialization phase continued through the Third Plan (1961-66) where a 70 percent increase in industry was postulated as compared with a 30 percent increase in agricultural production.

The Fourth Plan (1969-74) did increase the percentage allocated to the agricultural sector, apparently with the purpose of utilizing the Green Revolution drive for achieving self-sufficiency in foodgrains and providing employment in rural areas. Structural changes in agricultural and industrial ownership patterns were glanced over or discussed without inclusion of concrete steps.<sup>25</sup> The Plan expresses the hope that "ceiling legislation should prevent increase in concentration," while it does not prescribe specific measures to plug the loopholes evident from past experience with land ceiling. This lack of specificity was despite the fact that the previous fear of reduction in output as a result of divided holdings had been dispelled by farm management studies which showed a constant return to scale.

Objectives like reducing concentration of land and capital were feared as negative to growth and were lost in generalities:

To some extent income disparities can be reduced through fiscal measures aiming at reduction of income at the top levels; but for us, it is important to lay far greater stress on positive steps for ameliorating the conditions of the poorer people through planned economic development.<sup>26</sup>

The Fifth Plan (1974-79) declared its main objectives as the removal of poverty and attainment of self-reliance. A new component of the plan was a national program for minimum needs covering essential basic needs like elementary education, water supply and medical care. Both agriculture and industry were given emphasis from the growth and output point of view; structural changes in agriculture or effective control over large industry and monopoly companies were glanced over. Even the meagre outlay for the minimum needs program was later curtailed.

In the Sixth Plan (1978-83) a revised minimum needs program has been formulated and a new section entitled "Distributive Justice" has been added, which in itself is noteworthy even though supporting provisions are grossly inadequate.<sup>27</sup> The orientation of the plan is clearly towards agriculture and rural development; agriculture and irrigation get 26 percent of the outlay as against 15 percent for industry, and within industry a fair amount is for the small-scale and village sector. The plan declares highest priority to sectors "which generate the maximum employment and which have a significant impact on the standard of living of the poorest, like agriculture and allied activities, village and small industries."<sup>28</sup>

For once the all-important growth rate has been brought down from the usual targetted 5 to 7 percent of previous plans to a more realistic 4.7 percent. The two guiding considerations for the decision are significant:

First, the pattern of investment and therefore of income generation in the Plan should be such as to redistribute incomes in favor of the poor. Secondly, the physical targets ...should be projected with a greater degree of realism than in the past.<sup>29</sup>

What has been the impact of nearly three decades of "planned development" on rural poverty? Throughout the period, the average growth rate has been around 3.5 percent per annum, and per capita income has increased at an average of 1.5 percent per annum. Studies on poverty trends indicate two related phenomena: an intensification of inequality, with the higher income groups obtaining an increase in the percentage share of income distribution while the percentage share of the poverty groups shows a decline; and an increase in the overall incidence of poverty computed on the basis of income levels for basic caloric requirements. The highest 5 percent income earners receive 22 percent of the national income, while the bottom 40 percent receive less than 16 percent. The Gini index has shown a rise indicating deepening of inequalities; the index for household incomes, for example, went up from 0.34 in 1953-54 to 0.48 in 1967-68.

Despite measures like progressive taxation and other limitations to prevent the rich from becoming disproportionately richer, the share of the top 20 percent has increased. A similar trend is visible in consumption expenditures; the upper groups showed an increase in per capita consumption expenditure, the lower groups remained stagnant, while the bottom 5 percent showed a decline.<sup>30</sup> The implications of such findings are often played down or underestimated on grounds of being too aggregative, ignoring public works and infrastructural development, and not accounting for general progress and welfare. Typical is the comment of Milton Friedman that money income differences cannot be emphasized "just when broad social changes are greatly enhancing the importance of differences not directly measurable in money."<sup>31</sup>

Several studies on the incidence of poverty in India have been made during the past decade. Most of the estimates are based on the National Sample Survey data on consumption expenditure. The findings vary considerably, depending on the norms adopted for measuring the minimum level like the amount of caloric intake, the price indices used to estimate the cost of minimum consumption at constant prices, the types of sampling procedures, and so on. The studies by Ojha and by Dandekar and Rath are based on an average caloric intake of 2250 per capita per day. By computing the cost of the necessary foodgrains, Ojha estimated an

increase from 184.2 million people (51.8 percent) below the poverty line in 1960-61, to a staggering 289 million, or 70 percent of the population in 1967-68. Dandekar and Rath also conclude that poverty increased during this period, but their estimate of the minimum income leads to a much lower increase. Using Rs. 18 as the minimum per capita monthly income at constant 1960-61 prices to buy the normative minimum of 2700 calories, Bardhan suggests a very large increase from 38 percent of the population in 1960-61 to 54 percent in 1968-69, indicating that an additional 100 million people slipped below the poverty line in the brief space of eight years. The price index used in Bardhan's study has led to an overestimation of the rise of cost of living and hence the inflated figure of people below the poverty line in the latter years.

Two other studies indicate a fall in the percentage of people below the poverty line. Based on per capita annual consumption expenditures, these estimates show a decrease from 65 percent to 50 percent (Minhas) and 58.8 percent to 57.8 percent (Vaidyanathan) between 1960-61 and 1968-69. These are based on the availability of mass consumption goods per capita which had shown a steady increase during the period, and the estimation of the consumption level of the poor in real terms.<sup>32</sup>

Whatever divergence there may be on the estimates of the incidence of poverty till the late sixties, there is little dispute on its increase since then through the seventies. Since the two estimates showing a decline in poverty were based on the increased availability of mass consumption goods, there has been a steady decline in the per capita availability since then. Prices of essential commodities have been rising, while there has been a negligible increase in wages and employment in comparison with population growth in rural areas.

Overall there seems a consensus on two aspects: one, the percentage of population below the poverty line has not decreased despite three decades of planning on the principles of social justice; and two, the absolute number of people below the poverty line has certainly increased by large numbers during this period. This has been summarized by the Planning Commission in the Draft Sixth Plan, 1978:

Attempts have been made to measure the extent of poverty in India, and depending on the norms used, 40-60 per cent of the population fall below the minimum acceptable standard. According to a recent estimate using norms of calorie consumption, the percentage of population below the poverty line in 1977-78 may be projected at 48 per cent in rural areas and 41 per cent in urban areas. The total number of the poor, so defined, would be about 290 million...Though these estimates are debatable...it cannot be doubted that we have a long way to go to ensure a tolerable standard of living for the large

numbers of the poor and the destitute... The prevalence of poverty and inequality (has remained) virtually unchanged over the years...Trends in the distribution of income and wealth are difficult to discern, but the evidence of persistence of gross inequalities is clear...The distribution of assets...for rural households shows that 20 percent of the households, each having less than Rs. 1000 of assets, account for less than 1 percent of all rural assets, while 4 percent with asset-values of Rs. 50000 or more own over 30 percent.<sup>33</sup>

Poverty in the Indian context is essentially rural. We have seen that during the post-Independence planning era in India, till the current draft plan the agricultural sector has been treated primarily as an adjunct for industrial development. The agricultural sector has employed over two-thirds of the working population and provided nearly half the total national income. The decline has been marginal: in 1951, 77.4 percent of the working force was dependent on agriculture, while in 1971 the figure was 72.1 percent with a significant increase in the total labor force. The share of agriculture in the national product also did not decline as substantially as anticipated; in 1951 it comprised 49 percent, in 1975 it was 41.2 percent. The outlay for the sector, however, has remained at around 20 percent except in the first and sixth plans (Table 5).

The general neglect of the small farmers and agricultural laborers has by and large persisted till the present, with minor exceptions. One such exception was made on the



findings and recommendations of the All India Rural Credit Review Committee in 1969:

It is now generally agreed that the small farmers have not benefitted in proportion either to their numbers or their needs from the various programmes of rural development which have been under implementation during the three plans.<sup>34</sup>

The committee concluded that cooperatives, extension agencies and government programs failed to pay specific attention to the problem of small farmers, and recommended the setting up of special agencies for the purpose. Simultaneously other studies commissioned by the Planning Commission indicated the undiminished plight of the rural masses during the planned period.

As a result, during the Fourth Plan specialized agencies were set up: Small Farmers Development Agency (SFDA) to cover potentially viable farmers, i.e. those holding between 2.5 acres irrigated land upto 5 acres unirrigated; and a scheme for Marginal Farmers and Agricultural Labourers (MFAL) covering those below 2.5 acres and agricultural laborers of certain categories. Forty-six SFDA and 41 MFAL projects were set up during the Fourth Plan and began functioning in 1971. Each project covers one or two districts and was expected to benefit 50,000 small farmers in the project area during the plan period. In the Fifth Plan the two agencies were merged into the SFDA and were given higher outlays; the program

was extended to 169 districts and is continuing. Funding sources include the World Bank loans for rural credit channelled through the Agricultural Refinance Development Corporation and the Land Development Banks. An analysis of the program will be made later in this study.

A currently prominent program initiated and financed by the World Bank entitled "Training and Visit System"--agricultural extension designed to primarily benefit small farmers--will also be discussed as a case study for understanding the impact and potential of new-style strategies of rural poverty alleviation.

#### Approaching the Problem

Rhetoric at the international organizations as well as the national level clearly emphasizes a campaign for removal of rural poverty and making the small farmer a viable entity. Policies at both levels influence and reinforce each other. The shift in thinking since the early seventies seems to be a result of genuine concern for the poor, and there appears to be a concerted effort at all levels to combat and root out the curse of poverty for the benefit of all. There appears to be a general harmony of interests and policies.

Yet the rhetoric is not pervasive enough to free from doubt the actual trend of the "new" policies and strategies. Though the projects are comparatively recent, it is not too

early to suspect from recent studies and existing trends that poverty, overall as well as within the program areas, is not being alleviated, but possibly the reverse.<sup>35</sup> The success of projects is measured in terms of amounts disbursed and areas covered, and the aggregate number of small farmers in the area; the question of who really benefits is seldom investigated with any thoroughness. Thus targets appear to have been surpassed, as claimed by the Bank in its lending for the rural poor, but the estimates are in terms of allotments; it is questionable whether the benefits reach the so-called "target groups."

The "new-style" approaches to poverty alleviation and their apparent limitations in terms of success call into question the level, functions and logic of the IGO involvement. The initial question that arises is, what has motivated the involvement? One reason, obvious from the Nairobi speech and common thereafter in IGO documents, is moral. This is also the motivation that most IGOs would prefer and encourage: concern for the sheer degradation of millions of fellow human beings living in subhuman conditions. This is associated with the image projected by the IGOs of themselves, as a kind of neutral "development conscience" of the world.

A second factor is the rethinking on the whole concept of development during the late sixties and early seventies. The IGOs found it to their advantage to adopt new

ideas on development to add to their image and legitimacy. A third reason is the realization of the centrality of agriculture and rural development in the Third World and its relationship with the maintenance of international stability. In part this focus results from the misconception, persisting from the influence of conservative development theory, that the causes of poverty can be isolated and found in the rural agricultural sector of the Third World. A fourth reason, often mentioned by McNamara though in a different context, is the gain to the developed world in terms of expansion of markets. For example, converting small farmers into "entrepreneurs" by directing investments towards them, resulting in increased demand and purchasing power for imports from the developed world, and rural industry to provide low-cost exports. A fifth and more sobering influence is the threat of widening gaps and the increasing multitudes of the poor to the stability of the affluent minorities.

The problem thus is not one of mere superficial involvement in the objective of poverty alleviation; it is somewhat more complex than that. It calls into question the whole concept of development and poverty. It requires placing the development models and strategies in the perspective of the epistemological basis and theoretical framework from which they are derived. It suggests a scrutiny of the many contradictions that emerge due to multiplicity

of objectives. These are often conflicting but assumed to be harmonious. Attempts are made to pursue radical social change, without the associated structural alterations. The attempt is more or less to shift the power base without shifting the power base!<sup>36</sup>

Strong contradictions become apparent on scrutinizing policy papers for rural development strategies. Studies at both international and the national level often indicate poverty as a structurally determined dependent relationship vis-a-vis the rich and pointedly refer to the necessity of redistribution of productive assets as a precondition to the success of any project aimed at alleviating poverty. Yet the central forces and interests represented by the IGOs and national governments make them by their very structure and purpose favor a political-institutional status quo even as they recognize the need for radical change. Therefore the policies tend to be of the "universal harmony" variety where it is assumed that it is possible to identify target groups, and follow policies of incremental change focussed on these groups, without any detrimental action by external forces.

This assumption seems to be preceded by another: that the condition of those target groups is not affected by the interests and pressures of the external forces. The target-group approach seems a popular well-organized

top-down method favored by among others the World Bank and the Indian government. This may be called a technical-managerial approach. The usual method is to set up institutions and redirect resources towards these "target groups;" the resources invariably find their way towards more influential sections of the community. The Bank's policy papers like the group entitled Assault on World Poverty are good examples of the use of political language to convey strong and forceful action for change; yet the approach is purely to assist target groups without "rocking the boat." The "Land Reforms" paper, for example, indicates awareness of the structural context and states that "where the social environment is characterized by social inequity and oppression, land reforms may become a prerequisite of development."

This indicates that the Bank should discriminate in its lending in support of those governments that seriously attempt to change policies and structures;<sup>37</sup> yet the Bank will suspend lending if political turmoil leads to a change in the country's internal distribution of power. Moreover despite its comments about the "social environment," projects are selected bearing in mind that "in many countries, avoiding opposition from powerful and influential sections of the rural community is essential if the program is not to be subverted from within."<sup>38</sup> Despite the acknowledgement that small farms are more productive and labor intensive, and the centrality of agriculture and rural development,

even the new policies contain only a small proportion of projects in these areas compared to other activities. Problem analysis continues to be done primarily in economic and technocratic terms.

At present a considerable amount of rethinking is in progress about the new policies and models by the IGOs as well as planners in Government of India. Besides a sense of failure on the poverty front persisting from the experience of the past two "development decades," there seems a lack, even bankruptcy in formulating effective strategies for the 1980s, the Third Development Decade and beyond. However, a great deal of interest has been raised in poverty-oriented rural development, to the extent that the main concepts have been integrated into the standard socioeconomic development parlance.

This study will make a political economic analysis of the new policies and models for poverty-oriented rural development strategies as expressed at the IGO (primarily World Bank) and the national (India) levels. The basic factor motivating this study is the persistence of poverty in the face of "development." It inquires whether poverty persists even in areas where specific antipoverty projects are in operation, and if so, why? It questions the assumptions and theoretical bases governing the leading development models and strategies. By using an alternative

theoretical framework, it attempts to raise and study a series of propositions to examine the limitations and constraints in these policies. The objective of developing alternatives is partly achieved in this process and elaborated in the final chapter. The study draws upon published and internal materials from the IGOs and India, as well as unstructured interviews (around 90) at the regional and head offices of various IGOs and field work in India during May-August 1979 (Appendix 1).

Chapter II describes the epistemological and methodological premises of the study. Chapter III is a discussion of the major influences on political and economic development theory, and develops a theoretical framework for the study from within a critical political economy perspective. In Chapter IV the propositions for examination are developed and the method is stated. Chapter V analyzes the growth plus equity models of the IGOs. Chapter VI discusses their application and linkages in the Indian context and assesses the Indian experience with poverty alleviation strategies. In Chapter VII the remaining propositions are examined in the light of the findings of field research. Two projects in India, the Small Farmers Development Agency and the World Bank sponsored Training and Visit System, are discussed as case studies, and development communication policies are discussed in the



context of the latter. Chapter VIII summarizes the implications of the study's findings for poverty alleviation strategies and discusses some issues relating to alternative approaches.

## FOOTNOTES TO CHAPTER I

1. Julius Nyerere, "On Rural Development," Address to the World Conference on Agrarian Reform and Rural Development, Rome: FAO, July 13, p. 1.
2. The World Bank group is comprised of International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), and International Finance Corporation (IFC). IDA is the "soft loan" component of the Bank; there is a "Third Window" with loans on terms intermediate between those of IDA and the commercial rates of IBRD. IFC is a relatively minor component concerned with mobilizing capital for private sector investments in Third World countries.  
  
The term "World Bank" or "Bank" will be used for the whole group in the study unless specified otherwise.
3. Sources used for World Bank statistics are the Annual Reports and World Development Reports for 1978 and 1979, and the Sector Policy Papers, particularly on Land Reforms and on Rural Development. Full citations follow where applicable.
4. World Bank, World Development Report, 1978, Washington: August 1978, p. 1. Emphasis mine.
5. Irma Adelman, "Growth, Income Distribution and Equity-Oriented Development Strategies," World Development, Vol. 3, No. 2-3, 1975.
6. Keith Griffin and Azizur R. Khan, "Poverty in the Third World: Ugly Facts and Fancy Models," World Development, Vol. 6, No. 3, pp. 295-304. A discussion on studies of similar trends for India follows later in this chapter.
7. World Bank, Rural Development: Sector Policy Paper, Washington: February, 1975, pp. 19-20.
8. Inderjit Singh, Small Farmers and the Landless in South Asia, Washington: World Bank Staff Working Paper No. 320, February 1979.

9. World Development Report, 1978, p. 33.
10. W. Arthur Lewis, "Economic Development with Unlimited Supplies of Labour," Manchester School, May 1954; and The Theory of Economic Growth, London: Allen & Unwin, 1955. His prediction that surplus labor from the agricultural sector would move to the higher income urban industrial sector dominated academic thought in the mid-1950s and influenced Indian planning, but proved erroneous due to faulty assumptions, as discussed. In his recent book, The Evolution of the International Economic Order, Princeton: Princeton University Press, 1978, he advocates basically the same ideas of industrial revolution with the use of surplus agricultural production and labor. Sir Arthur Lewis was awarded the Nobel Prize for Economics in 1979. See also Paul Streeten, "From Growth to Basic Needs," Finance and Development, Vol. 16, No. 3, 1979, for brief critical comments on the Lewis model.
11. Robert S. McNamara, "Address to the Board of Governors," Nairobi, Kenya, September 24, 1973, Washington: The World Bank, 1973.
12. Population growth is not just a cause but as much an effect of poverty. India has a lower density of population (nearly half) than most of Europe, as well as a lower population per cultivable acre. See also Mahmood Mamdani, The Myth of Population Control, New York: Monthly Review Press, 1972.
13. World Bank, Rural Development, p. 11.
14. The study however carries the usual disclaimer, "The views expressed in this book are those of the individual authors and not necessarily of the World Bank..."
15. Leif E. Christofferson, "The Bank and Rural Poverty," Finance and Development, Vol. 15, No. 4, 1978, pp. 18-22. This point was emphasized by some of the Bank officials I interviewed at Washington in August 1979.
16. Ibid., p. 20.
17. See report of the Director General, "The Poor in Asian Development: an ILO Programme," ILO 1975; see also ILO, World Employment Programme: Research in Retrospect and Prospect, Geneva: 1979.

18. Government of India, Draft Five Year Plan, 1978-83, New Delhi: Planning Commission, 1978; Inderjit Singh, Small Farmers and the Landless in South Asia.
19. World Bank, Annual Report 1978, Washington: 1978; "India and the World Bank," mimeo., December 1977; "India: A Background Note on the Economy," mimeo., May 17, 1978.
20. See also Michael Lipton, Why Poor People Stay Poor, London: Temple Smith, 1976.
21. Kenneth Boulding, Economic Analysis, New York: Harper & Bros., 1941, p. 724.
22. Government of India, First Five Year Plan: A Summary, New Delhi: Planning Commission, 1952.
23. One crore is ten million; one lakh (also lac) is one hundred thousand.
24. See W.W. Rostow, The Stages of Economic Growth: A Non-Communist Manifesto, Cambridge: Cambridge University Press, , 1962; Simon Kuznets, "Economic Growth and Income Inequality," American Economic Review, March 1955; see Note 10.
25. For an example of some specific suggestions at the time, see K.N. Raj, "Alternative Policies for the Fourth Five Year Plan," Government of Kerala, n.d.
26. Government of India, Fourth Five Year Plan, 1969-74, New Delhi: Planning Commission, 1970, p. 14.
27. Professor Raj Krishna, the main author of the major policy chapters of the Sixth Plan including the one on "Distributive Justice," said in an interview after his recent resignation from the Planning Commission that the measures for distributive justice were diluted and watered down by the previous Janata government and the majority in the Planning Commission. "For the average low level of growth the Government has become irrelevant--and for distributive justice, the Government is indifferent." Sunday, September 9, 1979, pp. 34-38.
28. Draft Five Year Plan, 1978-83, p. 17.
29. Ibid., p. 6.

30. V. M. Dandekar and N. Rath, "Poverty in India: Dimensions and Trends," Economic and Political Weekly, Jan. 2 & Jan. 9, 1971; R. Datt and K. P. M. Sundaram, Indian Economy, New Delhi: S. Chand & Co., 1976.
31. Milton Friedman, Studies in Income and Wealth, p. 166.
32. See S. L. Shetty, "Structural Retrogression in the Indian Economy Since the Mid-Sixties," Economic and Political Weekly, Vol. XIII, Nos. 6-7, Feb. 1978 for a discussion summarizing the different studies on trends of poverty and assessing their validity. B. K. Joshi in a study entitled "Poverty, Dependence and Inequality," Ph.D. dissertation, Department of Political Science, University of Hawaii, Honolulu, 1978, found a rising trend in the percentage of population below the poverty line between 1950 and 1974. See also F. R. Frankel, India's Political Economy 1947-77, Princeton: Princeton University Press, 1978.
33. Draft Five Year Plan, 1978-83, p. 3.
34. Reserve Bank of India, Report of the All-India Rural Credit Review Committee, Bombay: Reserve Bank of India, 1969.
35. Adelman, "Growth, Income Distribution and Equity-Oriented Development Strategies," and Griffin and Khan, "Poverty in the Third World;" see also A.J.M. van de Laar, The World Bank and the World's Poor, The Hague: ISS Occasional Paper No. 58, July 1976; Frances M. Lappe and Joseph Collins, Food First: Beyond the Myth of Scarcity, New York: Ballantine Books, 1979 (revised ed.), particularly Part IX, pp. 359-454.
36. R. E. Strykker, "The World Bank and Agricultural Development: Food Production and Rural Poverty," World Development, Vol. 7, March 1979, pp. 325-336; Susan George, "Is the Bank Really a Developer" in her How the Other Half Dies, Montclair: Allanheld, Osmun & Co., 1977, especially Ch. 10; van de Laar, The World Bank, pp. 205-232.
37. As in the case of Chile under Allende when the Bank suspended lending and resumed when Pinochet was installed. The Bank's lending to repressive governments like Argentina, Philippines under Marcos, and Uruguay has increased sevenfold in the seventies, indicating

the Bank's concept of stability and "bankable" development loans.

38. World Bank, Rural Development, p. 40.

## CHAPTER II

### RESEARCH EPISTEMOLOGY

The first step to understanding of men is the bringing to consciousness of the model or models that dominate and penetrate their thought and action. Like all attempts to make men aware of the categories in which they think, it is a difficult and sometimes painful activity... The second task is to analyze the model itself, and this commits the analyst to accepting or modifying or rejecting it, and in the last case, to providing a more adequate one in its stead.

--Isaiah Berlin<sup>1</sup>

The dominant trend in social science research continues to be guided by empirical theory based on positivism and the overwhelming influence of the natural sciences. The implications for the researcher under the conventional epistemological approach are that one should cultivate an "impartial" attitude when investigating social and political phenomena, without allowing one's own "biases" and "values" to distort the "objective" facts. The task is assumed to be collection and description of facts along the canons of scientific research. These facts are taken to be value-free or value-neutral, mere tools in the business of confirming or rejecting hypothesis for the purposes of scientific theory-building. As such, normative theory is regarded at worst as an impossible contradiction in terms, and at best as completely distinct from empirical theory.

The concept and theory of political and economic development is predominantly governed by the premises of positivist/empiricist epistemology. My contention is that the conceptualisation of the problem of rural poverty, and consequently the strategies and models used for "poverty-oriented rural development,"<sup>2</sup> have been governed by meta-theoretical assumptions within the positivist/empiricist tradition. To accept such metalevel assumptions as unproblematic, as is usually done in conventional research, has a limiting effect on the scope and purpose of the inquiry and binds the theorist in narrow empirical research. As such this approach would not be suitable for research aimed at questioning the context and the implicit assumptions of the development strategies and models, and the persistence of poverty within this setting.

A contrary view is that empirical theory and so-called "scientific" inquiry carries with it an implicit value framework backed by political ideology. These values and their political implications remain implicit in the metalevel assumptions and prior evaluations on which empirical theory is based. Since they are not considered problematic, the values and assumptions are not made explicit. They in turn are rooted in the ideological framework in which the theory is grounded. Once we consider the context and the assumptions problematic and make the values explicit--once we accept the dialectical



relationship between normative and empirical, fact and value, theory and data--we have a more realistic epistemological basis for understanding political phenomena. Within this alternate perspective, facts are not considered "given" and "objective" but instead are in themselves value-laden and shaped by the context in which they are placed. What becomes of utmost importance in this perspective are the frames of reference and the rules and context in which data is constituted and utilized.<sup>3</sup>

The limitations of the dominant approach and the primary factors in the alternate preferred epistemology will be elaborated below. First, the basic arguments and criticism of the positivist/empiricist approach will be discussed. By pointing out the limitations, the metalevel assumptions and the false dichotomies, I will discuss an alternate framework based on a synthesis of normative, empirical and critical theory. In the following chapter the theoretical approaches to development will be sketched briefly leading to the building of a theoretical framework, from a critical political economy perspective, for analyzing strategies for poverty-oriented rural development.

#### The Positivist/Empiricist Approach

Historically, the positivist movement refers to a group of philosophers called the "Vienna Circle." The group was formed in the early 1920s and the prominent members

included Schlick, Carnap and Neurath. Their objective was primarily to spread the scientific method in the development of the social sciences, drawing their inspiration from the works of Hume, Comte, Mill and others. The true scientific method was interpreted as the methods and practices of the natural sciences. The term "logical" was added as they wished to annex the discoveries of modern logic.<sup>4</sup>

Their attempt to establish a scientific identity for the social sciences was accompanied by, and complementary to, their attack on metaphysics. Like Hume, they divided significant propositions into two classes: formal propositions, like those of logic or pure mathematics, which they held to be tautological, and factual propositions, which should be empirically verifiable. These classes were considered exhaustive so that if a sentence did not fall in one or the other category, i.e. did not express something formally true or which could be formally tested, it was considered non-sensical. It could be emotive, which was regarded as metaphysical. Metaphysical utterances were condemned because they did not state anything was true or false and consequently did not contribute to the increase of knowledge. They were regarded as objectionable for pretending to be cognitive. In their view, social science had to extricate itself from metaphysics if it were to constitute a true branch of knowledge. The Vienna Circle, by rejecting

any distinction between the natural and social sciences, suggested a closer collaboration between scientists of different disciplines, and even went so far as to suggest that the vocabulary of the sciences should be unified.<sup>5</sup>

Though the Vienna Circle did not continue as a school, the tradition has persisted and has been extended so that the broadly defined positivist/empiricist method continues to dominate and influence social science research. Some of the main postulates of this approach are discussed below with a view to showing misconceptions and to develop elements for an alternative approach.

#### 1. Comparison with Natural Science

Mainstream social theorists compare the present state of social science with the fledgling state of the physical sciences.<sup>6</sup> By excluding influences like metaphysics and by following the "scientific" method, the social sciences are expected to eventually reach the same level of scientific maturity. The implications are that the methodological rules to be followed in the former should be along the lines of the latter. The logic of all scientific activity is assumed to be similar, namely to add to knowledge through verifiable data. No distinction is made on the basis of the kind of phenomena to be examined, since all science is assumed to fall within the same unified whole.

The business of research, then, becomes the collection of data and the advancement of empirical generalisations based on it. Eminent social scientists like Bacon and Mill are cited frequently as having endorsed the belief that if we collect "enough" data and discover correlations that hold among these data, we will then be in a position to "arrive at those higher empirical generalisations that constitute genuine science."<sup>7</sup>

Kant in his Critique of Pure Reason describes how mathematics and the natural sciences went through a conceptual revolution which transformed them into genuine sciences. Mainstream social scientists too believe that in the twentieth century a similar revolution has been taking place in the "scientific" study of human behaviour. The tendency to exclude factors like anthropomorphic considerations in behavioral analyses, the tendency of empirical verification and exact formulation give the impression and "hope" that the social sciences are well into the process of "catching up" and "maturing" into "genuine" natural sciences.

The implications of research following this line of thinking has been aptly summarized by Giddens:

...any approach to the social sciences which seeks to express their epistemology and ambitions as directly similar to those of the sciences of nature is condemned to failure in its own terms, and can only result in a limited understanding of the condition of man in society.<sup>8</sup>

Giddens asserts that social science should move out of the shadow of natural sciences, "in whatever philosophical mantle the latter be clad." An important reason is that the former deals with purposeful, motivated human behavior and not merely with observable actions. Whereas meanings in the natural sciences are produced through observation of the practical world, in the social sciences meanings are constituted and reconstituted by the component actors and the context of social life.

Thus human behavior must be interpreted in accordance with the context and social rules guiding it. Exclusion of these contextual rules can render human behavior meaningless, or quite often misleading. This is shown effectively in the analyses of language analysts like J.L. Austin and others discussed below. They show that the very idea of social science conceived as a natural science is based on conceptual confusions and is logically impossible. According to Peter Winch, all social behavior involves the acceptance and following of rules. These rules vary across societies and regions and must be understood for describing, explaining and understanding human action. This is the basic distinction between society and nature; whereas nature is not a human production, society is created and recreated by human participants. It would be wrong to assume any particular form or rule as a standard for judging alien forms of social life. As Winch puts it:

...the notion of a human society involves a scheme of concepts which is logically incompatible with the kinds of explanations offered in the natural sciences...The understanding of society is logically different from the understanding of nature...The central concepts which belong to our understanding of social life are incompatible with concepts central to scientific prediction.<sup>9</sup>

## 2. Deductive Model of Explanation

The model of scientific theoretical analysis in positivism/empiricism is the inductive-deductive model. The criteria for scientific explanations is the logical deductibility of the statements from the antecedent conditions and relevant laws. There is the absolute necessity to employ laws, or "nomological statements," for applying facts for purposes of scientific explanation and prediction. As described by Carl Hempel, the method of deductive explanation accounts for an event by subsuming it under general laws. These general laws and theoretical principles are in turn derived from even more comprehensive principles. Thus in empirical theory there may be certain facts which at that time are not explainable. These may include comprehensive general laws and empirical generalisations for which explanatory principles are not available at that time; but "any general principle, however comprehensive, may subsequently be found to be explainable by subsumption under even more inclusive principles."<sup>10</sup>

The objective of scientific activity is, then, to know the explanation of a particular phenomenon. Once

obtained, the explanation can be used for prediction of events if the relevant facts and laws are known. Thus in the view of mainstream social scientists, the establishment of general laws and empirical generalizations are essential elements in theory formulation.

This view has been challenged by Michael Scriven among others who argues that the deductive model is wrong both in detail as well as conception.<sup>11</sup> Briefly, Scriven distinguishes between different kinds of grounds or contexts for evaluating explanations. He describes truth-justifying grounds as those that "compromise our evidence for the truth of the statements actually made;" role-justifying grounds as those that "consist in our grounds for thinking that the statements made are adequate for a certain task--the task of explaining;" and type-justifying grounds as those which "support our interpretation of the practical requirements of the person or public to whom we address our explanation."

Using this framework he shows how explanations are appropriate only within certain contexts. Every explanation is a "notion without meaning" except in a given context in which the type can be inferred, and in which the required facts are known. This is contrary to the supposition in the deductive model that there is always something like the explanation of a phenomenon regardless of context.

...the completeness or correctness of an explanation is a notion without meaning except in a given context from which the type can be inferred...Explanations are practical, context-bound affairs, and they are merely converted into something else when set out in full deductive array.<sup>12</sup>

Thus the context determines whether statements constitute an explanation or not; the same phenomenon can be used for a different type of explanation. There are statements which in one context would be suitable explanations, in another context mere descriptions, and in another merely inappropriate responses.

Recognition of the limitations of the deductive model and the importance of context has important implications for political inquiry. We approach explanations as being meaningless unless considered in context, and can select the type of explanation relevant for linking our understanding of the phenomena. For example, we can approach the problem of poverty in various ways. The poverty of small farmers in India can be explained along the lines of their being traditional, unenterprising, overpopulated, racially or culturally lacking and so on. Alternately the same phenomenon, the poverty of small farmers, can be explained in structural terms: elite domination, dependency, inequalitarian land holdings, prevention of self-determination and participation, urban bias, and other such factors. The two types of explanations carry very different implications for remedial action. The former implies the need for greater



governmental action and control, of economic formulae of incentives and optimality, of compulsion for change as in family planning programmes, and top-down communication and planning. The latter indicates the need for a different kind of political action: local organization, self-determination, land reforms, participatory planning, and basic structural changes. Explanations under different contexts have implications for different forms of action.

### 3. Normative-Empirical Distinction

The conventional positivist-empiricist approach makes a categorical distinction between "normative" and "empirical" as being different kinds of political theory. This is related to the acceptance of several other dichotomies: fact and value, description and evaluation, is and ought, and the assumption of a theory-data gap to be filled by value-free facts. Since these are related and, as will be discussed here, equally false, they will be dealt with together in this section.

According to the mainstream position, the task of the social scientist is to obtain and describe the existing facts, not to make prescriptive claims or advocate a normative position. His job as theorist is to interpret the world, not to change it. The change necessary can only be effected by increasing knowledge and adding to "scientific research," based on accumulation of "facts." The assumption

is that there is a realm of objective facts, which can be observed and reported as a basis for higher theories.

Values, on the other hand, are considered to be formed by our attitudes and preferences and are therefore said to fall into a distinctly separate category. Thus the very possibility of a normative theory is subject to skepticism, the argument being that there cannot be any such "rational" discipline. While most doubt the possibility of scientific verification of values, other mainstream social scientists agree that values and norms can be studied in a scientific manner. One can study factors which reinforce certain values as against others. But this does not in any way compromise the categorical distinction between fact and value. In the mainstream position, verifiable data is the source of all knowledge, and the "hard" facts are neutral and objective. "Data" is assumed to be independent of theories and concepts. Theories are not inherently valid or invalid claims about the way the world is, but merely tools for handling data which exist "out there."<sup>13</sup> Statements which cannot be verified by observable facts are considered to be meaningless.

The dichotomies between fact and value, normative and empirical is maintained on the basis of different kinds of statements comprising the theories. Therefore an analysis of language usage can shed light on the fallacies of these

dichotomies. Empirical theory, considered scientific and verifiable, is concerned with primarily "descriptive" statements. Normative theory is said to be only evaluative and concerned with "prescriptive" statements. The implications are that the epistemological basis of descriptive and prescriptive statements are different and can be easily distinguished. While the former can be verified with reference to relevant observable facts, the latter fall in the normative category and are based on our attitudes and principles. The two are considered to be governed by different rules of inference.

The refutation of this view on the basis of linguistic usage with regard to context owes much to the work of Austin.<sup>14</sup> He divides utterances into "performatives" which constitute the doing of an action, and "constatives" whose function is primarily to describe or report something. He shows that performative utterances have, like constatives, a criterion of application and a context in which the utterance is made. He shows the infelicity of performatives where the appropriate context is not considered. He takes the example of the utterance, "I now pronounce you man and wife," by someone without the appropriate credentials to perform a marriage ceremony. Speech action by itself is not sufficient to make it so; therefore performatives are, like constatives, dependent on the context in which the utterance is made. Similarly

constatives are also subject to infelicities and dependent on the context, and so the distinction between performatives and constatives breaks down.

An example that is illustrative of the importance of context is the statement: "India is overpopulated." The rigorous distinction between constatives and performatives is based on the oversimplified rules of correspondence with observed facts. The statement "India is overpopulated," however, is a highly contextual one. It may appear factually satisfactory to an economist dividing the gross national product by the total population, and concluding that too large a population size is the main factor for a low per capita income, given the GNP. To a demographer or a geographer, however, this statement would not be so easily acceptable on a comparison with say Western Europe, which has over twice the density of population of India. To a political economist, the statement is again problematic in the context of India having a lower ratio of population per acre of cultivable land than the majority of nations of Europe, and a stronger primary resource base in raw materials. Thus the statement by itself is neither true nor false but depends on our purposes and the context in which it is used.

In breaking the distinction, Austin's analysis leads to the finding that the two do not have different kinds but rather different levels of meaning. Depending on the function to be performed by the utterance, one or the other

level of meaning is emphasized. He distinguishes between three levels of meaning: locutionary, illocutionary and perlocutionary. The locutionary meaning is simply the content of the utterance. Illocutionary is the performative aspect, or what a person does in making the utterance. Perlocutionary meaning is what the person does by making the statement. The difference is not in meaning but is a matter of emphasis.<sup>15</sup> In some situations the meaning of a statement may depend entirely on the criteria of application, while in others the meaning relies primarily on performative force. This analysis leads Austin to the conclusion that "the familiar contrast of 'normative' or 'evaluative' as opposed to factual is in need, like so many dichotomies, of elimination."<sup>16</sup>

The adoption of a functional theory of meaning makes it evident that, as Austin has shown, even seemingly simple descriptive utterances derive their meaning not simply from observation but from the conventions which make the descriptions appear to be unproblematic observations. Thus a proper analysis of such statements requires a consideration of the prior evaluations and agreed upon assumptions. In other words, this contradicts and falsifies the fact-value dichotomy and suggests the need for considering the relationship between factual and valuational premises in any inquiry.<sup>17</sup>

The analysis by H.L.A. Hart using this framework throws light on how seemingly descriptive statements are actually ascriptive. He points out that, by accepting sentences like "he did it" as simple descriptions, we ascribe responsibility to a person for his actions. Such statements are actually ascriptive since they are based on some underlying agreement on the conditions under which the person can be held responsible. Thus prior evaluations are involved in deciding responsibilities; it is not merely a matter of simple observation.<sup>18</sup>

Thus "scientific" explanations or theories can be deceptive if we regard them as purely descriptive or empirical. A theory cannot be empirical without also being normative, and vice versa. Empirical theory is grounded in rules or "norms" for application; similarly normative theory must contain empirical definitions and boundaries indicating what the application of the theory is to be. According to Shapiro:

...normative and empirical emphases are complementary theory-building activities. All normative theories are empirical, and all empirical theories can be given a normative significance without changing the empirical meaning of the theory. A theory in its pure form is an abstract calculus requiring rules of correspondence and instantiating premises before it is relevant to any stipulated subject matter. If a theory is to be normative in emphasis, i.e. if it is to provide rules for conduct or dictate that such rules be followed, it must be grounded in experience, i.e. it must

be empirical. Further, if a theory is empirical its statements can be altered to contain performative or prescriptive emphasis without changing its empirical significance.<sup>19</sup>

Despite the appearance of objectivity and value neutrality, so-called empirical theory is shot through with explicit and implicit value judgements. Though mainstream social scientists claim their hypotheses and concepts to be value-neutral, the theories secrete values and ideology. The "facts" and "observations" themselves are shaped by theoretical and conceptual schemes. As Bernstein puts it, there are no objective facts that are simply "out there," unaffected by our concepts and theories. Facts are value-laden and acquire meaning according to the context in which they are placed.<sup>20</sup>

Far from there being an inherent gap between theory and data, there is a dialectical relationship between the two. Facts and theory are closely related and constantly develop and redevelop each other. Facts can be viewed and conditioned according to the rules of political and ideological contexts and frames of reference.

Concepts are based on their use within a certain context and not exclusively on "objective facts." The meaning of concepts takes shape from the context and in relationship to other concepts. This theoretical system or "paradigm" provides the rules of correspondence which relate

concepts with data.<sup>21</sup> These rules are not normally questioned since the concepts are not considered problematic within the paradigm. The rules and concepts, as we have discussed, are not value and context-free, but are derived on the basis of prior evaluation. These remain implicit within the guise of empirical objectivity and are seldom made explicit. Once we question the values and assumptions and initiate inquiry with normative questions, we can understand the relevance of the explanation to the developmental goals.

Understanding the rules and values that shape concepts points to the necessity of understanding the models and institutions that determine human action. Human beings, according to Berlin, are governed by one or more interpretive models that dominate their thought and action.<sup>22</sup> These models determine their forms of belief and behavior. The models must be understood as the underlying causal factors influencing political phenomena; one must examine their adequacy or lack of it in application, their correspondence to the actual behavior of people. Any inquiry that restricts itself to the empirical, to publicly observable behavior, and regards models as merely "subjective" cannot correctly interpret human action.

Several different models and strategies for development can be distinguished. Some models emphasize aggregate economic factors such as growth and GNP and promote increased



trade and investments;<sup>23</sup> others view the problem of development in terms of transnational linkages, neo-colonialism and exploitation, and call for self-reliance and mobilization of local resources.<sup>24</sup> The superiority of one approach over the other is not self-evident, but involves selection based on evaluations and normative considerations. However, too often one or the other approach is adopted without a clarification of the normative assumptions, yet maintaining the impression of objectivity. Also not so evident are the assumptions regarding the goals and processes of development--essentially normative considerations--which are taken for granted, and consensus on them is assumed.

By treating such assumptions as problematic, one would begin by raising the normative questions with a bearing on the choice of development model or strategy. This is described by Shapiro and Neubauer as the "concept selection process of political inquiry":

The data of social and political processes are revealed to us in a variety of ways, depending on what we identify as a problem. The identification of a problem requires the use of categories or concepts which are responsive to our normative decisions concerning what we wish to view as problematic in a society.

The primary questions to ask in the initiation of an inquiry, then, are normative, not scientific, ones. Turning the fact-value question around...should lead us to consider our images of desirable individual development and desirable collective experience before presenting a scientific

explanation of something. If we ask the normative questions first, we have a purchase on what the resulting explanation will be 'good' for.<sup>25</sup>

### Ideology and Meta-Advocacy

We have seen that the distinction between social and natural sciences can be made in terms of motivated human behavior. Moreover, human behavior must be interpreted in accordance with the context and the social rules guiding it. We have discussed the deductive model of scientific analysis and have seen that general laws for understanding behavior are meaningless except in their particular context and use. The dichotomies in empirical theory, the fact-value, empirical-normative, is-ought distinctions have been shown imperfect, and the complementary relationship between empirical and normative theory has been brought out. Finally, we have seen that concept formation in empirical theory is rule-governed and the rules are contextually derived. This brings us to the meta-theoretical assumptions and implications of theory.

Empirical theory implicitly accepts metalevel assumptions as unproblematic and concerns itself with the relationship between concepts and observed data. As discussed, the facts and concepts are value-laden, and theories contain metatheoretical assumptions and prior valuations. Despite the impression of objectivity, all concepts carry with them a set of institutional arrangements which serve to classify

experience to satisfy particular purposes. Concepts contain theoretical commitments to particular ideological frameworks, and theories become forms of meta-advocacy for particular socio-political systems.

For example, let us consider the role of developmental IGOs, particularly the World Bank. The project surveys and guidelines, specially before the 1970s, carry assumptions regarding the suitability of western developmental concepts for universal application. The implicit ideological superstructure is the capitalist system with its imperatives for increased trade, wider markets and infrastructure for private sector penetration. Most of these implications remain at the metatheoretical level. The IGOs regard themselves and the development models as neutral in application and impact, and the assumptions as unproblematic. The earlier development models were compatible with theories of the dominant liberal structural-functional school of political theorists and economists. These were grounded in the positivist epistemology and concerned with misplaced dichotomies--traditional-modern, developed-underdeveloped, advanced-backward, and the different "stages" of growth. The metatheoretical assumptions governing this approach include belief in the free market system, ethnocentrism, unilinearity in the development process, and "trickle-down" distribution of benefits of development.

Ideological advocacies are embedded in the metatheoretical assumptions of development theories. These influence not only the kind and mode of inquiry, but also the kinds of strategies and forms of action that flow from the prescriptions. The implications for political research and analysis, therefore, are of extreme importance. Once the metalevel assumptions and advocacies are considered problematic, we can uncover the socio-political assumptions inherent in development theories and models. By altering the assumptions we can devise new ways of conceptualizing and analyzing situations.

Advocacy and meta-advocacy, implicit or explicit, occur in all social theories. The question of political inquiry is not whether any form of meta-advocacy occurs or not, but what kind of advocacy or meta-advocacy is being engaged in the theory or concept propagated. On occasion the adoption of an explicit advocacy role serves not to change but to legitimize an existing structure. An example could be drawn from the emphasis some Third World governments place on land reforms. Though often advocated in radical terms in the political rhetoric, the supportive provisions for implementation remain weak. The radical rhetoric serves to legitimize the existing power structure.

Meta-advocacy differs from advocacy in that there is a presumption in the former that the standards of evaluation employed are beyond the need of justification

which is normally required in positions of advocacy.

Meta-advocacy is a consequence of concept selection and employment--what is the focus of attention which is provided by the concepts selected and in the interests of which applications might they be employed?<sup>26</sup>

An explicit assumption of the advocacy role does not eliminate the role of meta-advocacy. An advocacy role from one context may be viewed as a meta-advocacy role from another context using more general assumptions. This aspect has deep implications when applied to development theory and the apparent processes of change within particular schools of thought.

An example from the shifting trends in political and economic development theory will be of value in understanding the implications of meta-advocacy. Political analysts and theorists until the 1950s considered the main task of development research to be to collect facts and conduct analyses of different states and governments. When the tools of comparative analysis proved inadequate in describing and understanding development phenomena, mainstream political analysts became immersed in developing scientific methods of data collection and analysis. The empiricist/positivist epistemology prevailed; the emphasis was to avoid being normative.

The difficulties with this erroneous trend were felt by Almond and others.<sup>27</sup> However, instead of acceptance of normative standards for theory building and evaluation, the outlook shifted towards the practices of economics. The objective was to construct models along the lines of development economics to assist in problem-solving analysis, and to advocate specific courses of action for desired goals. This would provide a way out of the accusations of ethnocentricity and linearity by making the role one of clear advocacy.

However, despite the guise of explicit advocacy, the theory and analysis also serve meta-advocacy functions for the achievement of other goals. The attempt to construct models with presumed empirical relevance also has elements of meta-advocacy in that it suggests that systems are capable of widespread adoption and are generally suitable as such. The conventional economist may similarly appear as an explicit advocate of certain models, but the prescriptions may serve other interests not included in the original frame of reference.<sup>28</sup>

To revert to the earlier example of the World Bank and other "developmental" IGOs, during the 1970s the shift seems markedly towards direct advocacy of the need for "radical" measures. The emphasis seems to be that the previous development theories based on western economic models are inadequate, and "direct" measures like an "assault"

on poverty are in order. Despite the apparent changes in development thinking, the meta-advocacy role and the assumptions underlying the actions of the IGOs indicate that the changes may not have as deep implications as they profess. The meta-advocacy of the neutrality of the agencies and of the state remains. The problem is viewed on the metalevel as though its sources lie within the rural areas themselves, and are not attributable to any external causes. It is assumed that there is a harmony of interests rather than a struggle for power.

A final noteworthy point is the application of "social control ideology" as a control mechanism. This enables those in power to define problems and situations in a manner which requires others to make adjustments. As defined by Shapiro:

A social control ideology applied to any collective enterprise is a persistent orientation toward whom or what should be adjusted when goals are unfulfilled or deviations from expected patterns are discerned. Such ideologies are reflected in the definitions of problems and concomitant explanations employed as to why the problematic situation arose.<sup>29</sup>

This results in the exclusion of the possibility that the existing ideological structure may be a part of the problem and in need of adjustment. As in the above example, the new-style projects and models of the IGOs and some Third World "beneficiary" governments advocate certain adjustments within the system. This primarily involves

redirection of resources towards the poor and adjustments within existing institutions in rural areas, primarily at the implementation level. The possibility that the problems may lie elsewhere, perhaps in the political and ideological framework which itself may be in need of adjustment, is seldom considered. To do so would involve questioning the metalevel assumptions and the way development is conceptualized, and may have implications for different types of strategies altogether.

### Synthesis

The essential aspects of the proposed alternate epistemology are the relationship between metatheoretical assumptions and substantive inquiry, and the complementarity between normative and empirical emphases. All inquiry contains extra-theoretical values. Truly disinterested research, in the sense of research without evaluative "biases" if that were possible, is research without purpose and without relevance to the human condition.

To complete this package, the critical dimension needs to be added to the normative and empirical aspects. The meaning and purpose of criticism may be described in this way:

By criticism, we mean that intellectual, and eventually practical effort which is not satisfied to accept the prevailing ideas, actions and social conditions unthinkingly and from mere habit; effort which aims to coordinate the individual

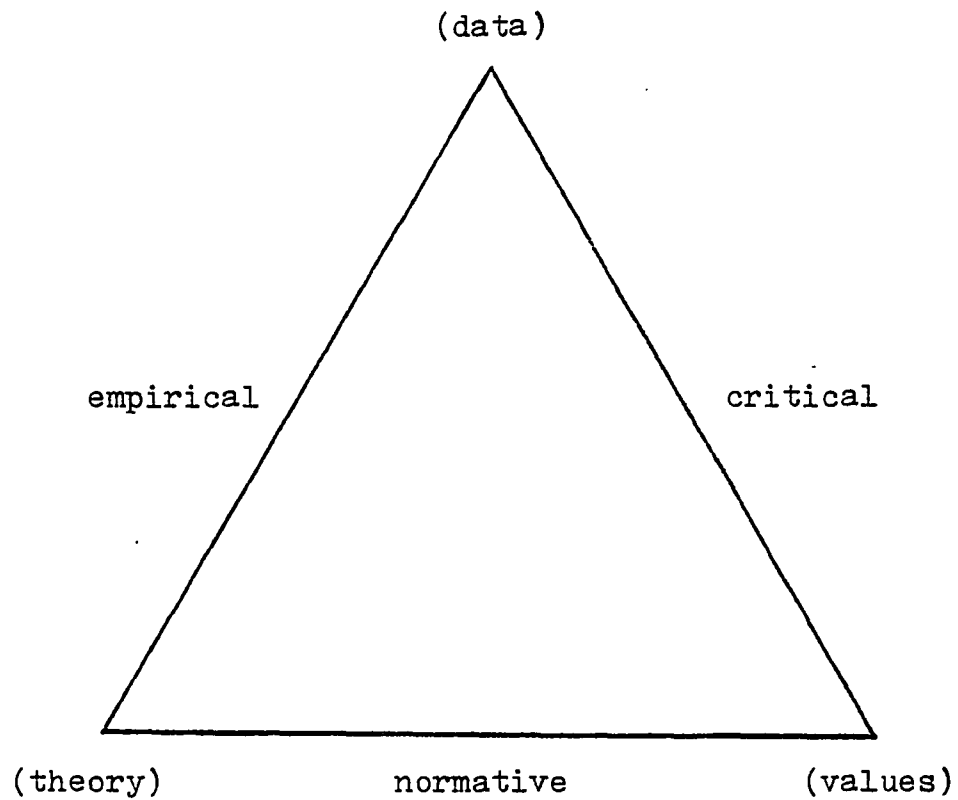


sides of social life with each other and with the general ideas and aims of the epoch, to deduce them genetically, to distinguish the appearance from the essence, to examine the foundation of things, in short, really to know them.<sup>30</sup>

Horkheimer emphasizes that the critical theorist does not merely take a negative stance towards existing situations but "forms a dynamic unity with the oppressed class" so as to create a force to stimulate change. Critical theory involves "relentless criticism of existing conditions" for the purpose of human emancipation.<sup>31</sup> Instead of regarding situations as data to be verified and predicted according to the laws of probability, critical theory has for its object "men as producers of their own historical way of life in its totality." It is concerned "not only with goals already imposed by existent ways of life, but with men and all their potentialities."<sup>32</sup> The interpretive researcher constantly generates interpretations and explanations, establishing meanings and actions himself.

Thus the method of research and analysis does not consist solely of formulating hypotheses and descriptions of existing social reality, to be verified or falsified by observed facts. It involves immersion in the context to "penetrate the ideological mystifications" that distort the meaning of existing social conditions.<sup>33</sup> Critical theory emphasizes the unity of theory and praxis as a mutually supportive and ongoing process of understanding and change.

Figure 1  
Development Research Triangle



Source: Adapted from Galtung, "Empiricism, Criticism and Constructivism: Three Aspects of Scientific Activity," p. 69.

Criticism provides the third side of the equilateral triangle of research, as illustrated in Figure 1. Criticism primarily involves comparing data to values, with emphasis on values. Empiricism relates data with theory, with emphasis on data. Normative aspects relate theories to values, with mutual influence. Some reservations on this scheme must be kept in mind. There is much overlap between the concepts, between theory, data and values. They must not be regarded as totally distinct entities in their respective corners.

As Galtung suggests, the researcher makes interpretive analysis of political relations. The researcher is involved not only with hypothesis testing per se, but also with generating and evaluating theories, giving priority to value dimensions in social science, synthesizing empirical and ideological analysis. For,

...what is an ideology if it is not precisely an analysis of present society, a set of values defining the good society, a criticism of present society, and a program of action?<sup>34</sup>

This provides an explanation of the epistemological base for this study. In the next chapter the dominant development paradigms will be discussed, leading to the formation of a theoretical framework on which propositions for examination will be based.

## FOOTNOTES TO CHAPTER II

1. Isaiah Berlin, "Does Political Theory Still Exist?" in P. Laslett and W. G. Runciman, eds., Philosophy, Politics and Society, Oxford: Basil Blackwell, 1962, 2nd series. For a brief discussion see R. J. Bernstein, The Restructuring of Social and Political Theory, New York: Harcourt Brace Jovanovich, 1976, Part II, pp. 57-114.
2. This phrase is used by several IGOs. It is not a very happy choice; though obviously meant to convey rural development programs oriented towards alleviating poverty, it could as well (and more often correctly) stand for programs resulting in increasing it.
3. In developing the critique and the alternative, I have made extensive use of, and reference to, Bernstein, The Restructuring of Social and Political Theory.
4. For a discussion on logical positivism, see A. J. Ayer, Logical Positivism, New York: The Free Press, 1959.
5. This was developed by Wittgenstein, who suggested that "Everything that could be said at all could be expressed in terms of elementary statements," in ibid., p. 21.
6. Prominent contemporary defenders of the mainstream position include Robert Merton, Neil Smelser and Ernest Nagel. For a summary of the mainstream position as interpreted by each of them, see Bernstein, The Restructuring of Social and Political Theory, pp. 3-54.
7. Ibid., p. 10.
8. Anthony Giddens, New Rules of Sociological Method, New York: Basic Books, 1976, p. 14.
9. Peter Winch, The Idea of a Social Science and its Relation to Philosophy, London: Routledge & Kegan Paul, 1972, p. 72. Quoted in Bernstein, Restructuring, p. 64.

10. Carl G. Hempel, "The Logic of Functional Analysis," in May Brodbeck, ed., Readings in the Philosophy of the Social Sciences, New York: Macmillan, 1968, p. 182.
11. Michael Scriven, "The Covering Law Position: A Critique and an Alternative Analysis," in Leonard Krimerman, ed., The Nature and Scope of Social Science: A Critical Anthology, New York: Appleton-Century Crofts, 1969, pp. 94-116.
12. Ibid., p. 99.
13. John G. Gunnell, Philosophy, Science and Political Inquiry, Morristown, New Jersey: General Learning Press, 1975, p. 183.
14. J. L. Austin, How to Do Things With Words, Cambridge, Massachusetts: Harvard University Press, 1975.
15. Ibid., pp. 144-146.
16. Ibid., p. 148.
17. For a good analysis, see Michael J. Shapiro, Ethical and Political Theory, Morristown, N.J.: General Learning Press, 1976.
18. H.L.A. Hart, "The Ascription of Responsibility and Rights," in A. Flew, ed., Logic and Language, New York: Doubleday, 1965.
19. Shapiro, Ethical and Political Theory, p. 9.
20. Bernstein, Restructuring, Part II.
21. For a discussion of the concept of "paradigm," see Thomas Kuhn, The Structure of Scientific Revolutions, Chicago: University of Chicago Press, 1970.
22. Berlin, "Does Political Theory Still Exist?," p. 19.
23. This includes the structural-functional school of development theorists and include W. W. Rostow, Sir Arthur Lewis, A. O. Hirschman, G. Almond, S. Kuznets, among others. More details and references given in the following chapter.
24. This would include the dependency-imperialism group, elaborated in the next chapter.

25. Michael J. Shapiro and Deane E. Neubauer, "Meta-Advocacy in Comparative Political Analysis," Journal of Comparative Administration, Vol. 5, No. 3, Nov. 1973, pp. 347-348.
26. Ibid., p. 354. The authors use the example of Marx who, unlike most contemporary social theorists engaged in meta-advocacy, quite consciously manifested an awareness that the kind of economic analyses he was engaged in were undertaken with a "view toward selecting economic explanations which would be useful for his particular preferences for socio-political order."
27. See Gabriel Almond, Political Development: Essays in Heuristic Theory, Boston: Little Brown & Co., 1970, for his description of the trends in political development. See also Shapiro and Neubauer, "Meta-Advocacy," pp. 355-365.
28. For a "liberal" critique of the conventional economist viewpoint, see J. K. Galbraith, The Affluent Society, New York: New American Library, 1970, and The New Industrial State, New York: New American Library, 1968.
29. Michael J. Shapiro, "Social Control Ideologies and the Politics of American Education," International Review of Education, Vol. 20, No. 1, 1974, p. 24.
30. Max Horkheimer, "Traditional and Critical Theory," in his Critical Theory, New York: Herder and Herder, 1972, p. 270.
31. Lloyd D. Easton and Kurt H. Guddat, eds., Writings of Young Marx on Philosophy and Society, New York: Anchor Books, 1967, p. 212; see also Bernstein, Restructuring, p. 181.
32. Horkheimer, "Traditional and Critical Theory."
33. Bernstein, Restructuring, p. 182.
34. Johan Galtung, "Empiricism, Criticism and Constructivism: Three Aspects of Scientific Activity," Methodology and Ideology, Copenhagen: Christian Ejlers, 1977, p. 70.

### CHAPTER III

#### APPROACH TO POLITICAL ECONOMY

The term "political economy" requires some clarification as to its connotations for this study. This is necessary because the term has been used to include a wide spectrum of concepts and ideologies, implicit or explicit, ranging from the narrowly economic to the radical marxist/imperialist perspective.

The meaning of political economy has varied a great deal since its usage by Adam Smith and other early economists to imply the relationship between the government and the economy. From being practically synonymous with the discipline of economics, political economy is emerging as an increasingly important subfield of political science.<sup>1</sup> Even so, the textbook usage of the term varies sufficiently to imply almost diametrically opposite analytical frameworks. To Ilchman and Uphoff, who claim to present "a new version of an old subject," the term signifies an appropriate and useful combination of the tools of economics with political resources to achieve "a synthesis of the natural advantages of each discipline to provide an appropriate perspective and adequate tools."<sup>2</sup> This usage is basically a combination of conventional economics and politics, and perhaps the claim is true: a new bourgeois version of political economy to replace the old. Others like Leontiev<sup>3</sup> and Wilber<sup>4</sup> use

political economy to imply a discipline using Marxian analytical concepts. For others, the term simply implies a concern with economic development combined with a reduction of economic and social disparities.<sup>5</sup>

The variation necessitates some explanatory discussion before selection of an appropriate analytical framework from the political economy paradigms. These paradigms offer extremely useful insights for research and analysis of socioeconomic phenomena.<sup>6</sup> Broadly, at the risk of oversimplification, we can distinguish two major categories of development theory tying in with the usage of the term, with Marxism providing the historical dividing line. The first and predominant group may be described as bourgeois political economy based on conventional economics. The other broad category may be called radical or critical political economy initiated by Marxist concepts and based heavily on dependency/imperialism paradigms. In its primary usage, political economy seems to have undergone a mutation from the former to the latter, as is discussed below. The former category identifies with the conventional or mainstream development theory while the latter includes a wide range of development perspectives from the left.

These two broad development perspectives offer very different conceptual frameworks. Since a great deal has been done by way of review, analysis and criticism of both these



categories and a vast amount of literature is available,<sup>7</sup> my attempt in this chapter is merely to summarize some of the salient points and to explain my reasons for the preferred paradigm.<sup>8</sup> In the next chapter I will attempt a more precise focus within the preferred paradigm in order to develop a framework for analysis.

### Conventional Development Perspectives

In this category, which may be described as the dominant or mainstream paradigm of development, are included a wide variety of development theorists of apparently different and competing schools of thought. The theorists are drawn from various disciplines--primarily economists and political scientists, as well as sociologists and psychologists--and the development approaches are labelled variously as conservative, Western,<sup>9</sup> mainstream, diffusionist, structural-functional, or Establishment perspectives. There are significant commonalities in these approaches which enables them to be considered components of a single paradigm. Two sets of commonalities may be pointed out at the outset: a set of common assumptions that these approaches share to varying degrees, discussed below; and the epistemological preconceptions shared by these approaches which has caused most research to be confined to positivism/empiricism, as discussed in the previous chapter.

These theories have a predominant western imprint since they have been developed by economists and political

scientists belonging to or trained in the "developed" industrial West. They are shaped by a dualistic or bipolar concept of development, with the assumption that the economy is divided into two broad and largely independent sectors. The usual dichotomies are traditional-modern, capitalist-non-capitalist, enclave-hinterland, developed-underdeveloped, industrial-preindustrial (-agricultural), north-south, etc. The common assumptions of these theories giving rise to the above dichotomies were that the objective of development was to become more like the West, that modernization of the Western type was the obvious and undisputed goal for traditional (synonymous with backward) societies; that there is no structural or causal connection between development and underdevelopment, between north and south; that both occurred independently, and the task of the latter is to emulate the former. Further assumptions are that the goal of modernization, equated with development, is a cumulative, linear process, a continuous progression from traditionalism to modernity; that urbanization and industrialization are the "motor forces" of development; that stability and organized processes of change are essential, with a corresponding importance to the role of the state both for maintaining stability as well as "neutral" intervention to expedite the modernization-industrialization processes. There is assumed to be an end of ideology, since basic economic principles and technical methods replace conflict with consensus under the postulations of this paradigm.<sup>10</sup>

Those most frequently referred to among political scientists within this dominant paradigm are Gabriel Almond, Bingham Powell, David Apter, James Coleman, and Lucian Pye among others.<sup>11</sup> Among economists, some of the prominent theorists are Arthur Lewis, Ragnar Nurkse, W.W. Rostow, Simon Kuznets, and D.W. Jorgenson.<sup>12</sup> Of these theorists, all of whom had a major and practically unchallenged influence on development thinking during the 1950s till the late 1960s, one that deserves particular mention as perhaps the most influential and representative of the paradigm is Rostow.<sup>13</sup> His "stages of growth" seem to crystallize the main concepts and assumptions of the period, giving them a clear form and shape. There was little dispute in that era that underdevelopment was the original state of a nation and it has to move in a uniform process towards the developed stage epitomized by the West. The goal of high growth rates was considered primary, development being related to GNP/capita, and the process was considered to follow a cyclic pattern whereby increased savings caused higher investment, which spurred production leading to higher per capita income, which again meant higher propensity to save.

Using this process as the central mechanism for capital accumulation, Rostow outlined five stages through which modern societies evolve and which are therefore necessary stages in the linear, systematic change from

underdeveloped to developed. The first is the original stage of traditional society; next are the pre-takeoff conditions, which involve developing a leading sector like industrial infrastructure, with increased agricultural activity generating the necessary surplus; third is the takeoff stage when the industrial and institutional infrastructure has been built and all sectors have been tuned to high growth rates; fourth is the drive to maturity, a long period of sustained growth with emergence of new leading sectors to support old ones; and this leads to the fifth stage of high mass-consumption, with the leading sectors shifting towards consumer goods and services.

This theory rapidly became the most widely known model of development, emerging in an era of optimism where growth as well as its ultimate benefits for underdeveloped nations seemed inevitable.<sup>14</sup> The optimism was boosted by the advantage underdeveloped nations were thought to have in the imitable experience of industrialized nations and their willingness to assist with technology and aid. The process of diffusion, both internationally from the modernized nations to the traditional, and within countries from its modern to the backward sectors, became a primary focus of development, and international agencies accepted with optimism the task of the 1960s as the First Development Decade.

The disillusionment that set in at the end of the decade did much to reduce the validity of the paradigm, at least in the sense of abandonment of the orthodox approach to development. It was accompanied simultaneously with the resurgence of the Marxian and neo-Marxian modes of analyses and, more directly, in the rise of the dependency paradigm for analysis of development and underdevelopment. The causes of dissatisfaction with the dominant concept of development are many; the most obvious one, the persistence of underdevelopment, serves as an apt summary of the basic anomaly between theoretical processes assumed in the paradigm and the reality. Some of the other indicators are the widening disparities in wealth and income both internationally and nationally; the rampant use of repression in many of the Third World countries; the failure to realise the objectives laid out by the state planning; and the widening rural-urban, agricultural-industrial gaps in underdeveloped countries.<sup>15</sup>

Some of the early successful cases such as Nigeria and Pakistan later proved to be development catastrophies.<sup>16</sup> Other development "models," notably South Korea, Taiwan and Brazil neglect distributional aspects and utilize authoritarian measures, apart from the heavy dependence on foreign investment. This is, of course, not to suggest that the paradigm itself is on its way out. The response to critics by development theorists of the dominant paradigm has been varied. The blame is placed on internal weaknesses within

countries like weak implementation, high population growth, "soft state," and cultural attributes as some of the prime factors. The major efforts within the paradigm are therefore of alteration and adjustment, of extension and reform of old concepts.<sup>17</sup> Criticism of the conventional concepts has thus been met by bringing in new kinds of emphases rather than replacement of the theories, and the reformist approaches now carry a significant influence on current thinking on development.

#### Dependency/Imperialism Perspectives

Theories of dependency/imperialism fall into our alternate paradigm of political economy. The paradigm provides rich perspectives in understanding the phenomena of underdevelopment and poverty. The paradigm may also be termed critical or radical political economics with a base in Marxian concepts and foundations for analysis of socio-economic and political phenomena.<sup>18</sup>

This broad paradigm includes dependency theorists, Marxists and neo-Marxists, structuralists, populists and left liberals. Within each group there are again variations in approach and different schools of thought. What combines them into a paradigm of critical political economy is their common interests in the sociopolitical and historic nature of the economic relations of production and their influence on the process of development and underdevelopment.

Development theory in this paradigm is a loose integration of several social science perspectives. Development accordingly signifies an open-ended concept, not defined with any finality but containing implications and suggestions as to desirable ends.

A fresh interest in the paradigm and its Marxian foundations has occurred as a result of several factors, among the most important being the persistence of underdevelopment and the lack of success of conventional development theories either to suitably explain this phenomena or to remedy it.<sup>19</sup> Within this paradigm, "new" theories of dependency and imperialism have emerged and are increasingly gaining acceptance as alternate analytical frameworks. We qualify new; although the emergence of dependency and the neo-Marxist school is recent, usually associated with the writings of Latin American social scientists since the mid-1960s, the ideas and foundations are old. For example, most of the basic concepts of A.G. Frank,<sup>20</sup> considered the founder of dependency school, are found in the writings of Paul Baran in the 1950s,<sup>21</sup> and the basic ideas of both have their foundation in Marxian thought.

Though dependency theorists appeared at an appropriate moment in history to reverse the concepts of conventional development theory, this should not be viewed in isolation but as a part of the process initiated by Marx to "alleviate the 'paradigm-imperialism' of conventional

economics."<sup>22</sup> We may therefore discuss and summarize the concept of dependency in the context of our discussion of the paradigm as a whole, which appropriately begins with the distinction between bourgeois political economy and radical or Marxian political economy.

Marx used the term "political economy" to refer to the explanation of bourgeois economy by the classical economists; hence the subtitle to Capital, "A Critique of Political Economy." In the preface to the second edition of Capital he stated:

In so far as Political Economy remains within that (bourgeois) horizon, in so far, that is, as the capitalist regime is looked upon as the absolute final form of social production, instead of as a passing historical phase of evolution, Political Economy can remain a science only so long as the class struggle is latent or manifests itself only in isolated or sporadic phenomena.<sup>23</sup>

Based on Marxian concepts we can summarize the distinction between our two major paradigms, bourgeois economic theory and critical political economy.<sup>24</sup> A fundamental distinction is that whereas conventional economics takes the social system for granted and concentrates on the production of wealth and the role of government that can best serve this process of production as a neutral intervention agent, critical political economy takes as its central point the social and class relations and power structures in a historical context and their influence on production and distribution.



John Gurley distinguishes between conventional economics, critical political economy and radical political economy. A conventional economist "sees society as free, self-interested economic men interacting as equals in the marketplace;" he "sees harmony of interests almost everywhere, can visualize himself as a neutral technician applying his techniques as objectively as possible." A political economist "studies economic problems by systematically taking into account, in a historical context, the pervasiveness of ruler-subject relations in society...It is these relations of domination and servitude, ...of power and authority that lead to conflict, disharmony and disruptive change," and therefore a political economist puts them at the forefront of his analysis. A radical political economist "not only studies economic problems within the historical context of ruler-subject relations, but he actively takes the side of the poor and the powerless, and he generally sees the system of capitalism as their oppressor."<sup>25</sup>

Where conventional economists see harmony of interests, political economists see conflict; while the former consider themselves as neutral technicians and objective, the latter point to their implicit ideological and value frameworks and prefer to place their own values and ideological stance in an explicit form; while the former tend to support a capitalist framework, the latter lean to

socialism. The former offer little or no role to history and tend to ignore the impact of colonialism and the corresponding institutional developments and linkages, while the latter view carefully the process of Western industrialization and the impact of colonization to the Third World as well as the patterns of interaction and linkages established thereafter.

Thus the former may be described as reductionists tending to view phenomena separately in isolation, while the latter are holistic and perceive society as a whole, viewing development in a comprehensive and historical context. Bourgeois political economy is an "instrumental" science; as an instrument of the owning class it tends to weaken antagonisms of the extreme segments of society and transform them into a harmonious whole. It employs abstractions like interest rates, quantity of money, price levels etc. rather than human forces and interests; because it tends to ignore social relations between individuals and classes, there is a case for considering it, strictly speaking, as not a social science.<sup>26</sup>

A further important distinction between the two, one that has carried crucial assumptions that have served the interests of the dominant classes and prevented a critical examination of conventional principles, is the artificial distinction between public and private sector

values and functions. Given the existing disparities in societies and between classes, this separation has served to rationalize the control of dominant classes over the governmental apparatus with the appearance that the public sector acts truly in the public interest and is actually representative of the same.<sup>27</sup> This separation also forms the basic premise of neoclassical economic theory and Keynesian economics in which government plays a crucial role of intervention and regulation as a "neutral" agent in the economy.

Political economists on the other hand give a central and basic focus to inequality both in income as well as access to power and decision-making. This focus on benefits and distribution provides an unambiguous test of a system and a suitable measure for defining the relationships of different groups in a social system. The focus on inequality draws out questions regarding uneven development and disproportionate flow of benefits that are difficult to respond to within the confines and assumptions of the neoclassical model.<sup>28</sup>

As a challenge to the conventional and neoclassical concepts of development, the recently developed theories of dependency and imperialism in this alternate paradigm of political economy offer new insights to the current trends and processes of development and underdevelopment.

Of the dependency writers, the work of Andre Gunder Frank is regarded as a primary exposition of dependency theory. He forcefully criticizes conventional development theory for its failure to explain the structure and development of the capitalist system as a whole and the simultaneous generation of underdevelopment in some of its parts and economic development in others. He stresses the inter-connection between development and underdevelopment in the process of capitalist expansion; that the same historical process that generated the former also deepened the latter. He discusses the importance of internal and external structures determining the development process in terms of "metropolises" and "satellites," in that the development of international and national capitalist metropolises or centers, with their concentration of economic and political power, has simultaneously produced underdevelopment in the satellites or peripheries.

Underdevelopment is not due to the survival of archaic institutions and the existence of capital shortage in regions that have remained isolated from the stream of world history. On the contrary, underdevelopment was and still is generated by the very same historical process which also generated economic development: the development of capitalism itself.<sup>29</sup>

The dependency framework provided a new set of perceptions and indicators at a time when a substitute for the failing conventional indicators seemed most needed. Dependence itself implies the conditioning of

the economy of nominally independent nations by the development and expansion of another which in fact controls it.<sup>30</sup>

It views the historic development and structure of world capitalism as a dynamic process resulting in class structures and international alignments to serve the interests of the dominant classes. Though external factors are given extreme importance in determining the process of impoverishment of the satellite nations and the deepening of contemporary imperialism, the resultant class structures within satellite nations are also given importance as they generate economic and political policies within nations that serve the class interests of the dominant bourgeoisie.<sup>31</sup>

Sections of the bourgeoisie serve as the bridgehead the metropole and the satellite causing the enrichment of the centers along with the impoverishment of the peripheries--structural imperialism.<sup>32</sup>

In sum, dependency looks at global processes of capitalist development to indicate the causes of poverty and inequality both within and between nations. It reverses some of the basic concepts of the old paradigm; it rejects dualistic theories of development and instead of a division of independent traditional and modern, developed and underdeveloped sectors, it suggests deep causal connections between them as different parts of a single process of capitalist expansion. It replaces the concept of harmony and mutuality in the development process with conflict and

clashes of interest. Where conventional theory has no role for history or the impact of colonialism, dependency stresses historical factors in the "development of under-development." Instead of closer ties with developed nations to expedite the development of the Third World, it points to the necessity of preventing the further economic and cultural penetration by the metropolises of the satellites and stresses the necessity of the removal of the structural and institutional barriers created by the interaction which prevent the autonomous development of the satellites.

Within the dependency group, three distinct approaches may be differentiated. The first is the strong position of Frank that development under conditions of dependency leads to immiserization, that the process of capitalist growth cannot be repeated in the satellite nations, and that for any possibility of development there must first be a revolutionary break with the metropolises. Next is the medium position of Dos Santos and Furtado among others that the process of dependent development runs into severe obstacles like market constriction and stagnation.<sup>33</sup> Finally, the milder approach of Cardoso and others is the acceptance of the possibility of capitalist development in the periphery in a constantly subservient role to the center.<sup>34</sup>

The dependency framework is in its infancy and has naturally drawn a barrage of criticism. The main charges are that dependency has been till now more a critique of

development strategies than an attempt at practical contribution to development theory; that it is more critical than constructive; that it concentrates on and is limited by the Latin American experience alone, and that this focus on the influence of capitalist growth on Latin America precludes the use of dependency theory in the analysis of other areas and systems; and that it does not address the situations of non-dependency.<sup>35</sup> While some critics go to the extent of claiming that dependency has outlived its utility and should not be continued on account of its "antiscientific" formulations and lack of directions,<sup>36</sup> most acknowledge its continuing usefulness as an alternate way of conceptualizing and analyzing the problem of underdevelopment.<sup>37</sup>

There are indeed several gaps and weaknesses in dependency theory and in the paradigm as a whole, but by discarding some of the dominant notions prevailing from the conventional development theories, it has opened up a wealth of concepts capable of being further developed. It should therefore be viewed not as a completed theory but one that lays new foundations on which new analytical frameworks and development theories can be constructed and perfected. It serves to draw attention to the social and political context in which development occurs or fails, and therefore gives valuable directions for development research based on the simple formulations of the paradigm.

In conclusion, the conventional development paradigm does not offer suitable explanations for the continuing phenomena of underdevelopment and poverty and its formulations have not resulted in the anticipated success. The alternate paradigm of critical political economy provides rich perspectives for understanding the situation of continued poverty in the face of so-called "radical" efforts at poverty alleviation. It seeks to explain and not merely describe social and political phenomena. To those who claim it is ideology-biased, the response is that it is free of unconscious ideologies and aware of its stance of advocacy.<sup>38</sup> To those who claim it is critical without being constructive, the response is that criticism itself is constructive in terms of providing an understanding of phenomena and providing scope for action that emerges from proper understanding and awareness. To those who claim it is unscientific, the response is that this is where scientific work begins, not ends; that

...the scientific method is a limited device to structure the arguments, but it cannot ask the questions. The questions which occur to political economists...are broader in scope and are therefore less subject to rigorous quantitative treatment than the topics of regular economics. But that reason hardly suggests that the questions should not be raised, that attempts to explain phenomena in the political economy cannot be a "scientific" activity, or that only quantitative expositions constitute the stuff of which scientific activity is made.<sup>39</sup>



With this brief overview of development perspectives and my preferred approach to political economy, I will develop the specific concepts of the dependency/imperialism theories to lay out my conceptual framework and develop a set of propositions to analyze and explain the scope of the dominant new-style strategies for poverty alleviation.

## FOOTNOTES TO CHAPTER III

1. Political Science departments in several U.S. Universities now offer political economy as a subfield. The Department of Political Science, University of Hawaii recently decided to develop its program in political economy.
2. Warren F. Ilchman and Norman T. Uphoff, The Political Economy of Change, Berkeley: University of California Press, 1969, p. 26.
3. A. Leontiev, The Political Economy, San Francisco: Proletarian Publishers, n. d.
4. Charles K. Wilber, ed., The Political Economy of Development and Underdevelopment, New York: Random House, 1973, pp. vii-viii.
5. Like the essays by Francine R. Frankel, India's Political Economy, 1947-77: The Gradual Revolution, Princeton: Princeton University Press, 1978.
6. I am referring here to the radical or critical (Marxian) political economy paradigms, and the term political economy unless qualified will be used hereafter to refer to this group.
7. For good reviews of development theories, see Peter J. Henriot, "Development Alternatives: Problems, Strategies, Values" in Wilber, Political Economy, 1978 (2nd edition), pp. 5-22; Aidan Foster-Carter, "From Rostow to Gunder Frank: Conflicting Paradigms in the Analysis of Underdevelopment," World Development, Vol. 4, No. 3, March 1976, pp. 167-180.
8. Paradigm is used here in the Kuhnian sense of a set of domain assumptions which serve to define a field of study. This appears to be the broad meaning although Kuhn uses the term in varying ways. See Thomas Kuhn, The Structure of Scientific Revolutions, Chicago: University of Chicago Press, 1962. See Foster-Carter, "From Rostow to Gunder Frank," for a good discussion of paradigm change and development theory.
9. Although both capitalism and Marxism are Western

concepts in that they originated from Western Europe, the label usually connotes liberal development theory. It also reflects the resentment created by the "developmentalism" imposed by the West on the Third World and is a call for development of indigenous approaches; as such, dependency theory is indigenous to the Third World having been expounded and developed largely by Latin Americans; there is similarly a case for a more rigorous analysis and construction around Gandhian concepts in India.

10. For an excellent discussion on the guiding assumptions of the dominant paradigm, see Susanne J. Bodenheimer, The Ideology of Developmentalism: American Political Science's Paradigm-Surrogate for Latin American Studies, Beverly Hills: Sage Publications, 1971. See also Keith Griffin, "Underdevelopment in Theory," in Wilber, Political Economy, pp. 15-25.
11. Among the best-known works are Gabriel A. Almond and Bingham Powell, Comparative Politics, Boston: Little, Brown & Co., 1966 and 1978 (2nd edition); David Apter, The Politics of Modernization, Chicago: University of Chicago Press, 1965; G.A. Almond and James S. Coleman, eds., The Politics of the Developing Areas, Princeton: Princeton University Press, 1960; Lucien Pye, Politics, Personality and Nation Building, New Haven: Yale University Press, 1962.
12. See especially W. Arthur Lewis, The Theory of Economic Growth, London: Allen & Unwin, 1955; Ragnar Nurske, Problems of Capital Formation in Underdeveloped Countries, New York: Oxford University Press, 1953; W.W. Rostow, The Stages of Economic Growth: A Non-Communist Manifesto, Cambridge: Cambridge University Press, 1960; Simon Kuznets, "Economic Growth and Income Inequality," American Economic Review, March 1955; D. W. Jorgenson, "The Development of a Dual Economy," Economic Journal, June 1961.
13. His most famous and influential work is Stages of Growth, with its notorious sub-title. Rostow has held several important positions in the U.S. Government carrying a crucial influence on the development policies of the Third World.
14. In India, for example, the "stages" theory figured very prominently in Indian planning; public sector investments were said to be designed to enable the economy to reach the "take-off" stage after the second and

third plans. The socialistic principles and the mixed economy approach were permeated by the "stages" theory.

15. For a discussion of the Indian experience, see Chap. VI.
16. For a discussion on Pakistan by one involved with conventional development policy planning, see Mahbub ul Haq, The Poverty Curtain, New York: Columbia University Press, 1976.
17. Some of the major proponents of conventional theories have responded primarily in defence of the paradigm. Rostow responds to his critics in the 1971 edition of his Stages of Growth; Almond and Powell's new edition of Comparative Politics, in which the authors state is "not a marginally revised edition" but "has been rewritten from first to last" essentially reiterates the old patterns of development using refined methods of "system," "policy" and "process" analysis. A more important pattern is the shift into "growth plus equity" types of approaches which are discussed in this study.
18. For a discussion see Dwayne Ward, Toward a Critical Political Economics, Santa Monica, Calif.: Goodyear Publishing Co., 1977, particularly chap. 1, pp. 1-33. The terms "radical" and "critical" are used here as interchangeable for our purposes. Both have their base in Marxian concepts. Ward distinguishes "radical" from "critical" by considering critical to include radical thought without the pretense of radical action; critical political economics is analytical and not strategic, although action may emerge from it.
19. Other factors are the emergence of the "New Left" during the protest years of the 1960s against inequality, imperialism and alienation; the rise of neo-Marxism and eclectic Marxism; a better understanding of Marxism which through the cold war years had been identified with Soviet practice; the intensification of social problems despite increasing prosperity in the West; and the rise of new institutions particularly transnational corporations. See Ward, Toward a Critical Political Economics, pp. 2-3 and Deane Neubauer, "Introductory Lecture, Political Economy," mimeo., Department of Political Science, University of Hawaii, 1978.

20. For his early statement of dependency, see "The Development of Underdevelopment," Monthly Review, Vol. 18, No. 4, September 1966, pp. 17-31.
21. See especially Paul A. Baran, The Political Economy of Growth, New York: Monthly Review, 1957. An earlier version of international system analysis was that of ECLA which traced Latin America's problems to its "peripheral" status vis-a-vis the advanced industrial "centers." For a typical example, see Raul Prebisch, Towards a Dynamic Development Policy for Latin America, New York: U.N., 1963. For the initial critique of international trade theory and the outflow of resources from Latin America through foreign investments, see Economic Commission for Latin America, The Economic Development of Latin America and its Principal Problems, New York: U.N., 1950.
22. Phrase used by Ward, Toward a Critical Political Economics, p. 8.
23. Karl Marx, Preface to the 2nd edition of Capital, Vol. 1, quoted in Cliff Slaughter, Marxism and the Class Struggle, London: New Park Publications, 1975, p. 128.
24. Ward points out that a hundred years after the publication of the three volumes of Capital, the work still provides the chief rejoinder to the "laissez faire" position and neoclassical thought; "Marxism still is the main ideological issue nowadays," in Ward, Toward a Critical Political Economics, p. 18.
25. John Gurley, "The State of Political Economics," The American Economic Review, Vol. LXI, No. 2, May 1971, pp. 54-55.
26. Point made by James O'Connor, "What is Political Economy?", p. 21.
27. For a summary of the main points regarding the public/private distinction, see Neubauer, "Introductory Lecture," pp. 4-6.
28. There are other related issues, like the impact on environment, the military presence of "developed" economies in their Third World trading partners which are problematic in the neoclassical theory. For a brief discussion, see Michael H. Best and William E. Connolly, The Politicized Economy, Lexington: D.C. Heath and Co., 1976, pp. 11-14.

29. Frank, "The Development of Underdevelopment," p. 22.
30. For a good elaboration of the dependency theory and definition of the main concepts, see Theotonic Dos Santos, "The Structure of Dependence," in Wilber, Political Economy, pp. 109-117; and Celso Furtado, "The Concept of External Dependence in the Study of Underdevelopment," ibid., pp. 118-123; see also J. D. Cockcroft, A. G. Frank, and D. L. Johnson, Dependency and Underdevelopment: Latin America's Political Economy, Garden City, N. Y.: Anchor, 1972.
31. The "internal" aspect of dependence is equally stressed by Frank; see his "Economic Dependence, Class Structure, and Underdevelopment Policy," in Cockcroft et. al., Dependency and Underdevelopment, pp. 19-45.
32. These concepts as elaborated by Johan Galtung, are discussed briefly in the next chapter.
33. See Dos Santos, "The Structure of Dependence" and Furtado, "The Concept of External Dependence."
34. F. H. Cardoso, "Dependency and Development in Latin America," New Left Review, July-August 1972, pp. 83-95. For a discussion of the three positions see Gabriel Palma, "Dependency: A Formal Theory of Underdevelopment or a Methodology for the Analysis of Concrete Situations of Underdevelopment?," World Development, Vol. 6, 1978, pp. 881-924; and Sanjaya Lall, "Is 'Dependence' a Useful Concept in Analyzing Underdevelopment?," World Development, Vol. 3, Nos. 11-12, 1975, pp. 799-810.

The general dependency theories have also been criticized as "insufficiently" Marxist in orientation, in that they ignore the capitalist mode of production; that dependency, particularly the position taken by Frank, denies the scope of growth of productive forces and industrialization in the periphery as steps towards socialism via the maturing of capitalism. See Bill Warren, "The Postwar Economic Experience of the Third World," The Journal of Australian Political Economy, No. 3, September 1978, pp. 6-54; and Ian Roxborough, "Dependency Theory in the Sociology of Development: Some Theoretical Problems," West African Journal of Sociology and Political Science, Vol. 1, No. 2, January 1976.

35. For critical reviews of dependency, see Robert A. Packenham, "The New Utopianism: Political Development Ideas in the Dependency Literature," paper presented at a colloquium at the Wilson Center, September 29, 1978; Lall, "Is 'Dependence' a Useful Concept;" Colin Leys, "Underdevelopment and Dependency: Critical Notes," Journal of Contemporary Asia, Vol. 7, No. 1, 1977, pp. 92-107.
36. Packenham, "The New Utopianism," p. 32; Leys begins with the statement that "'underdevelopment' and 'dependency' theory is no longer serviceable and must now be transcended," "Underdevelopment and Dependency," p. 92.
37. Hettne suggests that despite the shortfalls and lack of sophistication in the theory, "development research should rather proceed from the simple formulations of the paradigm and, in taking advantage of the new perspective or point of departure, make new explorations;" "Current Issues in Development Theory," mimeo., n.d., p. 23. See also Robert B. Stauffer, "Western Values and the Case for Third World Cultural Disengagement," in Krishna Kumar, ed., Bonds Without Bondage, Honolulu: University of Hawaii Press, 1979. Palma states that while some of the approaches in dependency are not successful in showing the nature of interrelation between different aspects, dependency theory does contain an adequate methodology for the study of dependency situations, from which formal concepts and theories can be developed; see "Dependency: A Formal Theory of Underdevelopment," p. 912.
38. This point is made effectively by Ward, Toward a Critical Political Economics, p. 8.
39. Ibid., p. 13.

## CHAPTER IV

### CONCEPTS AND PROPOSITIONS

In the previous chapter I have discussed my preference for a critical political economy perspective for analysis of underdevelopment and the persistence of poverty. The application of this alternate perspective is attempted in this chapter for developing a framework for analysis. A set of statements, or propositions for examination, have been elaborated below. These statements stem from the unsatisfactory situation on the poverty front touched upon in the introductory chapter, and are framed in accordance with the tools and perspective provided in chapters II and III. These statements, as would be evident from my arguments in chapter II, are not presented as hypotheses for the purpose of proving any particular theory true or false. They are not stated under the pretension of being value-free. The propositions are based on prior values; they are made on a tentative understanding of the existing situation, and are meant to serve as a guiding framework for examining phenomena which occur under the stated objective of alleviation of poverty.

In conceptualizing the propositions I have drawn from the center-periphery, metropolis-satellite theories of dominance and structural imperialism.<sup>1</sup> It would be



useful to preface the propositions with a brief discussion of the main elements of this theory as developed by Johan Galtung. By first discussing the basic foundations as elaborated in his "Structural Theory of Imperialism,"<sup>2</sup> I will attempt to bring out the applicability of these concepts to the relationship between the Center as represented by IGOs (primarily World Bank) and peripheral nations (for this study, primarily India).<sup>3</sup>

Galtung's point of departure from conventional theories of development is his objection to the dominant "differential development" thesis.<sup>4</sup> According to the "evolutionary dynamics" propagated by the differential development theorists, internal features like cultural attributes and attitudes determine productivity levels, and high productivity is the main propellant of socio-economic development. Thus, in the process of evolution of nations, those with the "right cultural attitudes" transformed themselves from poverty to riches, while others who started at almost the same level remained poor. Examples of the former are cited as Australia, Canada, New Zealand and U.S.A., while Argentina, Chile and Uruguay are taken as typical examples of the latter. A further contention of this group is that the colonies were the beneficiaries of colonialism. To quote Kenneth Boulding, a major proponent of differential development and a contemporary critic of Galtung:

The whole center-periphery argument disintegrates in the light of evolutionary dynamics. Peripheries become centers, centers become peripheries, and there is very little evidence that centers have any permanent power or even much redistributive power of any kind. The empires were a drain on the imperial countries and hindered their development.<sup>5</sup> (Emphasis mine.)

It follows from this line of argument that colonies like pre-1947 India were a drain on the imperial power, Great Britain; the "White Man's Burden." The only way such countries can expedite "development" now is by getting into the evolutionary mainstream. This can be achieved by adopting the attitudes and institutions of the "developed" nations and thereby increasing productivity. To the extent that the relationship between the IGOs and India contributes towards this goal, it is looked upon as positive and essential.

Since this line of reasoning falls into the conventional paradigm discussed in the previous chapter, it is subject to the same general critique. The criticism need not be repeated here except insofar as it is evident in the alternative structural imperialism theory discussed below.

The existence, maintenance and deepening of poverty is described by Galtung in terms of structural violence. As distinct from, though often complementary to, direct forms of violence, structural violence is built into the socio-economic system itself. These systems operate both

within and between nations. The forces resulting from structures of power and dominance facilitate and legitimize exploitation. In its milder forms, this results in the persistence and deepening of poverty; it stretches to the needless death and destruction of the weak and powerless.

A simple example is death from malnutrition in the face of food surplus. An instance of internal structural violence can be taken from India which has had for the past four years an annual foodgrain "surplus" of around 20 million tonnes. While this has led to interesting new problems like provision of adequate storage and improved handling for export, the nutritional problems of the large population of undernourished people continues to receive marginal attention. In India actual starvation deaths are rare due to elaborate relief mechanism to provide the minimum in areas of scarcity or crop failure. Death from causes related to malnutrition, however, is too frequent and widespread to be properly estimated and could run into hundreds of thousands per annum.

The problem does not remain only of internal structural violence once one considers associated factors. Though foodgrain "surplus" is a recent phenomenon in India, around one-fourth of the total exports of India have been food and agricultural products in prior years as well;<sup>6</sup>

food grown and harvested by the underfed and undernourished to feed the rich both within the country and abroad. The problem becomes compounded by the international linkages and structures into which the national institutions are inextricably tied, and which direct this form of "development."

The example is valid as structural violence on a global scale, since the food problem is not one of absolute shortage but one of distribution; false shortages and maldistribution are maintained by vested interests. According to the statistics of the Food and Agricultural Organization, the daily foodgrain production in the world at present is two pounds of grain per capita, over 3000 calories, which is ample protein for every human being.<sup>7</sup> One-third of this goes to feed livestock in preference to undernourished humans. Again, around one-fourth of the value of U.S. exports are feedgrains, not food for needy humans.<sup>8</sup> Apart from the immense resources and trade diverted to feedgrain, the potential for increasing food production is tremendous, though not "profitable" enough; less than 60 percent of the world's cultivable land is presently being cropped.<sup>9</sup> Given the proper inputs, yields in underdeveloped countries could more than double before approaching the levels produced in industrial countries with a far lower consumption of energy.

Examples of structural violence abound. One with important implications for the future is the glaring phenomena of widening gaps between the rich and the poor despite the apparent worldwide "commitment" to the opposite. Galtung describes inequality as a major form of structural violence, and the persistence of structural exploitative relations as reinforcing the trend of increasing inequality.<sup>10</sup> He describes the world in terms of "center" and "periphery" nations, with each nation in turn containing its center and periphery. Imperialism is the maintenance of dominance and power relationships resulting in exploitation of the periphery by the centers. The relations between the center and the periphery are in harmony if the gap in the "living condition" is closing, and in conflict if the gap is increasing.<sup>11</sup>

Based on the concepts of structural violence, center-periphery relations and inequity,<sup>12</sup> and drawing from Lenin,<sup>13</sup> Galtung defines imperialism in the following terms:

Imperialism is a relation between a Center and a Periphery nation so that  
 (1) there is harmony of interest between the center in the Center nation and the center in the Periphery nation,  
 (2) there is more disharmony of interest within the Periphery nation than within the Center nations,  
 (3) there is disharmony of interest between the periphery in the Center nation and the periphery in the Periphery nation.<sup>14</sup>

To grasp the phenomena of inequality and poverty, then, one needs to understand the mechanism that maintains

these discrepancies: the relationships and forces operating between centers and peripheries, and the forces of dominance that perpetuate structural violence. The emphasis in the causal mechanism within this framework is not on the internal factors like cultural attributes or resource constraints. The reasons for poverty trends flow from the broader international context, from dependency relations of the poor on the rich created through the linkages and mutual interests of the centers. Once hooked into this system, the possible alternatives open to peripheral nations are severely limited by the control of the center nations. This control is strengthened by a continuous process of exploitation on the one hand, and fragmentation of the poor on the other. The fragmentation is maintained by the lack of communication and interaction between peripheral collectivities, even as communication within and between centers is highly developed and constantly improved.

An important aspect of this theory is that the internal disharmony between the center and the periphery in the periphery nations is not by itself a cause, but more a result of the international disharmony of interests between center and periphery nations. In other words, the internal disharmony is an adjunct of the international disharmony; the latter creates and nourishes the former, by means of a "bridgehead." The basic mechanism for the functioning of imperialism is the establishment of a

Table 6  
Three Phases of Imperialism

| Phase | Period  | Form  | Term                |
|-------|---------|---|---------------------|
| I     | Past    | <u>Occupation</u> , cP physically consists of cC people who engage in occupation    | Colonialism         |
| II    | Present | Organization, cC interacts with cP via medium of <u>international organizations</u> | Neo-colonialism     |
| III   | Future  | Communication, cC interacts with cP via international communication                 | Neo-neo-colonialism |

Source: Galtung, "A Structural Theory of Imperialism," p. 94.

bridgehead in the periphery nation, the Center in the Periphery. The harmony between the center in the Center and the center in the Periphery is strengthened by similar attitudes and common goals and interests, resulting primarily in the detriment of the periphery in the Periphery, as well as the periphery nation as a whole in comparison to the center nation.

This harmony is an integral part of the particular form of neo-colonialism that has emerged out of the grooming of alien attitudes and institutions in colonies prior to independence, with further development through dependency relations thereafter. Kwame Nkrumah described neo-colonialism as representing "imperialism in its final and perhaps most dangerous stage."<sup>15</sup> He wrote in 1965 that colonialism may linger but will not be repeated in a direct form; that colonialism would be replaced by neo-colonialism as the main instrument of imperialism.

The essence of neo-colonialism is that the State which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty. In reality its economic system and thus its political policy is directed from outside.<sup>16</sup>

Neo-colonialism is facilitated by the continuance of the original colonial institutions and their management by a westernized elite emerging from the colonial past. Neo-colonialism is more pervasive in those nations, such as India, which did not have a violent break with the



colonial powers. In such nations, the kinds of emphases may vary, but in general the old institutions and ethos continue in the form of new centers in the periphery, physically but not mentally or institutionally replacing or even differing from the old.<sup>17</sup>

The provision of the bridgehead, the center in the Periphery, makes direct occupation and colonization unnecessary and obsolete. As the mechanisms of structural imperialism are perfected, as the center-center harmony is perfected in operation with the periphery, the need for overt and direct measures recedes. At its "developed" stage, this form of imperialism can manage well with relatively small centers compared to the growing periphery population size. At its "developed" stage, "only imperfect, amateurish imperialism needs weapons; professional imperialism is based on structural rather than direct violence."<sup>18</sup>

If the medium is the center in the Periphery, the organizational arrangements can be attributed to the pattern of linkages provided through the international organizations, the non-territorial or transnational actors. The role of communication is crucial, and the process can be better understood in the perspective of what Galtung describes as three distinct phases of imperialism. The phases are distinguished on the basis of the development of communication and transportation. The backwardness of these in the past

"necessitated" direct physical control of periphery areas-- the phase of colonialism. With the improved methods of communication, control is maintained not in the direct physical terms, but through interaction between the centers largely via international organizations: the phase of neo-colonialism.

...in this present phase of imperialism, control is not of the direct, concrete type found in the past. It is mediated through the means of transportation and ...communication linking the two centers to each other. The control is less concrete: it is not a physical presence, but a link; this link takes the shape of international organizations... it is a medium in which influence can flow, with both centers joining as members and finding each other.<sup>19</sup>

The centers interact in a relationship of harmony and equality within the international organizations. This tie of mutual enrichment and control is at the expense of the periphery, where communication and organization levels are kept weak. With the increasing gap between the periphery and the center nations, the international organization thus serves as an "instrument of disharmony" between nations.

For the future, Galtung's third phase, the development of communications will give rise to methods of instant communication. The improved computer services and data banks will remove the necessity of permanent institutional organizations. The international organizations will be subject to criticism as visibly operating at elite levels and increasing disparities, resulting in their dissolution. The centers, however,

will continue to operate by means of direct communication and coordination facilities: the phase of neo-neo-colonialism. One would have to make some reservations about the possibility of the third phase as described by Galtung in view of emerging trends--some periphery nations assuming center status beginning their own forms of neo-colonialism and imperialism.<sup>20</sup> Speculation about this phase need not detain us here, beyond the implication that the present neo-colonial phase and the role of international agencies may be more prolonged than envisaged in this scheme.

Galtung describes the different types of international organizations as "conveyor belts" of imperialism.<sup>21</sup> He distinguishes between five types of imperialism and three major groupings of non-territorial actors, with much overlapping and mutual reinforcement. The first and basic type is economic; the interaction between the center and periphery nation resulting in disproportionate benefits to the center nations. Benefits may occur in the periphery nations as well, but are distributed unequally within the nation resulting in widening gaps. The most obvious type of international organization engaged in economic imperialism is the multinational corporation. The growth of these corporations in size, power and capital has been exponential in the last three decades. Their reach extends to all corners of the underdeveloped world; their impact in enriching elite "bridgeheads" and draining profits has been well documented.<sup>22</sup>

Table 7  
The Five Types of Imperialism

| Type                            | Economic                              | Political               | Military                               | Communication                      | Cultural  |
|---------------------------------|---------------------------------------|-------------------------|--|------------------------------------|---|
| Center nation<br>provides       | processing,<br>means of<br>production | decisions,<br>models    | protection,<br>means of<br>destruction | news, means<br>of<br>communication | teaching,<br>means of<br>creation--<br>autonomy |
| Periphery<br>nation<br>provides | raw<br>materials,<br>markets          | obedience,<br>imitators | discipline,<br>traditional<br>hardware | events,<br>passengers,<br>goods    | learning,<br>validation--<br>dependence         |

Source: Galtung, "A Structural Theory of Imperialism," p. 92.

Several of the larger MNCs, in terms of total assets including subsidiaries, are bigger economic entities than the majority of nation-states. General Motors, the biggest corporation, has only 17 nations ahead of it in economic terms.<sup>23</sup>

International governmental organizations (IGOs) comprise the second major group. Though these can be associated more with political type of imperialism, they also directly or indirectly influence the economic type. In this study we shall be primarily concerned with the "developmental" IGOs and their role and impact within this framework.

Political imperialism functions through the location of the decision-making or influencing center, which provides the basic models for imitation, away from the periphery nation and towards the center nation. Decisions may be compelled through the pressure of bilateral "aid," or through overtly political IGOs like the International Communist Movement.<sup>24</sup> "Developmental" IGOs, however, play a crucial role in fostering and promoting model-imitator relationships, with the models drawn from the center under the unilinear concepts of development. The bridgeheads again serve as willing conveyors and collaborators, giving legitimacy to the activities and interests of the center "models" of "developed" nations. This reinforces the trends and mechanisms of neocolonialism and affects political decision-making, which in turn influences decisions in virtually all other spheres towards the center model.

The third type, military imperialism, is facilitated by the whole process which maintains the division of labour and keeps industrial and technological capability in the hands of center nations. The fourth, communication imperialism, is the maintenance of communication patterns that are of interest and benefit to the center groups. This is reflected in the domination of the means of communication as well as information agencies by the center nations, resulting in the reflection of center interests as being of major concern even in periphery nations. Neocolonialism is reflected again in the manner of importance the center news gets in periphery nations, and the immense demand and importance attributed to the same by the centers in the periphery.

This links up directly with the fifth type, cultural imperialism. The flow of vertical transaction carries cultural domination: the penetration of models and ideas developed and suitable to the center nations, and their acceptance by the centers in the Periphery which are already integrated into or imitative of Western culture and standards, results in the reinforcement of the Center nations as centers. The five types of imperialism overlap and are complementary. The linking mechanism is through the three broad groupings of international organizations: the MNCs and IGOs mentioned above, and the non-governmental organizations like professional associations, all of which serve as channels for

developing and conveying the five types of imperialism to varying levels and effects.<sup>25</sup>

The structure and role of international organizations has some basic similarities with the old direct colonial patterns. Physically the organization headquarters are located in the "developed Northwest," mostly in Europe and North America, reaching out from there into the periphery nations. The majority of senior personnel are drawn from the Northwest, though the trend seems to have changed slightly in the "developmental" IGOs to include some members of the Periphery nation centers. Essential control and power, however, remains firmly with the Northwest, primarily through control over the purse strings and the governing bodies of the organizations.

This is not to suggest that the whole scheme of things is a deliberate plot by industrialized nations to use international organizations to dominate and exploit the underdeveloped world. On the contrary, as most international organizations and particularly the "developmental" IGOs try to emphasize, the ostensible objectives are usually of alleviating poverty, transferring technology, and in general assisting and expediting the process of development in underdeveloped countries. That the outcome is otherwise is better understood by analysis in structural terms: the underlying need for economic and social expansion of center nations that promotes and maintains those structures.<sup>26</sup> The

IGOs are produced from within this international framework, and their structure helps in supporting and reinforcing the system despite their commitment towards altering or adjusting that very system in order to close the inequity gaps. The process imposes on the peripheries a level of conformity with the patterns originating from and favorable to the developed nations.

Several important implications emerge from the Galtungian framework as prescriptions for future policy. These range from complete decoupling or dissociation from the center-dominated system, to horizontal or more equal interaction terms, to methods of regional association as viable entities and pressure groups.<sup>27</sup> The problem demands structural and political strategies rather than action which is narrowly economic or technical. The preference and adherence to the latter by the centers and the IGOs is understandable; action along the lines suggested by the former would involve challenging and altering the basic structures and foundations on which the centers are based and draw their benefits.

In the above discussion I have tried to explain some of the concepts that would be useful in the type of analysis to be undertaken in this study: the concepts of structural violence, neocolonialism, center-periphery interactions, the role of bridgeheads, three phases of imperialism, five types of imperialism, and the role of



international organizations, particularly IGOs. This conceptual framework, based primarily on Galtung's structural theory, provides an excellent frame of analysis for a critical study of the existing policies, models and strategies for poverty alleviation in under-developed, dependent nations. It provides an alternative to the conventional method and gives deeper insights into the linkages between power centers and the structures that cause the "failures" or "successes" of the system, depending on the viewpoint.<sup>28</sup>

Given the implications of the above theoretical framework, we can develop explanatory statements or propositions for analysis along the lines of our tentative expectations regarding the structural problems in the IGO strategies for "anti-poverty rural development."<sup>29</sup> Let me repeat that these are not formulated in the strait-jacket of positivism as hypotheses to be proved or disproved. They are statements for examination, a guiding framework in a macro-study for analyzing phenomena associated with so-called strategies for alleviation of poverty.

#### Formulating the Propositions

In examining the functioning of IGOs in the field of poverty alleviation, an initial step is understanding the "models" on which the strategies are based.<sup>30</sup> The term "model" is used here in the broad sense of a style or

design, a system of approach rather than the replication of an existing ideal form. It does not connote only economic emphases, but includes the political and social aspects as well. Several "new-style" models have been developed from the late sixties through the seventies. These have been adopted and adapted by IGOs for application in underdeveloped countries. They fall under a common frame, though different aspects are emphasized by different agencies. A common theme running through all the models is that they all try to distinguish from the traditional growth models by advocating the importance of equity, and the involvement of the rural poor in the development process by provision or "redirection" of investments or inputs to those "target groups." They acknowledge the limitations of past strategies based on simple economic factors. They still emphasize growth, but they attempt to broaden the model with the inclusion of political, social and cultural factors.

Though the models overlap and are not exclusively attributable to individual agencies, we can list out some of the main categories and their chief sponsors: Redirecting Investments (World Bank), Basic Needs (ILO), Full Employment (ILO), Agrarian Reform (FAO), Integrated Rural Development (ESCAP, Asian Development Bank, and now all agencies to varying degrees). Some of the questions that arise are: what is the framework in which these models are

embedded? Are the so-called "new-style" models really new, or are they based on adaptations from conventional theories of development? The models profess the need for "radical change"; do they contain elements for structural change, or are they in practice reformist within the existing structures? For purposes of further examination we can frame a proposition regarding the nature of the models:

The "new-style" development models propagated by the IGOs do not contain strategies for structural change. Though grounded in the rhetoric of radical change, they remain basically "incremental" or "reformist" within the conventional liberal paradigm.

An analysis of the models is done in the following chapter. The proposition in theoretical terms is not new; the terms reformist and incrementalist have been applied to international agencies and national governments pointedly by critics from the left. The above statement emphasizes two aspects. One is that they are supposedly "new-style" models, presented as distinct from previous emphases. Secondly, they claim they represent radical changes, often in very explicit terms, as discussed in the introductory chapter. The statement provides a scope for analysis of the models relative to these claims. The models are explained as formulated during the 1970s. The discussion includes additions and alterations where relevant from material collected from the agencies during my field research, and discussions with policy makers in the

agencies. The effort will be to discuss the models in practical rather than purely theoretical terms. I will attempt to assess the relationship between the professed need for radical change with the actual scope of the same in strategies based on these models. This will include a discussion of the problems as perceived by policy-makers and the changes felt necessary by them, and the proceedings and conclusions of review conferences on the subject within the agencies.

In discussing the dominant development theories, a major criticism is the excessive emphasis on technical approaches; that development is associated with efficient management and implementation of development programmes, that development is something "we experts" do for "you slobbs."<sup>31</sup> The alternative development strategies are framed in the awareness of the perils of an overemphasis on what may be termed technical-managerial approaches. The question arises whether the "new-style" models of the IGOs, which ostensibly are critical of this aspect of the past theories and are drawn from the alternative development framework, still carry a commitment to technical-managerial methods. The models supposedly incorporate social, political and cultural factors in addition to the economic; but has the emphasis shifted to those aspects of analysis, encouraging factors like participation and need rather than depending on expertise and management from above?

This also raises the question of the staffing pattern of the various divisions of the IGOs. Do these continue to be dominated by the techno-economic orientation resulting in slightly modified continuation of the old trends, or has the outlook broadened to include weightage to other types of social sciences for the political and social factors of development?

The following statement can be examined in this context:

There is a dominant technical-managerial bias in the IGOs. This is reflected in the "new-style" models, as well as in the techno-economic predominance in the staffing and analysis pattern.

This leads to the question of models and strategies in the Periphery. In countries like India which are strongly tied into the international "development" framework, one can envisage a continual flow of interaction between the periphery elite including government officials and development experts, and the IGOs. In Galtungian concepts, there would be a harmonious relationship of mutual influence and benefit between the two centers. This means that the models and strategies formulated at the IGO level would be in harmony with the interests and position of the Periphery center. There would be considerable input from the latter even in formulating the "radical" or "new-style" models. Following this argument further, one could anticipate that the models and strategies adopted in such periphery nations

are analogous to the center models, the lines of action suggested by the IGOs. One would expect a similar rhetoric reverberating in the national development plans and directives.

An examination of this similarity of models and harmony between the two centers is made more interesting, as well as more essential, by the frequent appearance of disapproval or even contempt that one center displays against the other on occasion. The IGOs are known to dismiss bottlenecks in the strategies as caused by "internal constraints" in the nation, using the scapegoat of government maladministration and inefficiency for lack of success in poverty programmes. The periphery nation officials counter with the accusation of limited understanding of IGO representatives and the remoteness from actual field conditions, often apparently holding their advice on the strategies in contempt. But despite these indications, are the actual models and strategies significantly different from the IGO models? Using the case of India for analysis, we can examine this under the following statement:

There is a continual harmonious interaction between the center in the Center (IGOs) and the center in the Periphery (government officials, consultants etc.)  
There is a mutual influence in shaping the models; the models and strategies adopted in the Periphery are harmonious with the models propagated by the Center (IGOs).

The core of this analysis is the type of models and strategies currently being advocated in India, and the broad similarities or distinctions with the IGO models. The types of changes introduced in recent years, particularly in the current plan, and the types of programmes emphasized will be important aspects of the analysis. Other aspects for study include the levels and nature of interaction between the center representatives, and the general training of the officials and experts that interact with the IGOs. The study will be based on government publications like the Sixth Five-Year Plan, the recent policy publications and analyses of the Planning Commission and the Ministry of Agriculture, and critical reviews. This will be supplemented by the interviews and associated materials collected by me during field study, and my own background experience of five years in development administration with the Indian government.

While there appears to be continual communication between the centers in formulating the strategies, what is the extent and nature of communication between the Centers and the periphery in the Periphery? This has two aspects: communication between the center and the periphery in the Periphery, and communication between the IGOs and the periphery in the Periphery. The question revolves around the involvement, or lack of it, of the ostensible beneficiaries of the anti-poverty programs in any of the stages of program

formulation and implementation. Is there any input from these groups? Do the IGOs have any inputs from the ostensible beneficiaries of the anti-poverty programs--is there any provision for that in the "new-style" models--or is the channel entirely through the bridgehead? The latter case would involve assumptions about the level and quality of communication within the Periphery nation, between the center and the periphery in the Periphery. This brings in the broader question of development communication policies envisaged in the "new-style" models. Before formulating the propositions for examination, it seems necessary to introduce a brief discussion on development communication, past and present.

There now exists a profusion of literature critical of the role of communication as envisaged in the previous dominant paradigm of development.<sup>32</sup> With the rethinking on development policies emerging from the late sixties and giving rise to increased thinking on alternative models, there has been an associated impact on development communication policies. The major components of the "new" development communication perspective has gained widespread acceptance and popularity, in theory at least, by among others the IGOs and the Indian development planners.

An assessment of the paradigm shift in development communication can be obtained by studying the proceedings of two conferences on "Communication and Change" held ten



years apart at the East West Communication Institute under the leadership of Wilbur Schramm.<sup>33</sup> The first, in 1964, was at the peak of the period when the development problem was considered well understood within the dominant Western model of development. The need of the day, then, was assumed to be the efficient application of communication strategies within the framework of this model to the developing world. The group met again in January 1975, this time in an atmosphere of sobriety, facing the reality (and in part, the blame) that most of the assumptions made ten years ago had proved disastrous, that as a result underdevelopment and poverty had actually increased in many parts of the Third World. As development communication planning is essentially dependent on and complementary to the prevalent development models, communication strategies were guided by the concept of development that emphasized growth over distribution, industrialization, centralized planning, urbanization, and Western models and institutions.<sup>34</sup>

In this framework, mass communication was given the pivotal role of conveying persuasive messages from the government to the public in a top-down, hierarchical fashion. Mass media was oversold as a powerful, direct force for development, with the emphasis on increasing "hardware" in underdeveloped countries to facilitate diffusion of information.<sup>35</sup> The limitations of this approach became evident with the realization of the

"communication effects gap" that inequality increased as a result of the greater propensity of the better-off to utilize the information and gain greater benefits.<sup>36</sup> This was proved in evaluation studies of the green revolution; without direct inputs and interpersonal methods, the risk-conscious small farmers were bypassed and in many instances displaced by large farmers.<sup>37</sup> These evaluative studies showed the propensity of the prevalent diffusion practices to widen the rural socio-economic gap.<sup>38</sup> It became evident that social-structural constraints remained unaffected and often worsened by the effects of the media.

On the international level, the communication strategies in the dominant paradigm became regarded by critics as an extension of capitalism and a system of exploitation by developed nations with the power and control over the media, particularly through the means of multinational corporations and advertising.<sup>39</sup> Among the critics employing a structural perspective, Galtung, as mentioned above, lists communication as one of the five types of imperialism prevalent in the relations between the Center and the Periphery nations, with the vertical flows and center-dominated networks leading into cultural and economic domination and penetration.

What, then, are the essential components of the "new" paradigm of development communication? The acknowledged goal to be achieved through political and social

change facilitated by a new communication policy is greater equality, a greater potential for the realisation of human values, greater participation in the process of development and change, the move from domination to unconstrained, equal communication.<sup>40</sup> Many of the elements of the revised development communication perspective are influenced by the Chinese and in part the Tanzanian experiences.<sup>41</sup> The role of mass communication is now recognized as facilitative and indirect rather than powerful in itself in achieving desired change.

The "new" paradigm emphasizes the replacement of one-way top-down communication strategies of the past with greater use of inter-personal and traditional media to reach the disadvantaged sections. It supports strengthening local organizations by greater participation and planning input at that level through two-way communication processes with government agencies, with greater opportunity for them to articulate their needs. It envisages greater horizontal communication within and between local groups. Mass media is to be regarded as a reinforcing mechanism, responsive to the needs of local groups, conveying information suitable to the needs of disadvantaged groups even though that may be redundant to the upper groups due to the ceiling effect. The emphasis is on appropriate "software" like media content rather than investing capital on increasing hardware as a priority.

Overall, instead of generally applicable, centralized economic models determining the communication content to be disseminated, these methods suggest the importance of concepts like self-development and decentralisation complemented by participatory bottom-up communication policies. Among other advantages, an obvious one is the reduced cost of these measures as against a high capital hardware-based measures requiring high technology and top-heavy administrative structures. In the "new" paradigm, the role of government and the formulation of IGO development programs would presumably to assist the local needs by provision and coordination of the requisite inputs, as expressed by the potential beneficiaries themselves.

The critique of past strategies, the "old" development communication perspective, is often overdrawn and simplistic.<sup>42</sup> Some limitations of mass media were recognised in past strategies, and other channels like interpersonal communication and traditional media were included as having important roles to play in development. The concepts of decentralization, of the importance of local involvement and expression have existed to varying levels in past development strategies. This is evident from a glance at past Indian development plans and communication guidelines. In theory, interpersonal supplemented mass media as in extension programs, horizontal accompanied vertical as in establishment of demonstration plots and contact farmers for

dissemination. In practice, these factors played a negligible role because of the bias prevalent in the dominant structure. The system was heavily biased in favour of the powerful groups, and the progressive methods and ideas remained submerged under the predominant development theories of the time. Thus the importance of the description of "new" or alternative concepts is not so much in the newness as in the shift in emphases, in attempting to convert the rhetoric to facts in the field, in giving increased credibility and support to these practices.

It has been mentioned that these "new" concepts have gained widespread acceptance in theory, also with the IGOs and the Indian development planners. To examine the import of these concepts into actual practice with regard to interaction between the IGOs and the periphery in the Periphery, and to see the extent to which Galtung's concepts prevail over the "new" paradigm in practice, we can suggest the following:

While continual communication and interaction occurs in the Center (IGOs) and the center in the Periphery (India), little or no communication occurs between the IGOs and the ostensible beneficiaries, the periphery in the Periphery.

For examining the broader aspect of communication policies envisaged in development models, we can make the following supplementary statement:

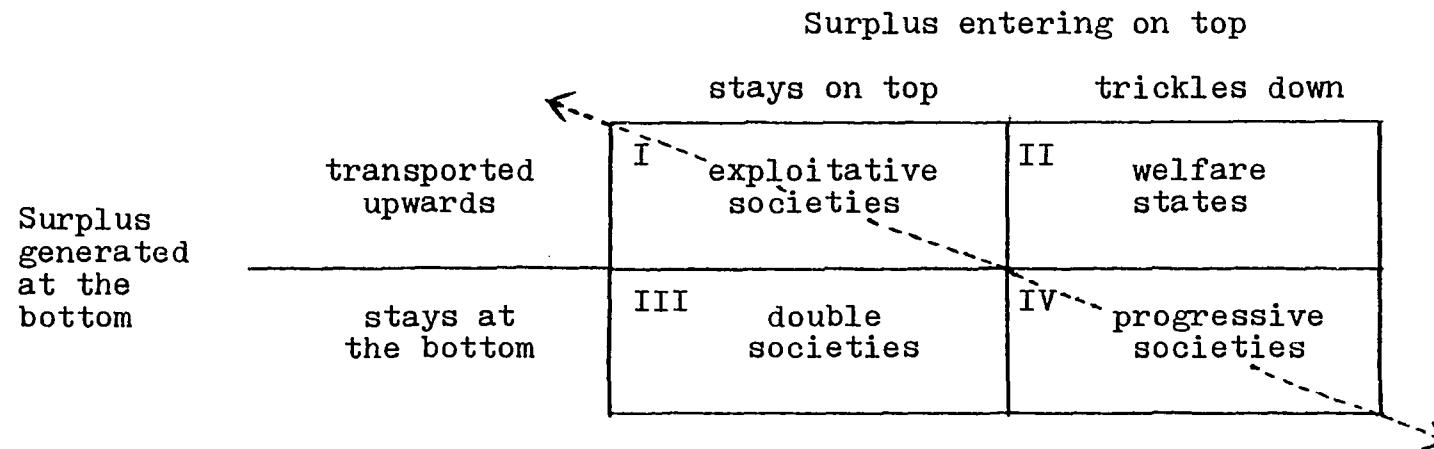
Development communication strategies within the "new-style" models continue to be vertical and elite-based rather than horizontal or participatory.

These statements will be examined with regard to the communication aspects of the IGO development models, and the models and strategies of the Indian government, particularly the interaction (or lack of it) with the potential beneficiaries of projects from planning to the evaluation stage. This will be supplemented by a study of the "Training and Visit" Agricultural Extension Project, essentially a development communication system, for practical insights into the application of the concepts in a field project.

The next question that follows from a study of the models and strategies is, in projects directed at the rural poor "target groups," who are the actual beneficiaries? In the Galtung framework, given the structural constraints prevalent in most underdeveloped nations, surplus generated at the bottom is transported upwards, while the surplus that enters at the top stays at the top (Figure 2).<sup>43</sup> In such situations, the masses remain in conditions of poverty and may even deteriorate, while the center elite may become better off through "trickle-up" from below and surplus from outside. The five types of imperialism have a clear field in such societies and combine to keep the poverty groups hooked into the structure while retaining the minimum benefits. The mechanism does not necessarily depend on repressive

Figure 2

Characterization of Societies by Movement of Economic Surplus



Source: Galtung, "Poor Countries vs. Rich; Poor People vs. Rich; Whom will NIEO Benefit?" p. 2.

methods, since it is based on structural rather than physical violence.

The purpose of the development effort, if one goes by the rhetoric, is to narrow the inequality gaps and raise the living standard of the absolute poor. This means steering the system towards Category IV: progressive societies, where part of the surplus entering at the top is transported downwards, while most of the surplus generated at the bottom remains there. If the IGO-sponsored development strategies are progressive, as they purport to be, in narrowing the gaps and involving the rural poor, the impact of the projects should be visible in direct benefits to the rural poor, the target groups. If, however, the project contents and strategies are such as to allow the major benefits to be drawn by the other more influential groups, like medium and large farmers in projects supposedly directed specifically for small farmers, the implications are the fostering of exploitative systems despite contrary stated objectives. This would indicate the true grounding of the models and strategies and where they really belong in development theory, implying the need for basic measures involving political and structural change.

We can make the following assertion for analysis of the project directions and impact:

Projects directed at the rural poor like small farmer "target groups" in actuality benefit the more powerful rural elements, the medium and large farmers.



For analyzing project directions, in addition to IGO project material I will draw from two field projects sponsored by the World Bank and the Government of India directed at small farmers. One is the World Bank's much publicized current project, the "Training and Visit" Agricultural Extension System, about which I collected material through interviews with officials and also visited a project area in Gujarat, India. The other is the Small Farmers Development Agency program directed specifically at providing inputs to help make small farmers viable.<sup>44</sup>

Directly associated with the question of project directions and utilization is the matter of project evaluation. What measures are used to classify projects as successful or otherwise? Agencies and governments worldwide continue to make claims of success in projects aimed at rural "target groups" like small farmers, even as these groups are bypassed and gaps widen even further. An example is the repeated emphasis of the World Bank on its success in projects directed at small farmers, and in surpassing its own targets in anti-poverty programs "affecting" increased numbers of small farmers.<sup>45</sup>

The problem of measurement appears to be built into the general ethos of the models as applied by the agencies. The output measures, grounded in the same language and ethos, may prevent evaluation of the model from any other perspective. This may result in using aggregative measures as

sufficient indicators of project success, or other methods which spring from biases inherent in the models.

This phenomenon may be examined under the following proposition:

Projects that do not succeed in reaching the "target groups" are nevertheless perceived as successful by the agencies concerned, because of biases in methods which prevent analysis of actual beneficiaries.

This statement will be examined in the light of indicators used by the IGOs and evaluation departments in assessing projects. Actual practices in the field, as gauged from an analysis of the two projects mentioned above, will be used to assess how evaluation procedures may go wrong, so as to permit contradictions between the facts in the field and evaluation reports.

#### Methods of Material Collection

The two primary sources of material for this study are: (1) printed materials, consisting of published books and papers as well as unpublished internal documents; and (2) interviews. As mentioned earlier, the primary focus among the IGOs is on the World Bank being the lead agency in terms of lending for agriculture and rural development, and on India for problem magnitude and extensive interaction. The research materials were supplemented by a visit to a project area in Gujarat, India.<sup>46</sup> I also feel the research effort was facilitated by the knowledge of field conditions gained during my experience with rural development in India.<sup>47</sup>

The published material consists of the policy publications of the IGOs regarding the theoretical models for anti-poverty rural development, and the actual project publications containing guidelines for the implementation of these programs. This is supplemented by publications outside the IGOs regarding the models and programs. Similarly, for the Indian situation, the published sources include documents like the Sixth Plan and broad publications on rural development like reports of the department or special commissions, as well as actual project details, like those relating to the Small Farmers Development Agency. These descriptive materials are relatively easily available by request or purchase.

Other published material sources are the critiques and evaluations of the strategies and projects. This includes the evaluations done from within the agencies, as well as those done externally by individuals or institutions. This would include, for example, the evaluation studies by the World Bank, as well as critiques published in journals or sponsored by different institutions.<sup>48</sup> For India, this includes evaluations by the Planning Commission and also critiques published in official or private journals.<sup>49</sup>

Several in-house evaluations and periodic reviews, however, remain unpublished documents for internal use. I was fortunate in obtaining a great deal of cooperation

in being able to study these, particularly in the IGOs. Where these were made available to me, I studied them at the agency offices during my field study from May through August 1979.

The other major source is interviews. Prior to field study, I conducted correspondence with the agencies and departments concerned both for obtaining material as well as arranging interviews. During the field study period, I visited the headquarters as well as some of the regional offices of the IGOs.<sup>50</sup> I conducted relatively unstructured discussions with rural development policy makers, planners, implementing agents and evaluation experts at the IGOs and in the relevant ministries and departments in New Delhi.<sup>51</sup> The discussions concerned current strategies being followed, the problems perceived, the types of adjustments or changes made, and matters relating to the two projects examined. A list of the people I met and interviewed, with their designations, appears in Appendix 1.

The method of interviewing that I attempted to follow was participatory, horizontal dialogue rather than the popular practice of structured survey research techniques.<sup>52</sup> Instead of posing a set of similar questions within a limited framework and attempting to obtain "objective" data through vertical survey methods, my attempt was to participate in an exchange of ideas on a

problem of mutual concern and interest. I was looking for experience rather than data per se; experience to enrich myself as well as offer views so as to keep the dialogue free-flowing, thereby eliciting deeper responses and meaning.

This kind of dialogue naturally presupposes involvement and experience in the field being researched, so as to make the discussion meaningful and flowing on both sides as distinct from the vertical interrogatory type. In this, besides academic preparation, my past involvement in rural development administration was facilitative. Direct experience with field conditions is not quite the strong point of many of the policy makers and officials in high places, and therefore my field experience often drew interest with them. Even where they were familiar with field conditions, my experience helped in grounding the discussion in practical rather than abstract frames of reference. Another factor which influenced the discussions is the current dissatisfaction and rethinking on rural development strategies in the IGOs, particularly in view of the approaching "Third Development Decade" of the 1980s and the need to reformulate programs.

Whether related to this process of rethinking or not, I was pleasantly surprised at the ease of obtaining interviews and the forthcoming attitude and time devoted

by my hosts. I suppose a combination of the above factors resulted in the dialogues invariably continuing long beyond the brief appointments scheduled by the interviewees.

## FOOTNOTES TO CHAPTER IV

1. These concepts are drawn from the dependency school discussed in the previous chapter. For an elaboration of the metropolis-satellite concept of structural imperialism, see Andre Gunder Frank, "The Development of Underdevelopment," in Charles K. Wilber, ed., The Political Economy of Development and Underdevelopment, New York: Random House, 1973, pp. 94-104. The center-periphery taxonomy of Johan Galtung using essentially the same concepts will be discussed in this chapter.
2. Johan Galtung, "A Structural Theory of Imperialism," Journal of Peace Research, Vol. 8, No. 2, 1971, pp. 81-117. Some modifications to the theory were discussed by Galtung during his lectures at the Department of Political Science, University of Hawaii in November, 1979 which do not affect the basic concepts as used in this study. See Note 20 for some of his modifications.
3. I have mentioned the reasons for choosing the World Bank as the primary IGO and India as the periphery nation in the introductory chapter. The World Bank is the most influential agency and is the largest external source of funding in rural development in the underdeveloped world. India has the largest mass of rural poverty, and has had extensive interaction with IGOs being the largest recipient of World Bank loans in absolute, not per capita, terms.
4. Kenneth Boulding is among the leading contemporary proponents. See specially his "Twelve Friendly Quarrels with Johan Galtung," Journal of Peace Research, Vol. XIV, No. 1, 1977, pp. 75-86.
5. Ibid., p. 82. Contrary views regarding the economic impact on India as a British colony and the draining of India's resources are numerous. Paul Baran, among the earliest radical political economists on the American scene, describes the despoliation of India by British capitalism and the direct and indirect drain of India's resources; see Paul Baran, The Political Economy of Growth, New York: Monthly Review Press, 1957, particularly Chap. V, pp. 144-150. See

also Thomas E. Weisskopf, "The Persistence of Poverty in India," Bulletin of Concerned Asian Scholars, Vol. 9, No. 1, 1977, pp. 28-44.

6. Government of India, Pocket Book of Economic Information, 1973-74, Delhi: Department of Economic Affairs, Ministry of Finance, 1975, p. 158. For a good introductory review of this kind of structural violence in India, see David Selbourne, An Eye to India, New York: Penguin Books, 1977, Chap. 1, pp. 1-33.
7. Frances M. Lappe and Joseph Collins, Food First: Beyond the Myth of Scarcity, New York: Ballantine Books, 1979, p. 13. The figure has been compiled from FAO production yearbooks. Food First contains abundant facts and figures to break some of the common myths about scarcity, overpopulation, aid and backwardness. See also Radha Sinha, Food and Poverty, New York: Holmes and Meier, 1976; Susan George, How the Other Half Dies, Montclair, New Jersey: Allanheld, Osmun and Co., 1977; Michael Perelman, Farming for Profit in a Hungry World, Montclair, New Jersey: Allanheld, Osmun and Co., 1977.

Most of the critical studies indicate the close links between structural violence and capitalism. As such, they seem to draw their inspiration from what Lenin said in his "Imperialism, the Highest Stage of Capitalism," Peking: Foreign Language Press, 1975, as quoted in Perelman, Farming for Profit, p. 106:

"...if capitalism could develop agriculture... if it could raise the standards of the masses, who in spite of the amazing technical progress are everywhere still half-starved and poverty-stricken, (the system could be salvaged). But if capitalism did these things it would not be capitalism; for both uneven development and a semi-starvation level of existence of the masses are fundamental and inevitable conditions and constitute premises of this mode of production."

8. Perelman, Farming for Profit, p. 108. An example of structural violence within the U.S. is the existence of over 20 million malnourished people in a country of plenty. An example of structural violence with the Third World is the fact that the U.S. imports more proteins from those nations than exports to them. U.S.A. is the largest importer of beef; other imports include fruits, vegetables and juices whose production,



trade and profits are manipulated by multinational corporations through the exploitation of the under-developed nations. See Note 22.

9. Ceres, July-August 1978, pp. 13-16.
10. For further description of the concept of structural violence, see Johan Galtung, "Violence, Peace and Peace Research," Journal of Peace Research, No. 6, 1969, pp. 167-91. The structural exploitative relations have been described as "structural dependence" by Dieter Senghaas; see "Underdevelopment-Development: A Contribution to the Present Discussion on Development Policies from a Peace Research Perspective," Peace and the Sciences, No. 2, May 1975, pp. 30-42.
11. It is difficult to define "living conditions" indicators with precision, since this would include the "true interests" of the people as articulated by them rather than by outsiders. However, the gap can be measured by broad indicators like income, standard of living, level of autonomy, etc.
12. Inequity rather than inequality. Inequity indicates a continuing relationship and structure, whereas inequality is a static, one-time assessment. Though Galtung uses the term inequality in his earlier writings including "A Structural Theory of Imperialism," he seems to mean inequity.
13. V. I. Lenin, Imperialism: The Highest Stage of Capitalism, Peking: Foreign Languages Press, 1975.
14. Galtung, "A Structural Theory of Imperialism," p. 83.
15. Kwame Nkrumah, Neo-Colonialism: The Last Stage of Imperialism, New York: International Publishers, 1966. The idea is reflected in the title itself, the quote is his opening sentence. Nkrumah was the President of Ghana.
16. Ibid., p. ix.
17. In India after independence the majority of institutions continued under different titles, though the procedures, rules and personnel remained the same. The Indian Civil Service, the prestigious backbone of British rule, was replaced in name by the Indian Administrative Service, with some reduced privileges and changes in emphases like development instead of

law-and-order; however the rules and methods and the general ethos has not altered very greatly.

18. Galtung, "A Structural Theory of Imperialism," p. 91.
19. Ibid., p. 95.
20. Galtung, during his lectures here in November 1979, discussed some changes from his original theory. One is the shifting trends for centers, giving some validation to the criticism by Boulding. Some of the peripheries are assuming center status by creating their own peripheries. Examples cited by Galtung are Singapore, Hongkong, South Korea and Taiwan among the small industrialized nations, and Mexico, Brazil, Nigeria and India among possible future center powers controlled by their minority centers, the BCI collaboration -- bureaucracy and corporatism supporting each other, with the intelligentsia serving both.
21. See Galtung, "Nonterritorial Actors and the Problem of Peace," in Saul H. Mendlovitz, On the Creation of a Just World Order, New York: Free Press, 1975, p. 163.
22. There is now a vast amount of literature on the power of the multinational corporations and their exploitation of the underdeveloped world. Prominent works include Richard J. Barnett and Ronald E. Muller, Global Reach: The Power of the Multinational Corporations, New York: Simon and Schuster, 1974; Raymond Vernon, Storm over the Multinationals: The Real Issues, Cambridge: Harvard University Press, 1977; Abdul A. Said and Luiz R. Simmons, eds., The New Sovereigns: Multinational Corporations as World Powers, Englewood Cliffs: Prentice-Hall, 1975. For critical overviews, see Ronald Muller, "The Multinational Corporation and the Underdevelopment of the Third World," in Charles K. Wilber, The Political Economy of Development and Underdevelopment, New York: Random House, 1979 (2nd edition), pp. 151-178; Stephen Hymer, "The Multinational Corporation and the Law of Uneven Development," in Jagdish N. Bhagwati, ed., Economics and World Order from the 1970s to the 1990s, New York: Macmillan & Co., 1972. Some insights into the methods of penetration and collaborative exploitation are offered by Robert B. Stauffer, "Transnational Corporations and Host Nations: Attitudes, Ideologies, and Behaviors," Transnational Corporation Research Project, University of Sydney, Research Monograph No. 9, 1979; "Naming the Leviathan: A Note on Transnational

- Politics," The Circle, March 1979; and "Nation-Building in a Global Economy: The Role of the Multinational Corporation," Sage Professional Paper 01-039, Beverly Hills: Sage Publications, 1973. For the method of integration into the global capitalist system, see Immanuel Wallerstein, The Capitalist World Economy, Cambridge: Cambridge University Press, 1979, and his "Rural Economy in Modern World Society," Studies in Comparative International Development, No. 12, Spring 1977, pp. 29-40. See also Marcos Kaplan, "The Power Structure of International Relations," International Social Science Journal, Vol. XXVI, No. 1, 1974.
23. Galtung, "Nonterritorial Actors and the Problem of Peace," p. 163.
  24. Galtung uses the example of the ICM to show the role of a political international organization as an instrument of imperialistic dominance. See "A Structural Theory of Imperialism," pp. 95-97.
  25. The growth of INGOs, international nongovernmental organizations, has been phenomenal and they outnumber IGOs by about ten to one.
  26. The expansion 'need' is by no means limited to the capitalist nations alone. As in the ICM example, it is evident in socialist imperialism as well.
  27. For various prescriptive suggestions along these lines, see Galtung, "Achieving Peace," University of Oslo, 1975; "A Structural Theory of Imperialism," pp. 106-109; Senghaas, "Underdevelopment-Development," pp. 38-42; and his "Peace Research and the Third World;" Robert B. Stauffer, "Western Values and the Case for Third World Cultural Disengagement," in K. Kumar, ed., Bonds Without Bondage, Honolulu: University of Hawaii Press, 1979.
  28. Characterized as failure in this study on the basis of persisting poverty and inequality. The question of how projects continue to be regarded as "successful" is discussed further, the last proposition in the chapter to be examined subsequently. Review articles on both success and failure sides are numerous; for critical reviews, see for example Thomas Balogh, "Failures in the Strategy against Poverty," World Development, Vol. 6, No. 1, 1978, pp. 11-22; "A Quarter Century of (Anti-) Rural Development," Development Dialogue,

- Vol. 2, 1977, pp. 11-14; an example of a "success" perspective is Leif E. Christofferson, "The Bank and Rural Poverty," Finance and Development, Vol. 15, No. 4, December 1978, pp. 18-22.
29. The term IGO will be used for "developmental" international governmental organizations only for the rest of this study, as distinct from political or other types.
  30. For brief overviews of the models and strategies, see Keith Griffin and Azizur R. Khan, "Poverty in the Third World: Ugly Facts and Fancy Models," World Development, Vol. 6, No. 3, pp. 295-304; Albert Waterston, "A Viable Model for Rural Development," Finance and Development, December 1974, pp. 22-25; James H. Weaver, Kenneth P. Jameson, Richard N. Blue, "Growth and Equity: Can They be Happy Together?" International Development Review, 1978, No. 1, pp. 20-27; Irma Adelman, "Growth, Income Distribution and Equity-Oriented Development Strategies," World Development, Vol. 3, Nos. 2-3, Feb-Mar. 1975.
  31. Ivan Illich expresses some powerful sentiments. See "Revolting Development: An Exchange with Ivan Illich," Focus, No. 4, 1978.
  32. For a review, see Everett M. Rogers, "Communication and Development: The Passing of the Dominant Paradigm," Communication and Development -- Critical Perspectives, Beverly Hills, Calif.: Sage Publications, 1976, pp. 121-148.
  33. See D. Lerner and W. Schramm, eds., Communication and Change in the Developing Countries, Honolulu: University of Hawaii/East-West Center Press, 1967; and W. Schramm and D. Lerner, eds., Communication and Change in the Developing Countries: Ten Years After, Honolulu: University of Hawaii/East-West Center Press, 1976.
  34. As discussed in Chapter 3.
  35. Among the proponents, Lerner was perhaps the most influential. His study, The Passing of Traditional Society: Modernizing the Middle East, New York: Free Press, 1958, placed high expectations on mass media as having a multiplier effect on development. Lucien Pye reflects this view: "It was the pressure of communications which brought about the downfall of

traditional societies." Lucien W. Pye, ed., Communications and Political Development, Princeton: Princeton University Press, 1963, pp. 3-4.

36. Originally stated by Tichenor to imply that one effect of mass communication is to widen the gap between the better-off category of receivers and the poorer category. See P.J. Tichenor et al., "Mass Media Flow and Differential Growth in Knowledge," Public Opinion Quarterly, No. 34, 1970, pp. 159-170.
37. Many studies on the green revolution reflect this finding. See particularly the work of Keith Griffin, The Political Economy of Agrarian Change, Cambridge: Harvard University Press, 1974.
38. See particularly L. R. Beltran, "Research Ideologies in Conflict," Journal of Communication, No. 25, 1975, pp. 187-193.
39. An influential critic is Herbert Schiller. See his Communication and Cultural Domination, New York: M. E. Sharpe, 1976, and his earlier critical study, Mass Communications and American Empire, New York: Augustus M. Kelley, 1969. See also Armand Mattelart, "Cultural Imperialism in the Multinationals' Age," Instant Research on Peace and Violence, Vol. 6, No. 4, 1976, pp. 160-174; Jeremy Tunstall, The Media are American: Anglo-American Media in the World, New York: Columbia University Press, 1977. For a recent comprehensive work on communication imperialism, see A. Mattelart and S. Sieglau, Communication and Class Struggle, New York: International General, 1979, Vol. 1. For an excellent study of advertising imperialism applying Galtung's theory, see Michael H. Anderson, "The Madison Avenue Connection: A Study of Transnational Advertising and Political Development in Malaysia, Singapore, and Indonesia," Ph.D. dissertation in Department of Political Science, University of Hawaii, Honolulu, May 1979.
40. For a description of the concepts of unconstrained communication, ideal speech and communicative competence, see Jurgen Habermas, "Towards a Theory of Communicative Competence," Inquiry, No. 13, 1970, pp. 360-75.
41. Godwin Chu, for example, discusses the whole Chinese experience as a process of change through methods of building pressure through communication among the

masses. The difficulties of transferring the experience to other settings are also discussed, but the guidelines for development communication are valuable. See Godwin Chu, Radical Change Through Communication in Mao's China, Honolulu: East-West Center Press, 1977.

42. This includes the one by Rogers, "Communication and Development," 1976. For some critical reviews, see South East Asian Journal of Social Sciences, Vol. 4, No. 2, 1976.
43. Galtung, "Poor Countries vs. Rich; Poor People vs. Rich; Whom Will NIEO Benefit?" University of Oslo, 1977, pp. 1-4.
44. A brief description of these two programs is given in Chapter 1, pp. 31-32. The projects are examined later in the study.
45. See also p. 12, Chapter 1.
46. I had originally planned to study the projects in Bihar, since I have a greater familiarity with the area, and also because it is the richest and poorest state in India: richest in resources and poorest in condition of the people, with great disparity between the rich and poor farmers. I had to change my plans because the T & V project was not functioning there due to administrative problems like transfer of extension of workers to the agriculture department, appointment of required personnel, etc. I chose a district in Gujarat where both the T & V system and the SFDA were in operation.
47. I joined the Indian Administrative Service on the basis of an open competitive examination and interview in July, 1972. During the five years in service before coming here, one was spent at the National Academy of Administration, Mussoorie; one training in the field in rural Bihar; two as subdivisional officer holding charge of Bettiah Subdivision, Champaran, Bihar; and one as deputy secretary with the state government in Patna, Bihar. Of this period, the two years as SDO, Bettiah were most instructive. The area comprises of about a thousand villages divided into ten development blocks. As SDO I was involved with coordination and implementation of government development programs for the area through control over a large staff reaching through the blocks to

each panchayat, or group of villages. The study as well as the conclusions will naturally be influenced by the limitations I found in that experience, particularly in working with technical-managerial strategies.

48. Policy and evaluation studies are done by several different departments of the Bank. The Operations Evaluation Department is the overall project evaluation authority and brings out reports like "Annual Review of Project Performance Audit Results." Among critiques sponsored by institutions, there are for examples the publications of the Institute of Food and Development Policy, San Francisco.
49. An official journal that has of late been bringing out critical reviews and comments is Kurukshetra, a monthly journal of the Ministry of Agriculture. Among non-official journals, Economic and Political Weekly has perceptive, critical articles.
50. The main IGO offices I visited were: Asian Development Bank, Manila; ESCAP, Bangkok, and its institutes APDAC at Kuala Lumpur and APDI at Bangkok; FAO, Rome and its regional office at Bangkok; ILO, Geneva; and the World Bank, Washington and regional office at New Delhi. See Appendix 1.
51. Primarily officials in the Ministry of Agriculture, Department of Rural Development, Planning Commission, and Department of Economic Affairs. I also met distinguished scholars and critics in institutions like Indian Council of Social Science Research, Indian Institute of Public Administration, Institute of Economic Growth, and Center for the Study of Developing Societies. See Appendix 1.
52. For a comparative analysis, see Galtung, "On Dialogue as a Method: Some Very Preliminary Notes," Unpublished Draft, 1979.

## CHAPTER V

### THE DEVELOPMENT MODELS

The "new-style" development models propagated by the IGOs are presented below in brief, covering the salient features and theoretical assumptions by which poverty is expected to be overcome. The models are analyzed in the light of practical experience in implementation for structural change. This is an examination of our initial proposition:

The "new-style" development models propagated by IGOs do not contain strategies for structural change. Though grounded in the rhetoric of radical change, they remain basically "incremental" or "reformist" within the conventional liberal paradigm.

The models have been grouped together under the label "new-style" because of a basic common feature: a reaction against a traditional emphasis on growth of GNP and "trickle-down" of benefits to the poor. While growth continues to be regarded as essential, the focus is towards involvement of the rural poor and provision of the essential elements to provide an impetus to the latent potential of the majority poor.

The models propose a "direct" attempt at benefiting the "target groups," the rural poor. To this extent, the models are said to be "new-style" in that they move away from the narrow economic focus of past strategies into the



area of political economy; from concentrating on basic economic factors such as land, labor and capital for maximizing growth, to the inclusion of socio-economic and political factors in the analyses of problems and formulation of strategies.

There is considerable overlap in the characteristics of the models as well as the sponsoring agencies. Here, I will mention distinguishing features in each model and discuss them in relationship with the agency or agencies most closely identified with sponsorship of the model.

#### (1) Redirecting Investments: The World Bank

The redirecting investments approach is based on the idea that increasing capital among the poorer sections like small farmers is necessary for using their available resources and labor to generate higher incomes. The emphasis is on capital formation and on investments directed at the small farmers and weaker sections rather than on large scale projects. The main authors of this approach are Hollis Chenery, Montek Ahluwalia and others at the World Bank.<sup>1</sup>

According to this group, accelerated growth rates are essential both for poverty alleviation as well as for maintaining "dynamism" in the economy.<sup>2</sup> This approach does not replace emphasis on growth with emphasis on equity. The allowance given to equity is that it should be

regarded important along with growth if poverty is to be alleviated and the bulk of the population brought into the growth and development process. The basic assumption is that "improved internal distribution is at least as important to the elimination of poverty as the acceleration of growth."<sup>3</sup>

A parallel point of interest is the treatment of the controversial and now much criticized "trickle-down" theory. This approach does not discount the trickle-down of benefits to the poor as invalid or even improbable, but merely regards it as a long-term process. The contribution is limited to the idea that the benefits of growth have not trickled down as rapidly as was envisaged, and what is needed is the hastening of the process. This can best be achieved by direct investments for the rural poor so as to make them viable economic entities contributing to the growth and development process.

This view, evident in the policy publications of the World Bank,<sup>4</sup> was emphasized during discussions with an official in the rural development division of the Development Economics Department, the major policy research wing of the Bank:

You cannot distribute much unless you grow fast. Rapid growth is essential, because unless the size of the cake increases there will not be enough to go around.

Trickle-down is purely a factor of time. The concept has been overly attacked, but it works well under proper controls. Take South Korea, for instance; I visited after a gap of a few years and was surprised at the visible improvement in the standard of living of the common people.

The Bank is not a populist organization. The Bank is conscious that productivity increase is the center point of development. The productivity of the vast rural areas and the majority rural people must be raised through direct measures so as to speed up this development process. That is why the Bank is giving preference to rural development projects, particularly those with distributional aspects. Any rural project will be of benefit to the poor because they (the poor) are in plenty (in rural South Asia). However, rural development cannot be done in a hurry; it will take time. It cannot be done in isolation. Rural development must be a part of the overall growth strategy.<sup>5</sup>

Thus the essence of the redistribution approach is to make the necessary modifications in investment policies so as to redirect part of the capital towards raising the productivity of the rural poor, the "target groups," and so "speed up" an otherwise gradual process. This is evidently linked to the prevalent belief in the Bank that there is no conclusive evidence that past development dynamics based on rapid growth have resulted in an increase in the incidence of poverty. The Bank's studies in fact contradict the conclusions of other research publications which point to an increase in poverty.

In the Indian case, for example, a popular country for analysis due to greater availability of data, studies by the Bank's development research center contradict the findings of Griffin and Khan as well as some Indian analysts.<sup>6</sup> The latter studies, based mostly on the National Sample Survey data on consumption expenditure, indicate an increasing trend in the incidence of poverty. Using basically the same NSS data with an alternate measurement index, the findings of World Bank economist Montek Ahluwalia were that there is no significant trend in the percentage of people below the poverty line in India over the past two decades. His conclusion was that the percentage fluctuates with agricultural output, with the incidence of poverty falling in periods of good agricultural performance and rising in periods of poor performance.<sup>7</sup> For India as a whole, he found support for the hypothesis that the incidence of rural poverty is inversely related to agricultural performance in aggregate terms. However, the state level findings present some limitations to this generalization, leading the author to surmise that "there may be precesses at work in the rural economy which tend to increase poverty over time."<sup>8</sup>

While qualifying the findings due to "disquieting" aspects and some lack of convergence,<sup>9</sup> the major policy prescription of the study is faster agricultural growth, since there is "evidence of some trickle-down associated

with agricultural growth."<sup>10</sup> This must be supplemented by policies geared towards better distribution so as to counter the processes that tend to increase the incidence of poverty or prevent the poor from sharing the trickle-down from increased output.

With regard to inequality trends, the Bank's development research center used cross country data compiled from sixty countries and concluded in support of Kuznets' hypothesis that relative inequality increases substantially in the early stages of development, with a reversal of this tendency in the later stages.<sup>11</sup> Within limitations, this view was found valid on the basis of the cross country data not only for "developing" and "developed" countries but also the socialist countries. While the findings admit that the process is most prolonged for the poorest group, the analyses deny any prolonged absolute impoverishment or any increase in poverty. They indicate a rise in the average absolute incomes of the lower percentile groups, though at a slower rate than the upper income groups.

Thus in the cross country analysis as well, the Bank's diagnosis is that trickle-down does occur with time, and that faster growth by itself is not associated with higher inequality except in the initial stages.<sup>12</sup> However, to ensure the equitable spread of the benefits, the obstacles that limit the share of the poor, like excessive population growth rates and lack of access to land and

capital, must be removed by positive action. The examples of success in that direction are cited as countries like South Korea, Taiwan, Yugoslavia and Tanzania. The lesson, then, is that growth must be pursued, but at the same time it is equally important that redistribution and/or investment is made to offset the disadvantages of the poor and provide them with basic viability and access to the necessary factors for increased production.

We can summarize the factors leading to the redirecting investments approach on the basis of the above literature review and discussions with the officials in the Bank's research and policy analysis wings, as follows:

1. Accelerated growth rates are essential for strategies of poverty alleviation.
2. A high growth rate provides dynamism in the economy which is an essential prerequisite.
3. The benefits of growth do trickle down to the poor but the process is slow.
4. Past experience with growth does not indicate any increase in absolute poverty for the lower percentile groups.
5. Relative inequality increases in the early stages of development, with a reversal of this tendency in the later stages.
6. A faster growth rate is not associated with higher inequality except in the initial stages.
7. The major causes of persisting poverty are rapid population growth, lack of access to factors of production, and lack of physical and human capital.

8. The only sensible approach is to emphasize growth and population control as in the past, supplemented by policies to offset the handicaps of the identified "target groups," primarily small farmers and agricultural laborers.

The major "new" elements in this approach are the attempts to direct policies and strategies towards counter-  
ing the twin problems of lack of access and lack of physical  
and human capital. A dual purpose for redirecting investments is envisaged: developing the human abilities and physical assets, and improving the production and distribution systems directly affecting the poor. The effort is to include the poor in the organized market economy. There is also the recognition that sometimes the poor are denied access to public provisions by outright discrimination. The Bank believes that unless "positive" measures are taken to redirect investments, it would seem "almost inevitable that (the) per capita income (of the poor) will grow more slowly than that of higher income groups, at least for a considerable period."<sup>13</sup> Therefore there is a need to introduce a kind of selective dynamism through redirected investments, because "greater equality of personal incomes could be achieved if ownership of private capital and access to public facilities were more equally distributed."

The proposed measures for human development are primarily investment in the areas of education, health

and public facilities. For physical capital, the approach indicates the need for some redistribution of fixed assets like land and tenure, but does not push this "beyond the essential minimum" in recognition of "political resistance to policies of asset redistribution" and the "high cost in social and political disruption."<sup>14</sup> It promotes instead the development of the existing physical assets by providing capital in terms of increased credit and smoother access to credit in the form of cash for necessary purchases, or preferably credit in the form of seeds, fertilizer and other inputs. The focus here is on the small farmers and other self-employed, including associated small-scale activities which assist in providing agricultural inputs and contribute to development of the market economy, gradually integrating into the wider market systems.

The crux of this approach is stated as redirecting public investment so as to raise the productive output and thereby the incomes of the poor. Although this process involves diverting the investment towards the poorer groups and therefore some "sacrifice of output," the proponents are quick in emphasizing that the overall impact may not really be adverse for the richer groups in particular as well as for the economy as a whole. Though investment in human capital takes longer to develop before producing returns, the argument made is that the diversion of investible funds from other fields is



minimal. The amounts required are comparatively meagre, since there are no heavy industrial or capital intensive investments. Moreover, these can be generated without much diversion or hindrance to the output or growth rates of the other sectors of the economy involving upper income groups. The other attraction offered to the upper income groups--which indirectly indicates acceptance of the view that one way or the other, they ultimately control the state and policy-making--is that once the poorer sections become productive, there is likely to be a general boost to the economy as a whole. The upper income groups may even benefit from the "trickle-up" effects of greater productivity and the higher purchasing power and effective demand of the poor.

In promoting a role for international "aid" in this schema, a similar analogy is applied: by using external financial assistance to increase the productive capacity of the poorer nations, there is a greater scope for the widening of markets and increased trade opportunities, resulting in trickle-up benefits to the developed nations as well. This is a powerful factor in gaining legitimacy and support for an inflow of external funds into under-developed countries; advantages are seen to accrue to the donor nations as well as the receiving nations' decision-making and business elite. The approach thus has the strong

support, and in effect has been formulated and propagated by, institutions like the World Bank.

What are the major problems in the implementation of this approach to development? According to most Bank officials, the main obstacles are posed by the governments of the underdeveloped nations themselves. Firstly, it is difficult to obtain commitment and political will towards policies and programs for rural development, since in most cases the policies and basic structures are weighted towards modernization through rapid industrialization and development of urban centers. The Bank's rural development policy paper acknowledges that in some "developing" countries, the current situation is "so far from favorable to rural development that a policy shift could only follow a major political change."<sup>15</sup> Thus most national governments, even when showing a partial and rhetorical commitment to rural development, usually discriminate against poverty-oriented projects in favor of capital intensive "modernization" projects. In doing so, contrary to the redistribution of assets, government action often serves to increase the concentration of fixed assets and income. Another problem is perceived as a lack of administrative interest and capability in implementing poverty-oriented strategies in the receiving nations.

Current attempts at gaining acceptance of this approach and countering the problems by the Bank include

keeping to the "practical" rather than the "idealist" side in accordance with the efforts to "introduce elements of realism" in the analyses. The emphasis is therefore on investment reallocation towards the poverty groups than on asset redistribution which would be politically distasteful. The former is likely to be more willingly accepted, while the latter has, in past experience, met with opposition by the vested interests who also generally wield considerable clout. Moreover, there is far greater political appeal for projects like minor irrigation which could benefit large numbers of small farmers without heavy investment or adverse impact on other sectors. The attempt is therefore to influence policies in Third World countries towards developing resources and inputs in the rural sector involving areas with high concentration of small farmers, often capable of higher output and greater efficiency than large farmers, and areas with potential for development of associated small-scale activities.

One additional factor in this approach needs to be pointed out: the philosophy of population control. The basic chicken-and-egg question of whether population growth causes poverty or vice versa still continues, with the former opinion clearly dominant over the latter in most development planning. Likewise the Bank's concern with population control and support of increased family planning programs indicates its leanings towards the former view.

The Bank declares that the primary cause of continuing poverty is the high population growth rate: "Despite notable achievements over the past 30 years throughout most of the South Asian region, per capita incomes have risen only modestly because of rapid population growth."<sup>16</sup> Its use of "influence" in policies of underdeveloped countries has often been towards insistence on increased efforts in family planning.<sup>17</sup> Though this remains the dominant policy, over the years the realization of socio-political causes of poverty and population growth have led to a gradual shift in emphasis from reducing population to reducing poverty.<sup>18</sup>

In redirecting investments towards increasing the viability and income of the poor and in developing their human potential, this approach envisages a reduction in the population growth rates. As against direct and largely unsuccessful efforts at family planning through the use of incentives or of force, both of which have been attempted with limited success in India, this approach contains the more realistic and acceptable belief that basic economic security among poverty groups is inversely related to the rate of population growth. The approach proposes that investments in health, education and economic growth of the poverty groups may help reduce population growth and lead indirectly to better income distribution.

The redistribution through redirecting investments approach thus appears to be a fairly comprehensive package, complete with general and political appeal. It indicates awareness of current socio-political considerations and seems to include radical measures to the extent considered politically feasible. It also gives greater credence to the World Bank as an institution of progressive ideas concerned with development of the weaker sections and poorer nations. It claims greater "realism" in analyses of existing political structures in the underdeveloped world and therefore advocates what seem to be feasible remedies in the given circumstances. It does not make grandiose projections of overcoming absolute poverty by any fixed period, but only modest possibilities for alleviating poverty depending on the factors associated with this approach.

In considering the possibilities of structural change and poverty alleviation through this approach, the basic assumptions need to be examined. The first point is the continued reverence for maintaining high rates of growth, with modifications to allow involvement of the rural poor. We have mentioned the controversy over the impact of growth rates on poverty and inequality: whereas one group of studies indicates increased impoverishment for the poverty groups despite moderate to high growth rates, there is some denial or lack of clarity of trends

according to establishment analysts.<sup>19</sup> While the former decry the growth-focussed strategies as having resulted in increased poverty, the latter attempt to salvage the situation by indicating a neutral relationship between growth per se and poverty, thus establishing a role for reformist policy intervention. On the issue of trends in equity also, there are differences: the former indicate continuing adverse effects of growth on inequality, while the latter support Kuznets' U-shaped curve that equality decreases initially and then increases.

The differences among the two groups, however, appear to obfuscate some essential and all-important convergences of opinion. Both approaches indicate a continued role for growth, and both agree on increased growth in the agricultural sector despite the disagreement on the impact of growth on poverty. Similarly, though for different reasons, both agree that a great deal depends on the policies pursued by the governments of the concerned nations. Both also fervently indicate a need for redistribution of assets and greater equality as essential conditions for sustained growth and development. To attain this, both are in agreement on the need for structural change.

Where the redirecting investments approach appears to lose fervor is in the elements and methods for structural change.<sup>20</sup> Deference to the rich and the powerful

appears to run as an unchangeable "given" through the entire approach. This is the point at which the two views seem to part company: the critics believe that the power structures can and must be made more egalitarian, failing which the growth policies themselves will contribute to greater disparities and deteriorating living standards of the poor.<sup>21</sup> The proponents of redirecting investments seem to approach this level of analysis and then rapidly shy away from its discomfoting angles, attempting to bypass these and work around them. Thus on one hand there is the acknowledgement of the need for redistribution of physical assets like land as an essential prerequisite, as mentioned in numerous Bank policy publications, yet on the other there is an avoidance of this issue because of the "high cost in social and political disruption," substituting instead softer policies like investment reallocation to "increase the productive capacity of the rural poor."<sup>22</sup>

The contradiction is all too obvious. If the former is a "prerequisite" which is related to the problem of power and access, then the latter will by definition and by past experience have very limited applicability. Similarly the diagnosis by the Bank indicates that the rural elite prevents the poverty groups from obtaining the necessary means. Yet instead of meeting the problem head-on, the Bank's policy defers to the rural elite's interests

and wishes to avoid any action that might offend the powerful affluent groups and jeopardize the success of the projects.<sup>23</sup> With the expression of these concerns, the policies not only avoid the issue of redistribution of fixed assets, but even redirection of investments has limited scope since this is bound to affect, if not directly "offend," the better-off groups. The capacity of the latter to divert resources and benefits to themselves abound, some implicitly accepted in the analyses of past experiences by the Bank.

A study of development experience in India can help illustrate the limited possibilities of structural change in this approach. Ever since the Second Five-Year Plan, the concepts of growth with equity and the importance of redistribution of assets for equitable growth have been highlighted. In fact, India was the first country to emphasize these concepts through a democratic state planning policy. The Fourth Plan contains specific measures and schemes to pursue these objectives, some of which will be discussed later in this study. Yet the figures on poverty stated in the Sixth Plan and the obvious lack of success of redistribution measures of the type envisaged in this approach speak for themselves.<sup>24</sup>

Not only is the basic approach in many ways quite similar in rhetoric to some development strategies previously attempted in underdeveloped countries, but even the



mechanism of implementation is essentially the same as applied before. In fact, the Bank is keen to utilize the administrative and governmental mechanism already existing rather than introducing different methods or putting together new agencies for particular projects in the host countries.<sup>25</sup> Two points are emphasized by Bank officials: the need for increased training of implementation agents as per the Bank's project guidelines, and the need for participation of the target groups and decentralization along with central coordination. However, these rhetorical compunctions are neither consequential nor new. As long as the implementing agents belong to the old frame of administration, as long as participation and decentralization remain words to be flaunted as in past years, there appears to be no cause for belief that structural change will now occur with greater success than in the past.

This is not to undermine the fact that from the perspective of past strategies and models used by the Bank, there are reasons for labeling the approach "new-style." There is undoubtedly a major shift from emphasizing higher output and sheer growth in agricultural production, towards concern with distribution and spread of benefits. The very fact of increase of Bank projects in rural development from less than 5 percent prior to 1973 to the current level of over 20 percent is indicative of

a new concern with areas and projects involving the majority of the world's poor. There is little doubt that these "new-style" projects have less assured returns on investment, that they are less "bankable" and more "risky" than investments in other sectors. Rural development projects are more complex and multisectoral than the more traditional agricultural and infrastructure credit loans and consequently more difficult to assess and monitor. There is less assurance of success in these projects and therefore risk in securing returns. Moreover, investment in developing human assets like health and education are also long-term investments with little in terms of immediate returns.

Officials in the Bank's rural development division are quick to highlight these changes and by and large feel there is a genuine shift in policy in a positive sense.<sup>26</sup> They express satisfaction in the lending figures, in exceeding their targets for poverty-oriented projects, and the quadrupling of such projects in a five-year period (see Tables 3 & 4, Chap. 1). There is pride in the claim that the Bank is now the largest single source of external funds for rural sector investments, and that over half of this lending is designed to increase the incomes of small farmers and weaker sections. Based on recent evaluations done by the Bank, the initial anxiety on the rate of return on investment in these projects has

abated since the poverty-oriented projects are by and large bringing in a rate of return similar to other projects in the rural sector.<sup>27</sup>

I found a broad consensus among World Bank officials involved with rural development projects as regards the efficacy of the policies and the general problems. This makes it possible to deal with the responses collectively.<sup>28</sup> The first point that comes through is the rationalization of problems with the redirecting investments approach by the belief that it is the only feasible approach among possible choices. Other alternatives are considered either too sensitive politically or simply impractical in the scope of the Bank's operations. Thus stronger policies involving asset appropriation and distribution are rejected as both politically unsuitable as well as beyond the scope of Bank policies.

This again bears on the predominant view in the Bank that, though political issues have a bearing on the development process, it is possible to pursue a "neutral" strategy which does not upset the assumed harmony of interests of the different classes comprising rural society. The redirecting investments approach is seen as a milestone in the effort to locate a neutral and technical approach to development. Redirecting investments from the accruing national product, used for small capital investments rather than consumption, is least

likely to disturb the rate of capital accumulation or general growth rates, and is therefore a more desirable "neutral" means of alleviating poverty even though it may take time. The contrary view that there cannot be a non-political or neutral approach, that neutrality usually serves the interests of the establishment, that the Bank's actions, influence and policies are in themselves largely governed by political considerations and practices, are matters regarded as exaggerated and peripheral to the applied development policies.

Though most officials admit to the long-term projections that the approach indicates, they do not appear to doubt that it will and is resulting in poverty alleviation. This is another aspect of the rationalization process: that poverty alleviation within programs of rural development takes time to bear fruit, that the problem is complex and there is no rapid solution within the existing "constraints." There is the implicit acceptance in these arguments that the poor are here to stay, at least for a very long time. Despite the policy interventions to assist the poor, large numbers of them will still be around in the year 2000, as the Bank projections of alternative scenarios show.<sup>29</sup> This acceptance, or resignation to "facts," is considered being realistic and practical in the approach to project formulation. Whether these assumptions are realistic, and whether the redirecting

investments approach is effective in poverty alleviation will be examined below under project analysis.

A third common strain in the discussions was a defensive attitude towards the Bank vis-a-vis policies for poverty alleviation. The point was repeatedly made that the Bank does not suggest it has all the answers to the poverty problem. As Ben A. Thoolen of the Rural Development Division put it:

At no point has the Bank claimed that it has the solutions. It has never pretended to be able to solve the issues (of poverty). Even the Nairobi speech has very many clauses discounting any absolute ability to solve the issues. We are still searching for new methods and strategies, keeping our policies flexible and hoping to learn from past experiences. In this division we are constantly reviewing our projects and introducing new methods.

The prevalent feeling seems to be that too high expectations have been placed on the World Bank for alleviating world poverty, a role for which the Bank was neither designed nor has the requisite means and influence. Thus the officials feel that whatever attempts have been made in the area of poverty alleviation are a commendable departure from past policies, considering that the institution is primarily an external bank with its own interests in terms of feasibility of projects undertaken. Rural development and poverty alleviation, in the Bank's view, remain primarily internal responsibilities of the member

nations, and as such there are limitations to the extent to which the Bank can dictate policies. This leads into a related general opinion among the Bank staff: that the Bank does not and cannot interfere with the internal policies of the member nations.

According to Ted Davis, head of the Monitoring and Evaluation Cell of the Rural Development Division:

The political and cultural obstacles which prevent benefits from reaching the poor are now being gradually recognized. The World Bank is not well placed to deal with them. It can only suggest to the member governments the necessary structural changes.

The Bank's suggestions for structural change are geared around liberal economic rather than political principles: changes in the composition of demand, production and employment, and the external structure of trade and capital flows, rather than egalitarian restructuring and distribution of factors of production and power. The problem is viewed as largely internal to the concerned nation and therefore to be dealt with by the nations themselves. The implications are that the Bank does not interfere with internal policies, nor can it push any particular ideology or policy on the member nations; that the policies are neutral, and the extent to which they are utilized for poverty alleviation depends on the member governments. There are, however, too many instances of the Bank's action to the contrary.<sup>30</sup>

(2) Basic Needs: ILO

The basic needs approach takes fulfillment of basic human needs as the primary objective around which development strategies are organized. The shift from preoccupation with growth was initially towards stressing the creation of employment opportunities, with the International Labour Organization at the forefront. Work by ILO indicated that low labor utilization coexisting with underutilization of capital and available resources is the major problem causing unemployment in the underdeveloped world. The causes of low labor utilization were associated with lack of basic levels of consumption and living standards as well as the weakness or absence of necessary institutions for factors like credit, land ownership and tenancy rights. This gave support to policies of redistribution and reduction of inequality and, along this process, to the concept of satisfying basic human needs as a base for development.<sup>31</sup>

With this evolutionary perspective, it is not surprising that an employment-oriented development agency like ILO first brought up the essential elements of a basic needs strategy in some organized way. At the World Employment Conference in Geneva in June 1976, the Director General of ILO proposed that "development planning should include, as an explicit goal, the satisfaction of an absolute level of basic needs."<sup>32</sup> The objective was

described as meeting the basic needs of all people; the focus however was to be on the rural poor, constituting the major bulk of the deprived. The ILO Director General's report, by and large endorsed by the World Employment Conference, contains the most detailed articulation of the basic needs concept by an international agency. It also discusses the national and international strategies required for its implementation.

Basic needs, as described in this report, include two elements:

First, they include certain minimum requirements of a family for private consumption: adequate food, shelter and clothing are obviously included, as would be certain household equipment and furniture. Second, they include essential services provided by and for the community at large, such as safe drinking water, sanitation, public transport, and health and education facilities.<sup>33</sup>

Other essential elements stressed in the report are participation of the people in decisions that affect them, reinforcing the achievement of the two main elements of the strategy. The concept is to be placed in the broader framework of basic human rights, which are ends in themselves as well as means to the attainment of other goals of development. Thus basic needs constitute the minimum objective of society which will provide the base for higher objectives and desirable attributes that "inevitably take longer to attain."



Although there was no uniform minimum standard agreed upon for fulfillment of basic needs nor were any specific targets set, the World Employment Conference endorsed the basic needs strategy and called on the UN General Assembly to make the policies required to make basic needs an "essential part" of the UN development programs and "the core of the Third Development Decade Strategy." ILO proposed the year 2000 as a target date by which the most essential basic needs should be met in all societies.

Recognizing that the specific policies will have to vary from country to country depending upon the "most suitable policy options," ILO lists out the main ingredients of its proposed new approach to development summarized as follows:

1. Raising the volume and productivity of employment and income of the poorer sections
2. Increased investment in the agricultural sector and reduction of inequalities in access to productive assets and services
3. Provision of basic consumer services to the entire population, financed from progressive taxation
4. Reducing inequality of household consumption of goods and services for meeting basic needs
5. Trade expansion and selective aid measures to meet import requirements without creating dependence on foreign aid

6. Establishing institutions to facilitate popular participation in the development process to ensure continued commitment to the basic needs approach <sup>34</sup>

To ensure that these measures are implemented, the ILO proposal has an additional list of general guidelines. These include:

1. A package approach combining the inter-related elements
2. Not merely a policy of redistribution of accruing incomes but a shift in the pattern of growth itself
3. A basic minimum of institutional reforms to ensure access of weaker sections to the necessary resources
4. Political commitment and appropriate administrative capacity and structure
5. Participation of poorer sections in the policy-making process allowing them some weight commensurate with their numbers
6. A favorable international environment and availability of international assistance.

Most of these elements smack of the prevalent rhetoric of the mid-1970s and appear not to differ in content from the redirecting investments approach or the general development rhetoric voiced by the World Bank. Mahbub ul Haq<sup>35</sup> and Paul Streeten<sup>36</sup> of the World Bank are also associated with the exposition of the basic needs concept. The former expressed this as a "selective attack on the worst forms of poverty," and made the interesting point that instead of focussing on GNP to take care of poverty,

we should reverse this to a direct attack on poverty and allow the GNP to take care of itself.<sup>37</sup> Paul Streeten, who has several publications on the subject, describes the approach as a more positive concept with specific directions in terms of health, food, education, water, shelter, transport as well as non-material needs like participation, cultural identity etc., as compared with other approaches suggesting alleviating poverty or reducing inequality in negative terms.<sup>38</sup>

The World Bank's propagation of the basic needs rhetoric is reflected in a speech by its President, Robert McNamara, in October 1976:

Such an understanding--a "global compact" if you will--would make clear in overall terms both the additional trade and aid support to be provided by the developed nations, and the policy reforms and structural changes to be undertaken by the developing nations. They should have as their major objectives the meeting of the basic human needs of the absolute poor...within a reasonable period of time, say by the end of the century.<sup>39</sup>

Two points of interest arose during the course of my literature review and discussions at ILO and the World Bank: how the basic needs approach differs, if at all, from the redirecting investments model; and how the ILO's concept differs, if at all, from that of the World Bank with regard to basic needs.

ILO has the claim of being one of the oldest and most experienced agencies in the effort against unemployment

and poverty.<sup>40</sup> The basic needs strategy is the most recent outcome of the studies and experiences of the agency with the causes of low labor income and output. The urgency of direct measures at meeting the basic needs and raising the income of the poor, though similar in the objective of poverty alleviation as the redirecting investments approach, suggests different means to that end. It emphasizes the production and delivery to the target groups of basic needs (material) through direct methods like "supply management" and "delivery systems." It does not rely on income generation or transfer income alone since there is a recognition that with the inherent market imperfections and bias, redistribution of purchasing power alone may be insufficient to ensure that the poor receive their basic needs. Thus the direct provision of basic needs, as against income transfer, is the major distinctive feature.

Another claim on behalf of the basic needs approach is that it is further along the path of the evolution of development theory and poverty alleviation. The strategy proposes particular measures towards particular groups, and therefore appears less abstract and more disaggregated and concrete. Whereas the previous phase has been concerned with negatively defined features like inequality and the need for redistribution, this one proposes visible positive efforts and makes the case that meeting basic needs is more

essential and beneficial than reducing inequality through redistribution, and is anyway a means to the eventual attainment of the latter.<sup>41</sup>

There are, however, features in common in the two approaches which have led critics to call the basic needs approach merely another version or an adjunct to the redistribution with growth strategies.<sup>42</sup> Both appear to have an important role for overall economic growth and the traditional mainstream emphases for the economy. Both approaches lay an increased importance on human development through basic facilities like education, health and participation in decision-making. Interestingly, though perhaps not surprisingly, the criticism is more valid for the Bank's concept of a basic needs approach than for the ILO's concept. The basic difference appears to be that whereas ILO regards the strategy as a priority scheme on its own merit, the feeling in the World Bank is that it should form a part of, even integrated with, its overall growth and redistribution measures.

An important aspect underlying the ILO proposal appears to be that the basic needs can be met with comparatively low-cost measures. Therefore it need not affect the other sectors and their growth rates beyond the necessary minimum diversion of public investment. An example cited is that of Sri Lanka which, despite expenditures of only 12 or 13 percent of GNP, had by the mid-1970s achieved

improved levels of life expectancy, literacy and infant mortality by low-cost health and education systems.<sup>43</sup> Though the proposal emphasizes the need for complementary reform on both the international and the internal spheres for "creating the political environment" and providing external finance, the focus is to be on direct provision of basic needs. In the World Bank, the attitude seems to be to grant priority to basic needs, but within the scheme of redistribution with growth. Paul Streeten, particularly in his earlier papers, seems to indicate this as a suitable complementary approach in the sense of channeling investments on priority for basic needs without any disturbance of the remaining economic structures.<sup>44</sup> This however needs to be qualified in view of his recent articles where he describes basic needs as both an end as well as a means, and suggests meeting basic needs a "first charge" of development efforts and international aid.<sup>45</sup>

The development approach at the World Bank seems to be in favor of emphasizing growth as in the past, supplemented by policies towards improved access for target groups, and efforts for meeting basic needs. The argument from the Bank's perspective as suggested by Srinivasan is that direct measures of production and distribution processes, as against directing investments for raising the purchasing power and income generation, is likely to deplete savings and limit growth at the

national level, and thereby makes the policy difficult to sustain.<sup>46</sup> In other words, too much emphasis on provision of basic needs by direct investment and production would cut into the growth process, thus reducing the future production possibilities. Therefore an approach that allows for continued growth while diverting the accruing income towards basic needs is regarded as more favorable. The examples of Sri Lanka and Tanzania are cited as having attempted to follow a basic needs strategy at the expense of growth, thus "affecting the future capacity to provide basic needs," and with some reversal of the policy at least in Sri Lanka under the new government. The moot point, however, remains the quality and will in implementing the basic needs strategy and all that is associated with it. The increase in productivity potential and organization of people for better utilization of resources can outweigh any loss in existing productivity.

The current trends in ILO anti-poverty strategy appear in part to be a move towards the Bank's approach of integrating basic needs in a broader approach to "development." In its program statements for the 1980s, ILO proposes a continued focus on poverty alleviation and meeting of basic needs, but the approach is diffused by the overall concern with "influencing the course of rural development programs to ensure that development is broad-based and equitable."<sup>47</sup> The emphasis appears to be on a

mass-based strategy, while specific aspects of the basic needs approach and work on establishment of minimum living standards proposed in the 1976 reports and resolutions seem to have made limited headway. In this, some of the reasons are similar to those raised by the Bank: that this is basically an internal matter of concerned nations; that there can be no compulsion on adopting specific policies by national governments unless there is a voluntary effort on their part.

The basic needs strategy thus seems no more likely or effective in bringing about structural change than the redirecting investments approach. The criticism has been made that the objectives underlying the approach are directly opposite to the professed ones: that provision of basic needs is an effort to preempt the poor from forcible structural change; that internationally, the approach aims to sidetrack the underdeveloped nations from technical assistance and modernization by the diversion to basic needs; that it is a means of increasing markets and so antithetical to the demand for a new international economic order and will only result in the further widening of gaps between rich and poor nations.<sup>48</sup>

While there are strong arguments on both sides, it appears that the major part of the debate is between the centers with scarcely any voicing of the actual interests



of the poor, the periphery, though the rhetoric would indicate that they are the focal point. The argument from the spokesmen of the Third World is based on obtaining the benefits of the New International Economic Order (NIEO) which under the existing power structure would give the center in the Periphery much more opportunities than to the poor, while the self-interest in markets and prevention of instability guides the spokesmen of the developed world into pushing for a basic needs approach. Since specific measures are not implemented at either level, the basic needs approach as it stands is but a legitimization tool for both the national centers and the international agencies, propping up the very structures that the rhetoric would have one believe they are attempting to change.

### (3) Agrarian Reform: FAO

The agrarian reform approach is based on the centrality of agriculture and the involvement of the small farmer in any attempt to alleviate widespread poverty in the underdeveloped world. The foundations of this approach need to be clarified at the outset.

Agricultural development is regarded as the key route to poverty alleviation and development in the Third World--and not strategies of rapid industrialization or urbanization as in the past. Agriculture continues to

employ the majority of the labor force and contribute the major share to GNP, particularly in South Asia.<sup>49</sup> Therefore any future development policy must rely on increased agricultural output, through provision of inputs and agrarian reforms, for ensuring price stability in foodgrains as well as generation of additional employment. According to agricultural economists like John Mellor, higher output of foodgrains will help maintain price stability while the increased income of farmers will spur demand for agro-based as well as industrial goods.<sup>50</sup> This would increase employment through the setting up of agro-based and small scale industries located in rural areas. The necessary capital could be generated by increased domestic savings, foreign aid, and increased trade through export of labor-intensive consumer goods.

The other aspect is the importance of small farmer involvement. Some statistics regarding the magnitude have already been mentioned.<sup>51</sup> According to FAO studies on India, around 60 percent of the farmers are in the "small" (below 5 acres irrigated land) category; while small holdings constitute 62 percent of the total holdings of land, the total area held by small farmers is only 20 percent of the total available land.<sup>52</sup> In addition about 16 percent of the total working population are landless farm laborers. The findings of a worldwide census of agricultural holdings conducted by FAO covering 83

countries indicates that about 80 percent of all holdings are less than 5 hectares in size, accounting for only about 20 percent of all cultivated land. The census brings out the startling fact that about 3 percent of all land holders control nearly half the total arable crop land and over three-fourths of all farmland; conversely, 97 percent of all landholders account for less than a quarter of all farmland and slightly over half the area under crops.<sup>53</sup>

The implications of this overly skewed distribution of land for agricultural production seem extremely important if one considers the findings of numerous studies that, contrary to popular opinion, small farms and lower concentration of land ownership show a higher output per acre than large or inequitable holding patterns. Comparative multicountry analysis by FAO as well as the World Bank lead to the conclusion that "a smaller average size of holdings and a lower concentration of land ownership were associated with an increase in output per hectare."<sup>54</sup>

The Bank's findings from cross-section studies in several countries indicate that output per hectare is three to as much as fourteen times greater on an average on small farms than on large farms.<sup>55</sup> The argument of economy of size or a minimum size of holding breaks down in the face of these findings; the studies on Sri Lanka and Taiwan among others indicate that farms of upto one acre on an average have a

higher yield than larger holdings. For India, by and large, the findings are similar; output is more than one-third higher on farms below five acres than on larger farms.<sup>56</sup> The FAO missions to China also support similar findings on the improved output as a result of collectivization and intensive farming, and the title of the report is direct: Learning from China.<sup>57</sup>

This indicates that past strategies of promoting large-scale agriculture and farm mechanization have been weak not only on humanitarian and social grounds, but also on economic grounds. The implications and basis for this approach is, therefore, that land redistribution will not decrease but increase output, and that supporting small farms with the necessary low-cost delivery systems for services like credit, seeds, fertilizer etc. will result in higher and more equitable growth. The basic factor for higher output on small farms is primarily more intensive application of labor, while large-scale commercial operators use hired labor to the extent that the increase in output yield profits. Small farmers tend to put in the maximum labor and inputs to increase the output to the utmost. Lack of access to inputs and credit usually prevents even higher productivity and optimum use on small farms.

Yet another factor in favor of this approach is the scope for greater employment, since the use of labor is

higher on small farms. The FAO cross-sectional analysis shows that on an average, the smaller the holding, the greater the input of manpower.<sup>58</sup> With greater utilization of labor that can be anticipated with land reforms, productivity per hectare will go up, but output per worker will naturally decrease since the higher income will be shared among a larger number of workers. However, there is usually scope for increasing productivity by several times the existing output through the use of high-yielding, labor-intensive technology and the availability of necessary inputs. These measures are thus an important component of an approach to poverty alleviation through land reforms. Prominent success stories of land reforms followed by intensive cultivation and high yield are Japan, South Korea and Taiwan.<sup>59</sup>

FAO, in recent years at the forefront of agrarian reforms as a central strategy for poverty alleviation, describes itself as "an agency committed to action."<sup>60</sup> The agency does appear to have come a long way, from being a technical agency geared towards scientific methods and infrastructure for increasing food production, to one engaging in political economic analyses and suggesting radical agrarian reform measures. Previously committed to combating hunger through increased food production by technical improvements, it is now committed, in terms similar to the World Bank, to an "attack on world poverty."<sup>61</sup>

Two groups of programs need to be considered specifically in understanding FAO's approach to attacking poverty: one is the package of agrarian reforms culminating in the FAO-hosted World Conference on Agrarian Reform and Rural Development (WCARRD) held in Rome in July 1979; the second is a program of field action for organizing the poor. Both have their base in the FAO project, "Asian Survey on Agrarian Reform and Rural Development" (ASARRD) undertaken in eight countries between April 1973 and June 1976.<sup>62</sup>

Some indication of whether or not there is the potential of structural change through this approach can be gauged by the reactions to, and proceedings of, WCARRD. During discussions with FAO officials regarding the possible implications of the conference and the extent of FAO's new directions for implementing radical measures, one official commented:

As a lead agency for agrarian reforms, FAO will have to give genuine support for radical measures, otherwise it will risk its credibility. This is a sensitive period; the whole U.N. system is under fire because of failure in economic and social functions, and some restructuring is being considered. FAO will have to implement the WCARRD resolutions. The Governing Body will have to change directions to the extent necessary. The current rethinking is already countering with success the conservative elements opposed to radical measures. Once this happens, the member countries can be persuaded to comply in their own interest.<sup>63</sup>

This kind of latent urgency exists in the preparatory documents for the conference. The resolution to convene the conference was made in November 1977; it deplored past developmental efforts in being unable to overcome the basic problems of poverty, and called for a "frontal attack on poverty" by considering institutional and structural changes needed to facilitate rural development.

In plowing through the flood of reports, country studies and proceedings of regional conferences that resulted from this resolution, one is struck by the radical implications and suggestions emerging from the political economic rather than technical analyses done by the agency. The conference, according to the Director General of FAO, was to be aimed at "the central problem of rural development in developing countries, which can only be effectively tackled through programs of agrarian reform...the improvement of policies and action programs of direct benefit to the mass of the rural people."

A review and analysis of agrarian reform and rural development in the developing countries since the mid-1960s was prepared for the conference on the basis of country review papers of fifty-five countries and other case studies and reports made by FAO and other development IGOs. The opening paragraph states that the disparities in living standards between the rich and poor, within underdeveloped countries as well as between the rich and poor nations,

have increased due to underlying structural problems.<sup>64</sup>

With remarkable clarity and frankness, the key issues are identified at the three levels: the rural structures, national policies, and the international relationships. At all three levels, the acknowledgement is that the existing structure has been exploitative and unfavorable to the rural sector and particularly to the rural poor. This rural retrogression is not stated as inherent, or a temporary offshoot of high growth policies, but the reflection of the historic exploitation of the periphery by the center.

At the rural level, the review identifies that "underdevelopment and poverty continue to be closely linked to inequitable distribution of land" and related issues, including the major share of benefits from agricultural investments and infrastructure being drawn by the large and influential farmers; that even during the green revolution phase, only about 20 percent of the farmers in the underdeveloped world drew the benefits, leading to wider disparities and the easing out of small farmers and tenants. Assessment of national policies is equally blunt: that the rural sector has been disfavored in terms of its share of public investments in national plans; that policies of pricing, taxation and terms of trade between rural and urban sectors have had the "net effect of steadily decapitalizing the rural areas;" that



policies have generally gone to support the status quo instead of agrarian reforms due to constitutional and legal protections; and that there exists "undue influence of privileged groups on political structures and official agencies."

In international relationships, the review points to the linkages created by trade, aid and foreign investment between developing countries and the world economic system as having contributed to problems of agrarian reforms, rural dualism and poverty. The implications of the review, and the related analyses of FAO regarding the potential available for growth and development through egalitarian measures involving the rural masses, indicate the problems can be met through "a much stronger commitment to accelerate rural development," failing which the "overall situation... will be severely aggravated." The review concludes with pointing out the importance of agrarian development in the overall socio-economic structure of society and warns that "minor structural adjustments have not resulted in fundamental changes in rural areas or succeeded in stemming the rise of rural poverty." It calls on the conference to implement a transformation of rural society through structural reform.

Given the intensity of these statements and the accurate, even though generalized and by no means original,

review of the forces preventing agrarian change, what were the specific proposals for structural change at the conference? The review was done with the specific intent of identifying "key issues for the World Conference to take decisions concerning policies and strategies for the eighties." This is also ostensibly what the chapters in the review purport to accomplish, like Section III on policies and programs affecting agrarian reform and rural development, and what seems the key section, "Major Obstacles to Agrarian Reform and Rural Development." These sections point out the various impediments to implementation of agrarian reform in the same general terms, like constitutional and legal provisions as in the case of difficulty with constitutional amendments to the right to property in the Indian constitution. Other points are ambiguity in legislation, regulation of tenancy, lack of inputs and so on. While pointing out these factors is in itself commendable, they are well known and do not seem to contribute to identifying key issues or specific measures.

As a result, although 140 recommendations were drafted for the conference, none contained any specific or binding provisions for structural change. While measures for structural change are inherently political, the review did not go beyond using the broadest terms in discussing the forces perpetuating poverty; therefore there was no attempt to analyse these specific forces as the actual obstacles.

This attempt to touch upon the political economic factors and then withdraw towards maintaining a non-political atmosphere is the major factor thwarting the possibilities of structural change.

It comes as no surprise, therefore, that the conference did not accomplish very much. The skepticism evident prior to the conference from critics and the general press proved more than valid.<sup>65</sup> Delegates from 150 countries, including some heads of states and cabinet ministers, came to proclaim their good intentions, publicise their achievements, and make some general commitments about the future programs in conformity with the broad principles declared as the objectives of the conference.<sup>66</sup> Other developmental IGOs including the World Bank were also represented by senior officials whose speeches were largely a description of the increased concern for the rural poor and the shift in policies towards the goal of poverty alleviation.<sup>67</sup> Apart from publicizing achievements, there was the expected rhetoric of increased coordination among the various agencies, treatment of the problems of rural development in a holistic way, and the importance of increasing production and incomes while simultaneously tackling poverty alleviation.

This only reaffirms the attempt to maintain a non-political, harmonious atmosphere in an area which has obvious indications of underlying conflict, as the analyses by

the World Bank and other IGOs and national governments themselves imply. If an attempt at tackling the root of the problem and pushing for structural change had been intended, some inclusion of questions like ownership and control of means of production, the control of political power, the nature of the State and the mechanisms of bureaucracy and law and order, the international linkages and interests, and a critique of the normative foundations of the development process as they emanate from the above questions would have been necessary.<sup>68</sup>

The agenda for the conference and the background papers touch upon or at least approach some of these questions, but the actual agenda and the proposals and recommendations appear in a watered down, generalised, rhetorical version so as to be acceptable to the governments and various power groups represented at the conference. It is interesting to note that the United Nations Research Institute for Social Development (UNRISD), a progressive and critical institute within the U.N. system, did suggest the inclusion of some of these aspects in the agenda, as well as other matters like the growth and impact of commercial agricultural and foreign investment in the Third World, but its suggestions were either not accepted or diluted to the extent of losing their intent.<sup>69</sup>

Another factor which was ostensibly to promote a "widening and deepening dialogue" on the major issues was

the invitation of some non-governmental organisations and left-inclined groups to participate in the consultations, though not to vote on the actual deliberations of the conference. While this step obviously goes a long way in supplying some additional legitimacy and further justification for the conference and the IGOs and governments associated with the WCARRD, input from these groups was severely limited. Firstly, the types of NGOs invited in the name of people's organisations were actually by and large soft groups or individuals, and the regional consultations were managed and controlled by FAO representatives together with the local government agents. As such no radical critique of existing policies or of the FAO's role appeared through these consultations, nor were many of the actual people's organisations involved.<sup>70</sup> Moreover, even those who were invited to the Rome conference were not allowed any input into the final decisions or agenda for action.<sup>71</sup>

What emerged from the conference in the form of decisions and a "program of action" is a collection of generalities, none of which have any concrete implications for any significant change from current practices.<sup>72</sup> The "program of action" could very well be rephrased as "more of the same;" it asks for decentralization of the decision-making process, increasing resources for rural development, promoting peoples' participation in development programs,

strengthening local governments, "faithful" implementation of land reforms, and so on. It is replete with expressions like "carefully examine," "strengthen," "promote," "affirm," "ensure," "appropriate action," "reaffirm," and "encourage," which most agencies and governments could by and large claim they are already doing and have been doing, and have no hesitation whatsoever in fervently supporting theoretically. If, instead of evading the issues of conflict by the use of vague and harmless terminology, there had been some articulation of specific types of action and some move towards independent means of ensuring the occurrence of such action, the Conference may have been a step towards significant achievement. But perhaps to expect such an achievement is to expect that WCARRD and the power structure it represented could be capable of acting against its own self-interest.

It is significant that most of the FAO officials and in-house critics whom I asked about the achievements of the Conference felt that the single important decision is the provision for monitoring and evaluation of agrarian reform and rural development programs in the member nations. This involves developing indicators of rural development, collection of relevant data for monitoring progress, improvement of criteria and methods of evaluation, periodic reviews and evaluations, and the suggestion of appropriate action at the international, national and local levels. This may

appear significant in view of lack of any achievements beyond rhetoric in any of the other areas, and also from the perspective of FAO which overemphasizes its limitations in dealing with internal matters of member nations.

However, one cannot anticipate structural change through exhortation and rhetoric alone, and the role of the FAO and other U.N. related IGOs entrusted with this new power of exhortation cannot be expected to do much better than all the unrealised rhetoric of the past. At best, the hope to "sensitize the populations" through information campaigns and to promote popular participation and local organisations can be regarded as positive steps, though their achievement without prior structural change and through the existing system can only be severely limited. This effort at organizing the poor stems from the other FAO project of field action which will be discussed under alternative strategies for poverty alleviation.

#### (4) Integrated Rural Development: ESCAP, ADB

The integrated rural development model includes the main components of the previous three approaches--redirecting investments towards the rural poor, priority to the fulfillment of basic needs, and the importance of agrarian reforms and focus on small farmers--and builds on them for a comprehensive, integrated approach. While this multi-sectoral feature makes the model more complex, the argument

in favor is the complementarity of the components, and the recognition that isolated single-sector efforts in poverty alleviation are not successful due to the rural power structure and the power of the influential groups to subvert the same. Thus the concept is increasingly finding support with all the development IGOs and most national governments.

For this section, we will use the experience of two of its proponents: the Economic and Social Commission for Asia and Pacific headquartered at Bangkok and its Inter-Agency Committee on Integrated Rural Development; and the Asian Development Bank, particularly the experiences of its Agriculture and Rural Development Department. An analysis of the concepts and experiences of these two agencies will indicate the feasibility of structural change in this model.

The concept of IRD, though western in origin like the others, has been developed substantially by the relevant departments in many underdeveloped nations, particularly by Pakistan,<sup>73</sup> India and Bangladesh,<sup>74</sup> which have been applying and adapting this model. The Indian experience will be discussed in the next chapter. The basic components as enumerated by Albert Waterston, who was with the World Bank for 25 years, may be mentioned at the outset.<sup>75</sup>

The justification of this "new" approach is given in similar terms as in the previous three: that "agricultural



development has frequently benefited the rich rather than poor farmers in developing countries because...the poor lack the education, credit, and other attributes required to respond adequately to new opportunities." Like the previous models, the central focus of the approach is that agricultural output must increase steadily and equitably so as to sustain, through the capital generated from surplus production, the associated services and activities. "Self-sustaining agriculture is the key to self-sustaining rural development."

The model thus rejects a "green revolution" approach on account of its effect on widening the gaps and affecting small farmers and weaker sections adversely; it also rejects special social service types of programs for their creation of a "welfare mentality" or excessive dependency. Instead, on the basis of a wide review of hundreds of rural development efforts, Waterston finds the experience of China, Tanzania and Israel as the closest to a suitable IRD model. The essential elements he identifies are as follows.

To absorb the surplus agricultural labor, the first point is the use of low-cost, labor-intensive techniques in agriculture. This strategy is not intended to keep the population involved in agriculture, but to spread out the migration over time and in the meanwhile employ rural workers in useful activities. It calls for low working capital cost per unit of labor and low capital-output ratios. For

the utilisation of off-season labor, as well as absorption of non-agricultural labor, it suggests employment generating minor development works like the construction of feeder roads and canals for irrigation, improvement of infra-structure, as well as social facilities like school-houses, health centers etc. In this manner, the liability of surplus labor is expected to be converted into a productive asset. Next, the employment opportunities and capital generation in improved agriculture is to be supplemented by labor-intensive light industries for processing of agricultural commodities like canneries, rice mills, slaughterhouses etc; producing inputs for agriculture, such as fertiliser mixing plants, poultry feed mills, small toolmaking industries, brickmaking etc.; and production of small consumer goods. Examples of success and failure are cited from the Indian experience: construction of roads, embankments and irrigation channels as having greater success and utility, as against the failure in protection of "khadi" traditional textile production against the more efficient modern textiles industry. Finally, the accomplishment of all this must be in an atmosphere of self-reliance and self-help, with an overarching national support for these measures, strong centrally directed efforts accompanied by local-level planning and expression of needs.

ESCAP

While there are numerous other exponents achieving different levels of sophistication with the IRD concept, the essential building blocks remain as enumerated above.<sup>76</sup> The claim that this approach is distinct from all others, despite its all-embracing description, is based on the following features, as mentioned in an ESCAP publication:

1. Greater employment, productivity and incomes for the rural poor
2. Increased availability of goods and greater access to services for the satisfaction of the basic needs of all sections of the community
3. Participation of the people in the development process, with an emphasis on self-reliance.<sup>77</sup>

This claim, as well as the general points made by Waterston for the "new" approach, begs a point I made earlier in connection with the components of the redirecting investments approach:<sup>78</sup> that innumerable "development" projects in the past have been conducted with almost the precise claims made above, and certainly in most Indian plans since the mid-1950s. Apart from that, the above three claims are also basis of the prior three approaches, and in no way distinguish it from them; rather, they synchronize perfectly with them. Further, the article cited above follows its description of the "distinctive" features of IRD with an acknowledgement of an all-important criticism against the approach:

...such approaches typically lead to policy interventions which involve residual treatment dealing with those elements or individuals within the system who do not benefit from it, rather than attacking the system as a whole.<sup>79</sup>

Perhaps a reflection of this point is the way the author, apparently the Agricultural Division of ESCAP since no individual name is mentioned,<sup>80</sup> handles this criticism of residual treatment versus attacking the root of the problem: by simply ignoring it. There is no further discussion on it in the article--no attempt to counter or defend.<sup>81</sup>

A brief review here of the involvement of ESCAP with the IRD model and particularly the developments in the past five years reveals the lack of specificity and the limited scope for change in the "plans of action." At its 31st session in New Delhi in 1975, ESCAP declared it would give "the highest priority to the rural disadvantaged" and began planning a program for the period 1976-81. The next session in March 1976 gave rise to further discussions and resolutions to pursue a detailed program of work on rural development. As a result, an Inter-Agency Committee composed of the heads of international agencies based at Bangkok was formed "to provide guidance for a coordinated U.N. effort in integrated rural development" in recognition of a "need to develop on a priority basis a coordinated action-oriented approach by all these agencies together to maximize the

combined impact of their programs." To assist the committee, an Inter-Agency Task Force composed of representatives of all the U.N. agencies was formed to study and advise on the issues and problems referred by the committee. The objective was to coordinate the activities of the different agencies, all of whom are ostensibly pursuing one goal in common: alleviation of poverty in the ESCAP region through IRD-related programs.

The obvious problems of maintaining a harmony of interests of all concerned parties and following accommodative tactics have yielded little more than generalizations so far. For example, the lack of specificity, the restatement of worn rhetoric, is evident in the so-called "key issues" identified by the committee:

1. Improving local capabilities to mobilize resources for projects oriented towards poorer segments
2. More equitable access to productive assets and services
3. Facilitate effective participation of target groups
4. Decentralized provision of inputs
5. Training for officials and community workers for the above
6. Monitoring systems to ensure the above
7. Exchange of information and expertise for mutual benefit, and action-oriented research to support the IRD concepts

These are all very neutral, agreeable and sufficiently broad "key issues" welcome to all agencies and nations, most of whom would claim to be already following these principles and would readily agree on "more of the same." The Inter-Agency Committee was also involved with the formulation of a regional plan of action for IRD. The effort, however, remained at the level of formulating general principles of a similar undisputable nature, and no specific plan has been formulated. The reasons given for this are that specific national requirements vary considerably, and the IRD concept itself has many aspects that would vary with regional differences. Therefore there has been formed instead a "Framework for a Regional Plan of Action" which intends to offer national governments "systematic support for rural development with an anti-poverty focus through mutually complementary efforts of the U.N. family." In other words, no particular measures have been conceived; within the broad framework, the initiative is left to the national governments. The objective is to guide and assist the governments from above.

Officials of the Task Force and critics within ESCAP indicate the realistic belief that there can only be a very limited role under these presumptions for IRD strategies by external agencies. There are in addition certain problems faced by the Inter-Agency Committee which add to its inhibited approach. Each agency wishes to function independently

thus causing duplication as well as coordination problems. Each agency has its own hierarchical structures and rigid procedures which limit the independence and functioning of representatives in the inter-agency decisions. Moreover there is no functional coordination of the agency programs at the global level.

The strategy of ESCAP and the Inter-Agency Committee for IRD, therefore, is primarily one of continuing with minor adjustments, a strategy of supporting national efforts at poverty alleviation by assistance and consultation. The system is obviously weak in terms of specific measures for IRD, and the possibility of structural change through this approach appears negligible. The objectives and targets for poverty alleviation have not been mentioned, or they are stated in non-committal, broad terms, and there is little evidence that they will be achieved with any more success than prior efforts and ongoing programs.

#### Asian Development Bank

ADB was formed as a result of an ESCAP resolution to accelerate regional economic cooperation, particularly in the development of trade and industry.<sup>82</sup> It "opened its doors for business" in December 1966 in Manila for "stimulating economic and social development in a region that is home to a third of the world's population."<sup>83</sup> It bears a great similarity in formation, organization,

public relations and developmental ideology to the World Bank, a fact generally acknowledged but becoming sensitive with some of ADB's senior officials attempting to develop a distinct personality for the institution.<sup>84</sup>

For its philosophy in the area of agriculture and rural development, ADB appears influenced by, apart from the World Bank, two major surveys sponsored by it: the First Asian Agricultural Survey conducted in 1967, and the second in 1976 entitled Rural Asia: Challenge and Opportunity.<sup>85</sup> The first was done in an atmosphere of "green revolution" optimism when it was believed that the widespread application of the new technology would effect the transformation of agriculture and the rural economy.<sup>86</sup> The second survey begins with a review of the past decade and produces some sobering facts: that the introduction of superior agricultural technologies has bypassed and even deteriorated the position of the rural poor; that "there is a general consensus that the problem (of rural poverty) has worsened considerably during the past decade." It pointed out the two basic problems of restricted access to productive resources, and the inequality of size distribution of incomes in most countries of the region, with the lowest 40 percent of the people receiving less than 20 percent of the income. For the next decade, it indicated the broad objectives and possible guidelines for ADB's role in rural development as follows:



1. The rate of growth of agricultural output must be accelerated considerably
2. This must be done in a manner which allows the small and marginal farmers to contribute to, and benefit from, this growth
3. Wage-paid employment or supplementary occupations in farm and non-farm activity have to be provided for the growing number of rural workers
4. Links between agricultural and non-agricultural sectors have to be strengthened so that growth in these sectors becomes mutually reinforcing
5. Production and trade in agricultural commodities must be so organized that the DMCs' economies can share in the global increases in productivity and income.<sup>87</sup>

Broad statements of this nature neither solicit any firm or precise action nor any opposing view. Similarly while making a good case for land reforms on the basis of higher productivity on smaller holdings and reasons of equity and equitable access to other factors, precise suggestions are dropped with a statement that it is a difficult operation for governments to carry out. As a critic within ADB put it, "The Survey is stronger in its problem analysis than in suggesting appropriate strategies for rural development."

The concept of integrated rural development and package IRD projects is relatively new, having been developed and accepted only since 1977. For the concerned officials in the Rural Development and Agricultural Division (RDAC), a part of the Agriculture and Rural Development Department

(ARD), the problems involved in promoting a multisectoral project like IRD are very complex.<sup>88</sup> According to them, even projects with a single focus are carefully screened for "bankability"; IRD has just too many components and variables for any development banking institution to be comfortable with. As one official put it, "All bankers are after all basically conservative and wary of the risks involved with taking on complicated, uncertain projects. The ADB machinery does not find it easy to adjust to these projects."

A further problem with IRD projects from the ADB perspective is convincing the governments of member nations to agree to formulate these types of projects, given the general preference for industrial and infrastructure building projects that involve heavy investments and visible returns. Further, even when these projects are agreed upon and undertaken, they are difficult to monitor and evaluate. This is partly because of their complexity and multisectoral nature, and partly because they raise sensitive issues with the national governments leading to charges of interference with internal matters.

As a result, the RDAC Division personnel feel they are fighting a battle on many fronts, not the least of which is the ADB policy itself and the hard-to-get approval of the Board of Directors. However there have been some indications that the projects will be continued and perhaps be gradually

increased. Most officials in the division feel that the IRD concept is the right direction for any solution to rural poverty, and an improvement in some ways over the efforts of other agencies like the World Bank. Moreover there is a gradual but perceptible increase in the proportion of funds for the division's activities. Agriculture and rural development has the largest share of ADB lending, around 25 percent of the overall (cumulative average). The share went up from 15.51 percent in 1969-73 to 28.57 percent in 1974-78. According to the director of ARD, a further increase appears inevitable in view of the gaining importance of this sector and the mass of population that the sector involves.<sup>89</sup>

The process of increasing the funds and activities for rural development have not been without a fair amount of resistance and debate, and even so the results are not as significant as they may seem at first glance. The largely watered down proposals for rural development drawn up by ARD Department appear in a further weakened shape from the Board of Directors' deliberations. A comparison of the two suggests continued reverence to industry and the sectors boosting private enterprise and the reluctance to divert from these into an increased role for rural development. I gathered from a discussion with a member of the Board of Directors, one who is associated with promoting the cause of increasing activities in rural development,

that the lobby of those associated with industry and related commercial activities is very strong and is constantly reflected in the deliberations of the Board.

Thus the proposals for ADB's role in rural development drawn up by the department included broad directions springing from the agricultural survey: orientation toward the rural poor and small farmers, meeting their basic needs, developing participative types of projects, adopting an integrative approach, and ensuring cost-effectiveness. There are additional policy guidelines: the feasibility (or bankability) of projects should not be the sole criterion, but also factors like desirability and ultimate goals; ADB must promote distributional aspects in project areas; that apart from adequate economic rates of return, objectives like increasing productive employment and reducing poverty should be given higher consideration even if that involves lower rates of interest and easier terms. In the revised guidelines emerging after the Board's deliberations, however, the points stressed are that all rural development projects must be properly screened for economic and financial viability; that agricultural production should spur trade through products for domestic or export markets; that IRD projects may be continued cautiously and only if adequate managerial expertise is available, failing which a phased approach should be adopted.

An important decision was taken by the Board in April 1979 that ADB should "aim to increase the absolute level of its lending to the agriculture and rural development sector by 20 percent each year during the period 1979-82." Taken at face value, this decision appears to be a significant promotion for the rural sector and a strong measure of support for the anti-poverty campaign. The original proposal had suggested an increase in both absolute as well as proportionate terms; the decision is silent on the latter part. Since the overall allocation goes up anyway each year, meaning an automatic increase for almost every sector, the allocation for rural development will increase only marginally compared with other sectors, if at all, in terms of percentage of overall lending. Apparently this decision was arrived at after prolonged discussions. Many members opposed the original proposal since it would imply cutting back of one of the other sectors, possibly power or industry which take 23 and 22 percent respectively of overall lending.

These trends are not surprising. On the one hand, there is a continuing importance to the visible modern urban sector, a strong private sector lobby for these modernization projects, the fascination of Third World governments for rapid industrialization, and the dominant free enterprise ideology of ADB reinforced by the influence of the World Bank and the capitalist non-regional financing

member nations; on the other, there are the complexities and lack of clear economic returns of rural development projects. So far the new-style projects in rural development appear to be successful in economic terms to the Bank; the returns are coming in, allaying the initial apprehension. However the overriding concerns of this development institution are by no means strong on poverty-oriented rural development; whatever progress has been made in this direction within the institution is despite, and not because of, its development ideology.

On a macro level, therefore, the scope for ADB contributing to structural change is severely limited and remains largely confined to rhetoric. Like the World Bank, ADB uses the usual scapegoats for evading issues of structural change. The primary one is that the poverty problem is internal and dependent largely upon internal forces rather than international processes, and therefore the responsibility of national governments. A ready substitute for action is therefore the "respect for internal jurisdiction" and the hesitation from interfering with internal issues. Yet, as in the case of the World Bank, ADB can and does influence and interfere where it wishes to: by means of conditions of suitability that go with project loans, by means of the sectors and projects it promotes, by means of the very ideology that emanates from the institution to the receiving nations. Consequently, if structural

change as a means to poverty alleviation were a priority as professed, ADB would be capable of greater influence and impact than the impression conveyed by its public information pamphlets.

At the project level, the scapegoat is the so-called "realism" of existing limitations. Like the World Bank, ADB feels that it must "realize its limitations in making structural changes" and for the success of its projects, it "must not alienate the influential sections in rural areas." Thus the framework of the two major integrated rural development projects taken up on a trial basis, the first in three districts of Nepal and the other in Sirajganj region of Bangladesh, is based on the above self-imposed restrictions. These projects exemplify how ADB identifies the need for structural change by means of political economic analyses, and then launches its non-political, technoeconomic strategies while withdrawing behind what it rationalizes as "realism."

Though the point conveyed emphatically by ADB is that projects are formulated by the member nations themselves and are their responsibility, ADB plays an important role in practically all stages of formulation and implementation. The origin is usually a result of "informal consultations" in which the type of projects likely to be supported are suggested. Then a feasibility study is done

by a team of experts from ADB. This is followed by a "joint review" which results in shaping up the details along the lines suggested to the host nation. Following this a full appraisal is done by a mission from ADB often with the help of a foreign or independent local consultancy firm. The appraisal mission undertakes a comprehensive study which goes into the details of the functioning of the economy, the relevant government agencies, and all associated aspects. If the findings are sound and the necessary changes and adjustments are made, the project money is sanctioned. Thereafter the progress is monitored by ADB teams in addition to the government supervision and reports. A further final evaluation is conducted by ADB at the conclusion of the project with implications for changes in the institutions of the "beneficiary" nation.

At the stage of preliminary appraisal, some of the necessary changes emerge as essential requisites for achieving the professed objective of poverty alleviation; some basic insights, as one finds in the second agricultural survey. A management consultant's report for the Bangladesh IRD project states:

It should be emphasized that unless and until the productive forces of the countryside organize themselves into a combined political body, and unless and until they themselves become the owners of the means of production, there is very little hope for getting out of the vicious circle



into which the country's economy is finding itself at present.

This is where ADB's realism, or lack of it, comes into play again. While acknowledging that there are limitations in reaching the target groups such as small farmers without "leakage" to the "more advantaged" groups and that projects in the past have benefited the richer sections disproportionately, the decision taken is simply that IRD projects should be firmly focussed on target groups even though leakage may occur to those "more advantaged."

Thus the central concept is not to alter the power structure or deal with the problem of unbalanced ownership of the means of production, but "to set in motion a process through which rural poverty would be alleviated by sustained increases in the productivity and incomes of low revenue workers and agricultural households." The assumption here is that the "leakage" problem can be successfully countered without any redistributive or restrictive measures against the "more advantaged" simply by focussing more on the designated target groups. An associated assumption is that taking up more projects in poorer areas will result in redistribution since the majority of beneficiaries will be from the poverty groups. The fallacy of these assumptions have been mentioned earlier and will be discussed subsequently in our examination of field projects.

The opinion and personal dilemma of an official of the RDAC Division regarding structural change through ADB projects may be mentioned here. As an individual he feels strongly about poverty alleviation being a central issue and the need for participatory involvement of the target groups, as well as the necessity of deliberate and direct structural change through redistribution of productive assets. As an ADB official, he justifies the limitations such as bankability, non-interference with internal matters of national governments, and harmonious neutral action without offense to any group or section of the community. In his perception and belief, the IRD type of projects cannot result in substantial structural changes, but they will not affect the poor adversely as in some past projects. Some limited impact on the positive side, he believes, will occur.

#### Concluding Note

We have discussed the basic models and strategies being used by developmental IGOs for poverty alleviation under four groups: redirecting investments, basic needs, agrarian reform and integrated rural development. We have discussed the approach used by relevant IGOs: World Bank, ILO, FAO, ESCAP and ADB. In each case some of the presumptions, problems and deficiencies have been mentioned which make the likelihood of poverty alleviation and necessary

structural change through these strategies as operationalized by the IGOs very limited.

Some common points do emerge. While the shift in priorities towards poverty alleviation has occurred, it is largely at the level of rhetoric in all agencies coupled with limited reformist measures. None of the models or strategies are really new in conception, and all have been present with varying levels of emphases in prior efforts of rural development. While the analyses of problems indicate political factors, the policies attempt to maintain a non-political atmosphere and deal with the issues by technoeconomic methods.

These strategies are also limited in anticipation of impact on poverty. While it is understandable that there cannot be one comprehensive model which includes all the causal factors and makes it possible to anticipate the impact of various policies, yet relatively simple models can shed light on the linkages between certain actions, power structures, and the likely impact on poverty alleviation. There is within the IGOs a persistent uneasiness with the current models, but the search is to somehow find a non-political approach which does not seem to exist.

### Technical-Managerial Bias

There is a dominant technical-managerial bias in the IGOs. This is reflected in the new-style models, as well as in the technoeconomic predominance in staffing and analysis patterns.

This proposition, like the others, was made on the basis of a tentative expectation of the existing situation. After an analysis of the models, the staffing patterns and the evaluation procedures, this one appears more obvious and extreme than anticipated. Given the overemphasis in past development thinking on technical-managerial methods, one would expect the alternative "new-style" approaches framed in the wake of that experience to be far more comprehensive and improved. One would expect the narrow technoeconomic base to be broadened to include alternate social science perspectives. The findings are disappointing.

First, let us examine the models in their implementation aspects and the role envisaged for participation and decentralization vis-a-vis implications for "managed" development methods. The redirecting investments approach envisages capital formation among the small farmers and weaker sections through investments directed at those groups, particularly investments in developing human and physical resources. The primary effort here, as the World Bank itself mentions in another context, is "to push

agricultural development through public policy with a favourable impact on poverty without major institutional change."<sup>90</sup> This sentence summarizes the basic contradictions that keep recurring in the Bank's approach, the singleminded attempt to find ways of changing things without really changing anything. But in addition it implies the need for expert management and skilful handling from above of the delicate process of highly limited, organized change. It implies a decision from above of investment policies and priorities, and the regulated, managed implementation of the policies. Decision making is by implication highly centralized and top-down, and in fact the approach works best in situations of single-party authoritarian rule. The scope for participation is severely circumscribed and limited to minor functions at the local level, again within a managed whole. An emancipatory or evolutionary type of approach would have much more room for local organization and participation, with the executive agencies primarily in the role of facilitators. The redirecting investments approach on the contrary involves expertise, management and control from above at every point.

The basic needs approach involves providing elementary facilities through low-cost measures with the minimum disturbance to the existing growth and development policies. The decisions on the components of the basic needs package,

the method and extent, the execution of programs and the target amounts and dates make this a highly "managed" system. Both the formulation and the execution are planned in a technoeconomic format with the same emphasis on management and control evident in the redirecting investments approach.

The proceedings and decisions of WCARRD are indicative of an inherently political strategy like agrarian reforms being increasingly converted into a highly managed enterprise. The principal decision of the conference for more effective "monitoring and evaluation" testifies to this tendency. Alternative sociopolitical strategies like organizing local beneficiary groups for identification and distribution of land remain latent in the approach, while managerial aspects appear dominant in the decisions on agrarian change.

The multisectoral integrated rural development approach combines elements of the above three and therefore emphasizes an even greater role for technoeconomic management and coordination at a central or national level. The essential features of the project formation and implementation are decided and acted upon by the technical experts; where there are efforts to allow greater self-determination and participation at the local level, there appears to be pressure against the trend and resistance to change by the

controllers of the system, as discussed in the experience of ADB.

A glance at the staffing pattern of most international development agencies shows that the largest number of professional staff is constituted by economists. That they are often categorized with statisticians as in the World Bank classification is one indication of the leaning towards technical rather than social science methods. The World Bank has a professional staff of 2547, of which the largest category is "Economists and Statisticians" comprising 644 qualified personnel; apart from the administrative staff, the next largest group is the technical staff of 540. The rest are finance and audit personnel, and the management usually drawn from renowned economists, private sector entrepreneurs and bankers.

The need for non-economic social scientists, particularly political analysts and sociologists cannot be said to have gained any recognition at present despite the so-called opening up and broadening of development thinking in these institutions. There may, however, be some changes with time. It was surprising to me that the Director of the Agriculture and Rural Development Department at ADB mentioned how the orientation there is too technical and specialized without my broaching the subject. He mentioned his ideal of involvement of different disciplines. There

is however an inherent resistance to inclusion of non-economic social scientists in these institutions because of a lack of clear-cut roles for them in the organization, and therefore the difficulty of convincing the governing bodies of their enrolment.



## FOOTNOTES TO CHAPTER V

1. For an elaborate description of this approach, see Hollis B. Chenery et al., Redistribution with Growth, London: Oxford University Press, 1974. The book is an outcome of joint study and seminars by the World Bank's Development Research Center and the Institute of Development Studies at the University of Sussex. The implications for development policy are reflected in the lending policies of the World Bank, though the book is not an official publication and carries the usual disclaimer. Hollis Chenery is vice president for development policy at the World Bank and lecturer in economics at Harvard University. See also his extension of the concept of redirecting investments in his Structural Change and Development Policy, London: Oxford University Press, 1979.
2. This emphasis is in reaction to the equity-oriented studies that carry the implication that growth itself has an adverse impact on equity unless productive assets are held equitably. The necessity of high growth rates for maintaining "dynamism" and reduction of poverty is a widespread view in the Bank and was mentioned to me in interviews with officials of the Development Economics department.
3. Chenery, Carter and Ahluwalia, "World Growth and Poverty," mimeo., World Bank, Washington, December 1977, p. 30.
4. See specially two sector policy papers of the World Bank, Rural Development, Washington: February 1975, and Agricultural Credit, Washington: May 1975.
5. Based on discussions with officials of the Development Economics Department, World Bank, Washington.
6. See Chap. I, pp. 2-5. See also Keith Griffin and Ajit K. Ghose, "Why the Poor get Poorer," Far Eastern Economic Review, July 13, 1979, pp. 50-52. See also Chap. I, pp. 27-30.
7. Montek S. Ahluwalia, "Rural Poverty and Agricultural Performance in India," World Bank Reprint No. 60, Washington, n.d. The author is Chief of the Income Distribution Division of the World Bank's Development

Research Center. See also T.N. Srinivasan, "Development, Poverty, and Basic Human Needs: Some Issues," World Bank Reprint No. 76, Washington: 1977.

8. Ahluwalia, "Rural Poverty and Agricultural Performance in India," p. 320.
9. The contradictory findings in the analysis is, according to the author, not unusual; "A familiar feature of empirical research (is) that the results of related investigations do not always point in the same direction." The author admits to the need for a better understanding of those "underlying forces within the rural economy which tend to increase the incidence of poverty." Ibid.
10. Ibid.
11. Montek S. Ahluwalia, "Inequality, Poverty and Development," World Bank Reprint No. 36, Washington: 1976, reprinted from Journal of Development Economics, No. 3, 1976, pp. 307-342.
12. Ibid., p. 338. See also Chenery et al., Redistribution with Growth, pp. xiii-xix.
13. Chenery et al., Redistribution with Growth, p. 47.
14. Ibid., p. 49.
15. World Bank, Rural Development, p. 29.
16. World Bank, 1979 Annual Report, Washington: 1979, p. 51.
17. As, for example, in India. According to an official in the Department of Economic Affairs, though there has been little direct insistence on policy matters by the World Bank on the Indian government, one of the areas where there has been some insistence is family planning.
18. See Chap. I, p. 11.
19. Keith Griffin, Irma Adelman, Azizur Rehman Khan and others (see Chap. I, pp. 2-5, 23-31); Hollis B. Chenery, Montek S. Ahluwalia, T.N. Srinivasan and others of the World Bank group cited above.
20. Usage of the term "structural change" also differs greatly in the two approaches. Chenery, for example,

discusses structural change in his book by that title (Structural Change and Development Policy) in the sense that "economic development can be viewed as a set of interrelated changes in the structure of an economy that are required for its continued growth. They involve the composition of demand, production, and employment as well as the external structure of trade and capital flows. Taken together, these structural changes define the transformation of traditional to a modern economic system," p. xvi. For the other group, structural change connotes alteration of power structures and egalitarian distribution of factors of production.

21. Keith Griffin and Ajit Kumar Ghose, "Growth and Impoverishment in the Rural Areas of Asia," World Development, Vol. 7, Nos. 4-5, 1979, pp. 361-383; and "Why the Poor Get Poorer," explains the main arguments from this point of view.
22. See especially World Bank, Land Reform: Sector Policy Paper, Washington, D.C.: World Bank, May 1975.
23. World Bank, Rural Development, p. 40.
24. For a brief review, see Chap. 1, pp. 27-31; see also Chap. VI.
25. Mentioned to me by Ted Davis of the Monitoring and Evaluation Cell, Rural Development Division.
26. This is also reflected in a series of articles by World Bank staff entitled "The World Bank and the World's Poorest" in Finance and Development; see especially Mahbub ul Haq, "Changing emphasis of the Bank's lending policies," June 1978; Leif E. Christofferson, "The Bank and Rural Poverty," December 1978; and Montague Yudelman, "Impact of the Bank's Rural Development Lending," September 1979.
27. According to Ben A. Thoolen, Rural Development Division.
28. See Appendix A for a list of people interviewed.
29. World Bank, World Development Report, 1979, p. 19; see also Chap. I, pp. 6-8.
30. For examples to the contrary, see Chap. I, Note 37,

pp. 43-44; see also Chap. VI for examples from the Indian experience.

31. International Labor Organization, Poverty and Landlessness in Rural Asia, Geneva: ILO, 1977, and Employment, Growth and Basic Needs: One-World Problem, Geneva: ILO, 1976, particularly the introduction by James P. Grant. Once basic needs are met, there is a greater likelihood of reaching the target of full employment. He also makes the point that small farmers are more labor-intensive and more productive once the basic requirements are met.
32. ILO, Employment, Growth and Basic Needs, p. 31.
33. Ibid., p. 32.
34. Adapted from ibid., p. 68.
35. Mahbub ul Haq, "The Crisis in Development Strategies," in Charles K. Wilber, ed., The Political Economy of Development and Underdevelopment, New York: Random House, 1973, pp. 367-372; see also Haq, The Poverty Curtain, New York: Columbia University Press, 1976.
36. Paul Streeten and S. Burki, "Basic Needs: An Issues Paper," mimeo., World Bank, 1977; Streeten, "The Distinctive Features of a Basic Needs Approach to Development," International Development Review, 1977, No. 3, pp. 8-16.
37. Haq, "The Crisis in Development Strategies," p. 370.
38. Paul Streeten, "From Growth to Basic Needs," Finance and Development, pp. 28-31.
39. Robert S. McNamara, "Address to the Board of Governors," Manila, October 1976, p. 23.
40. ILO has an experience of over 60 years, as against the World Bank and other post-WWII agencies.
41. Streeten, "From Growth to Basic Needs," p. 30. For an extended discussion on the subject, see Johan Galtung, "The Basic Needs Approach," in Galtung, et. al., Indicators for Development, forthcoming.
42. See for example, John Friedmann, "Basic Needs,

Agropolitan Development, and Planning from Below," World Development, Vol. , 1979, pp. 607-613.

43. See Grant's "Introduction," in ILO, Employment, Growth and Basic Needs.
44. See Note 6. See also Friedmann, "Basic Needs, Agropolitan Development."
45. Streeten, "From Growth to Basic Needs."
46. T. N. Srinivasan, "Development, Poverty, and Basic Human Needs: Some Issues," p. 21.
47. ILO, "Suggestions for an ILO Programme in Rural Development in 1980-81," p. 2. See also ILO, World Employment Programme: Research in Retrospect and Prospect, Geneva: ILO, 1979, Chap. XII.
48. For a summary of the debate, see Johan Galtung, "Grand Designs on a Collision Course," International Development Review, Vol. XX, Nos. 3-4, 1978, pp. 43-47.
49. See Chap. I, p. 30.
50. John Mellor, The New Economics of Growth, Ithaca: Cornell University Press, 1976.
51. Chap. I, pp. 5-6.
52. United Nations Food and Agriculture Organization, "Reaching Out to the Small Farmer," Rome, n.d., p. 9.
53. FAO, Report on 1970 World Census of Agriculture, Rome: UNFAO, 1971, pp. 34-36.
54. World Bank, Land Reform, pp. 26-27.
55. Ibid., p. 28.
56. Frances Moore Lappe and Joseph Collins, Food First: Beyond the Myth of Scarcity, Boston: Houghton Mifflin Co., 1977, p. 156.
57. FAO, Learning From China, Bangkok: FAO Regional Office, 1977.

58. The World Bank has similar findings. See Land Reform, p. 29.
59. For a brief description of the experience of Taiwan and South Korea, see Chenery, et. al., Redistribution with Growth, pp. 280-290.
60. FAO, "FAO: What it Does, How it Works," p. 2. See also FAO, "Report of the Expert Group on Agrarian Reform and Rural Development" where the 1980s have been declared to be a decade of "People in Action."
61. FAO, "What it Does," p. 2.
62. For a description of the project and its outcome, see FAO, "Asian Survey of Agrarian Reform and Rural Development: 'Starting From Below,' Regional Project Findings and Recommendation," Rome: FAO, 1977.
63. My discussion with FAO officials in Rome took place just after the conclusion of WCARRD.
64. FAO, "Review and Analysis of Agrarian Reform and Rural Development in the Developing Countries Since the Mid-1960s," WCARRD, Rome, July 12-20, 1979, p. i.
65. For a good critical observation of WCARRD, see International Peace Research Association, "The Rome Declaration on Agrarian Conflict: False Premises, False Promises," Rome, July 12, 1979; see also Claire Whittemore, Land For People, Oxford: Oxfam, July 1979, pp. 154-162.
66. See for example the country review paper submitted by the Government of India for the conference, particularly, pp. 114-120.
67. For example, the statement by Mr. Shahid Husain, Vice-President of the World Bank.
68. As suggested by IPRA, "The Rome Declaration."
69. Whittemore, Land For People, p. 33.
70. See "Evading Political Causes of Poverty: Preview of an FAO 'World Conference'," Economic and Political Weekly, July 14, 1979, pp. 1147-1149.
71. These people and the non-governmental organizations have been referred to in FAO reports of WCARRD as

"also represented at the Conference."

72. For a summary of the proceedings and recommendations of the Conference, see FAO, "Report -- World Conference on Agrarian Reform and Rural Development," Rome: FAO, July 1979.
73. The Ministry of Social Welfare, Local Government and Rural Development, Government of Pakistan. It publishes a bi-annual review, Integrated Rural Development; see particularly, Vol. 1, No. 2, April-September 1976.
74. The Comilla Academy in Bangladesh, established in 1959 with assistance from the Ford Foundation, greatly influenced the evolution of rural development policies and programs. According to Harry Blair, "In all of South Asia...the Comilla programme has been the most successful of all the schemes and projects designed to further rural development." However, the lack of structural change and the continuation of class structures and interests resulted in domination by larger farmers once the Comilla programme was expanded. See Harry W. Blair, "Rural Development, Class Structure and Bureaucracy in Bangladesh," World Development, Vol. 6, No. 1, 1978, pp. 65-82.
75. A. Waterston, "A Viable Model for Rural Development," Finance and Development, Dec. 1974, pp. 22-25.
76. For a good review of the concept of integrated rural development, see FAO, "Report on the FAO/SIDA/DSE Inter-Regional Symposium on Integrated Rural Development," Rome, 1978, Sections I & II by M.A. Zaman, pp. 1-26. The World Bank's concept of rural development is akin to integrated rural development, though the term integrated is not used, presumably because, according to Zaman, it interprets the prefix as meaning "organizational coordination."
77. Agriculture Division, United Nations Economic and Social Commission for Asia and the Pacific, "The Concept of Integrated Rural Development," Agricultural Information Development Bulletin, No. 2, March 1979, pp. 15-17.
78. See Chap. VI for a detailed discussion.
79. ESCAP, "The Concept of IRD," p. 17. The citation is from an excellent critique by Ralph H. Retzlaff,

"Structural Change: An Approach to Poverty in Asian Rural Development," Economic and Political Weekly, Dec. 23-30, 1978, pp. A105-A112.

80. It is interesting to note that although the publication does not attribute the articles and views to any individual authors, it still carries a set of disclaimers.
81. I wrote to Ralph H. Retzlaff for his comments on this. He wrote back that on the subject of structural change generally, "those who are unwilling to recognize the importance of structural constraints to development, and the need for fundamental change, have simply chosen to ignore it. They continue to work within the existing paradigms, knowing full well that they have failed, but are unwilling to search for alternatives;" and further, "the entire UN family of agencies are incapable of raising this type of issue." Personal correspondence, March 1980.
82. For basic information on the Asian Development Bank, (ADB), see Alan Chalkley, Asian Development Bank: A Decade of Progress, Manila: ADB Information Office, April 1977.
83. Expressions used in ibid., p. 1. In fact, business is good; ADB has raised its interest rates which now go up to 9 percent on ordinary loans. On special loans through its "soft" window, there is only a service charge of 1 percent, but these form around 26 percent of the total. In 1978 the Bank's annual lending exceeded \$1000 million. Gross income in 1978 amounted to \$213.2 million.
84. The World Bank atmosphere seems to emanate from the ADB, even, apart from the organizational set-up, in simple matters like brochures, pamphlets, annual reports, etc. Some officials in the rural development division claim a greater degree of realism and expertise than the World Bank due to development of the IRD concept and location within the region.
85. Asian Development Bank, Rural Asia: Challenge and Opportunity, London: Praeger Publishers, 1977. The team was led by V. S. Vyas, Director, Indian Institute of Management, Ahmedabad, and included B. Sivaraman, member of the Indian Planning Commission. Interaction between India and the Bank is in policy



and personnel; loans are not sought by India, which goes to the World Bank and other sources.

86. Perhaps this was more so in ADB because of the International Rice Research Institute, located close to Manila. For a good critique of ADB as promoting capitalist ideology, see Robert Wihtol, "The Asian Development Bank: Development Financing or Capitalist Export Promotion," Journal of Contemporary Asia, Vol. 9, No. 3, 1979.
87. ADB, Rural Asia, p. 12.
88. Based on discussions with officials in the Rural Development and Agricultural Credit Division.
89. Discussion with S. C. Hsieh, Director, Agriculture and Rural Development Department. See his, "Agriculture and Rural Development: Key Sector for Promoting Region's Economic Growth," mimeo., ADB.

## CHAPTER VI

### POLICIES IN THE PERIPHERY

There is a continual harmonious interaction between the center in the Center and the center in the Periphery. Mutual influence shapes and policies; the models and strategies adopted in the Periphery are harmonious with the models propagated by the Center.

In examining this proposition, the essential features are the types of models and strategies for poverty alleviation used in the periphery nation, India, and the similarities or distinctions with the IGO models discussed in the preceding chapter. This will be the base for understanding the kinds of interaction between the two, and the respective objectives: whether antagonistic, as sometimes apparent, or harmonious and mutually beneficial.

This chapter will serve the primary purpose of describing, evaluating and drawing lessons from anti-poverty planning during the past three decades in India. Any relationships that we decipher between the Indian experience and the IGO models will serve as indicators for the functioning and application of the models, and help establish the political economic implications of the IGO strategies for poverty alleviation. We will examine the formation of the models in India and the reasons for adoption as compared with the IGO models. We will trace the models through

the planning process, dwell at some length on the recent reviews and discussions of the models, and identify the trends and projections for the future.

Later in the chapter, we will discuss the kinds of interaction between Indian and IGO centers, and how this interaction affects the adoption and application of the models and thereby the outcome of poverty alleviation strategies in the IGO framework.

#### The Indian Strategy: Early Models

Using the backdrop on the Indian position provided in the introductory chapter, we can proceed with outlining the model or combination of models that have shaped Indian development policies. The issues that will be taken up in this section are: what is the current Indian strategy for poverty alleviation? How was this strategy developed? What, broadly, has been the level and extent of interaction with the IGOs in the development of policies? What are the similarities or distinctions with the IGO models? How do some of the Indian planners and critics view the strategies? These are challenging and comprehensive issues which, at the risk of oversimplification, will be summarized here.

The most striking factor with regard to Indian planning for poverty alleviation over the past 30 years is the constant reiteration of the principles of equality and social justice as the base for development policy.

Redistributional concerns appear to have been first expressed in Indian policies in the 1950s. In fact, there appears to be much in common between the concepts and even the language used by Indian planners in the 1950s and the "new-style" IGO models of the 1970s. The principle objectives as expressed in the second plan include phrases which have now been used in profusion in the IGO policy papers: equitable growth, reduction of inequalities, even distribution of economic power--"The process of economic growth should be accompanied by a more even distribution of income and wealth." In addition to the underlying redistribution with growth policy, the Second Plan (1956-61) also contained the basic features of the other models propagated by IGOs in the 1970s discussed in the previous chapter, some of which were carried over and developed from the first plan.

The integrated rural development (IRD) approach, for example, has a close counterpart in the community development (CD) projects taken up throughout the country during the first plan. The basic concept in both is that rural development must be attempted in a holistic rather than piecemeal manner; that in addition to increasing agricultural output by improved practices and provision of necessary inputs, there must also be an improvement in health, literacy, and living standards for the community as a whole. There was also a marked emphasis on the

concept of participation and involvement of the rural poor. This was reflected in the importance given to the panchayat raj institutions as well as cooperatives in the community development projects, so that "the people could have a sense of participation in the plan programs."

Though elements of the basic needs approach were evident in the first two plan under measures for raising the standard of living of the poor, the essential features can be found in the Planning Commission publications in the early 1960s.<sup>1</sup> The proposal for a "minimum level of living" posed the problem of poverty alleviation in terms of providing a minimum needs basket. This included essential items of consumption such as food, fuel, clothing and shelter, as well as services including health, sanitation, drinking water and education. The importance of generating additional employment along with income growth as a means of poverty alleviation was made explicit in the second plan, along with some verbal (but not allocational) importance to decentralized industrial development and labor-intensive cottage and small-scale industry.

Agrarian reform has occupied an important portion of each of the plan documents, and there is little to differentiate between the measures envisaged in the first three plans with the current agrarian reform model, apart from minor variations like the size of holdings. The

abolition of intermediaries, security of tenure, limitation of holding size, and consolidation measures, as well as the general procedure of implementation remain similar in past Indian plans and the current FAO model.

### Reasons for Adoption

Before approaching the current plans and strategies, it is essential to contrast the reasons for the adoption of these basically similar approaches in Indian planning in the fifties and the IGOs in the seventies. The Indian leadership in the Congress party at the time of Independence indicated the necessity of a "third alternative" to "the acquisitive economy of private capitalism" and the "regimentation of a totalitarian state."<sup>2</sup> In other words, the development of what became described as a "socialist pattern of society" and a mixed economy approach borrowing from capitalism and communism but distinct from both. This third path involved the rejection of narrow growth models along the lines of Western industrial development, and sought to eliminate inequalities by direct efforts while pursuing economic growth. There was also the rejection of authoritarian measures for achieving the same.

The reasons for the leadership's according importance to measures for social justice were several. The local factors of Indian social structure demanded breaking the barriers of caste and class in order to involve the majority in the development process. The social hierarchy

was associated with the exercise of power and control, and the leadership of that period, primarily due to the influence M.K. Gandhi, was fairly sensitized to the necessity of removing these structures as a preliminary step.

Moreover, ideological and moral factors played a major role. Gandhian philosophy has marked similarities with Marxian thought, and the moral basis of the two is virtually indistinguishable. Both strongly denounce capitalist economic institutions and regard as immoral and exploitative the concept of production on the principle of profit. Gandhi's ashrams were in many ways experiments in communism where the ruling principle was "to each according to his needs, from each according to his capacity."<sup>3</sup> In his view, the capitalist committed the equivalent of theft in appropriating the greater part of the workers' productivity as profit. He considered the removal of inequality and class-based economy as essential to ensure "genuine" democracy.

Many of the other leaders shared an inclination towards socialist values. Jawaharlal Nehru was himself influenced by Fabian socialism. He expressed an abhorrence of the excessive individualism of the West and the acquisitive characteristics of the capitalist society.<sup>4</sup> There was thus a broad consensus during the Nehru era on ethical

and social values. There was general agreement on the need for progressive removal of inequalities through economic policy, the removal of class distinctions, and a move towards institutional changes to encourage cooperative organization rather than private enterprise.

There was, however, much less agreement on specific measures for achieving the goals of this indigenous form of socialism. Gandhi propounded the concept of nonviolent, voluntary action on the basis of trusteeship--that the rich and landowning are the "trustees" of their surplus wealth on behalf of the poor and should yield the surplus beyond their reasonable needs by voluntary action. He envisaged what may be described as an ideal form of anarchy, where the state would cease to have any major role since individuals would automatically put the common welfare above their own, giving scope to rule by consensus and unanimity.<sup>5</sup> His passion for rural development--each village as a self-reliant, model "republic"--and intense dislike for industrialization was the point of departure with the Congress and with Nehru, both ardently committed to the concept of a modern, industrialized India. There were some areas of compromise, with the Gandhians accepting the need for basic industries provided they were kept in the public (government) sector and traditional small scale activities were not affected. There was also some allowance



for the demands of an emerging modernist business class for investment in the private sector.

These factors of consensus on socialistic principles were conducive to the adoption of the redistributive approaches by Indian planners. The lack of agreement on specific measures and the compromise path taken in implementing the socialist pattern again point to the suitability of these models as agreeable and harmonious to the interests of all. The models seem to fit very well in what has been described by Francine R. Frankel as the "fundamental paradox" of India's political economy: the commitment to radical social change in the pattern of economic and power relations, and yet an equal determination to avoid a direct attack on the existing structures and pursue instead a policy of "accomodative politics."<sup>6</sup>

The models provided the right kind of rhetoric and expressed the desired sentiments as ultimate socialistic goals, but the political prescriptions necessary for the success of the models and the prior restructuring of existing disparities were diverted into economic policies and incremental change. As a consequence, the major beneficiaries of redistributive approaches were the more prosperous sections, as evident in community development projects; or the measures were left weak and unimplemented, as in agrarian reforms (apart from zamindari abolition).<sup>7</sup>

In contrast, the causes for adoption of these models by the IGOs in the 1970s have been different. The reasons have been discussed in the opening chapter as:

- (a) moral--the concern for unabated poverty despite development efforts of the previous two decades
- (b) change in the concept of development, and eagerness by IGOs to adopt and develop new ideas
- (c) attempt to gain legitimacy as leading development institutions
- (d) development of trade and expansion of markets
- (e) recognition of the central role of agriculture and rural development in the Third World
- (f) to counter the threat to national and international stability posed by widening gaps and increasing numbers of the impoverished.

Divergent reasons for adoption of the models at the two levels should not, however, obscure the complete similarity in outcome, and the purposes served for the two centers by inclusion of the rich rhetoric without direct measures for structural change. This will become evident in examining the outcome of application of the models.

### The Recent Strategies

The particular blend of "mixed economy" and middle-path socialism followed after independence in India resulted in the adoption of these catch-all models; the lack of

success in reaching the poor was noticeable even in the early 1960s. The lack of specificity of measures for achieving socialistic goals and the flexibility in the approach was further affected by the influence of dominant Western growth theories discussed earlier.<sup>8</sup> Prime Minister Nehru was himself one of the earliest to voice doubts about the impact of growth in national income and strategies for poverty alleviation on the rural poor during the first two plans. In 1960 a "Committee on Distribution of Income and Levels of Living" was appointed by the Indian government to study the changes in the levels of living and trends in the distribution of income and wealth during the first two plans.<sup>9</sup> The Third Plan contained more emphatic language regarding the goal of reduction of disparities in income and wealth and provision of greater equality of opportunity, but this was sought to be achieved "progressively" through accruing growth rather than existing assets. The allocation was largely for expansion of basic heavy industries and for measures aimed to achieve a 5 percent per annum increase in GNP.

It is creditable that the principle of equitable distribution of wealth and income has been constantly brought up in Indian development planning, leading to independent commissions of inquiry and reorientation of policy. It is regrettable, however, that direct measures for restructuring economic and political power that were

so often implicit in the recommendations of such committees were avoided, the political strategies constantly substituted by economic manipulation.

It was in the Fourth Plan (1969-74) that, as a result of the disappointment with the above approaches in reaching the rural poor as reflected in the findings of various committees,<sup>10</sup> some special measures were introduced. These included setting up specialized agencies like Small Farmers Development Agency (SFDA) whose experience will be discussed later in the study. Apart from these projects, the previously stated goals of social justice and equality were reiterated, as were the basic models: redistribution of accruing income by higher growth rates coupled with "increased state intervention" through processes like licensing, taxation and judicious allocation of public finance; the IRD model was reflected in a continuation of the community development approach, combined with the intensive area development projects taken up in the third plan, into a "package program" for development; agrarian reform was again stated as a positive step, without stress on specific action; and basic needs and employment were given prominence in the form of a program for achieving a "national minimum" through labor intensive employment programs in rural areas to raise the living standards of the rural poor to a "reasonable level." In addition, there was an emphasis on self-reliance rather than foreign

dependence and collaboration, and the reasons are similar to the ones being used in the demand for a new international economic order. It was conceded that foreign collaboration increased the concentration of economic power, and therefore the need for wide dispersal of entrepreneurship was expressed. Similarly foreign "aid" was recognized as involving high debt charges and interest rates, along with other indirect obligations and adverse influences, and sought to be phased out.<sup>12</sup>

The complementarity between IGO models and those followed in India for poverty alleviation is most visible in the fifth and sixth plans, and particularly pronounced in the latter. The Fifth Plan (1974-79) stated as its main commitment the "removal of poverty and attainment of self-reliance," and thereby indicated a greater concern for approaches directed at the rural poor. In addition to the strategies taken up in the previous plans, which included land redistribution, public procurement and distribution of essential commodities, increased employment, and controlled public investments, there was a minimum needs package for "the provision of social consumption in the form of education, health, nutrition, drinking water, housing, communications and electricity upto a minimum standard."<sup>13</sup> Since this basic needs package required only a small part of the budget, the major thrust was on increasing output and maintaining high growth rates

through a technocratic strategy like scientific farming methods, establishment of "growth centers" in the rural economy, and multiple cropping with increased use of inputs. Interclass disparities were sought to be removed at the margin by institutional modifications within this growth process. Once again, there was a failure to come to grips with the problems of structural change in control over land and productive assets, despite indications of this being a necessary prerequisite for easier access for the poor to necessary inputs and for the involvement of the small and marginal farmers in the development process.

A noteworthy point is the persistence of these models and strategies even through the period of authoritarian rule, the national Emergency (June 1975-March 1977). The growth and distribution policies were packaged into a 20-point program designed as a "direct attack on poverty," directed at the rural poor. Unlimited powers were concentrated in the central government for effective implementation of the program and for altering any structural obstacles in the process of poverty alleviation. There were undoubtedly some successful aspects, like the dehoarding and improved availability of foodgrains and essential consumer goods, control of inflation, increased industrial output, and impressive growth rates. However, the period was more remarkable for its lack of achievement in removing structural

obstacles than its success with temporary modifications. A case in point is agrarian reform: though the implementation of land ceilings was accorded the highest priority, there was very limited success in the overall outcome, and certainly wanting in comparison with the huge and expensive state machinery put to the task.

The experience of this writer in a rural subdivision during the period confirms success with law-and-order kinds of operations like dehoarding of foodgrains, yet severe limitations with implementation of land ceilings and other programs involving basic structural change.<sup>14</sup> It was easier to activate the administrative and police personnel for carrying out measures clearly defined by the legal structure than to implement basic changes. The latter would have required a willingness by the ruling classes for a shift in economic and political power, and strong and organized local groups at the grassroots supplying the demand and pressure for the same.

#### The Draft Sixth Plan and Poverty

This brings us to the current strategies for poverty alleviation envisaged in the Sixth Plan (1978-83) and the comparison of these with IGO models. The draft plan document begins with a frank assessment of the past era of planned development, and expresses some strong, scathing remarks on the failure of past efforts, particularly in

three declared goals of Indian planning: the achievement of full employment, the eradication of poverty, and the creation of a more equal society.<sup>15</sup> The plan declares the three--unemployment, poverty and inequality--as closely related, and discusses the lack of any discernible change or improvement in the three areas. In fact, doubts are expressed that in some aspects the situation may even have deteriorated during the planning era.<sup>16</sup>

The situation is sought to be remedied by means of a set of measures described in the plan under the title "A New Development Strategy." The strategy is based on the need to shift the focus from precise rates of growth over a plan period to the essential objective of poverty alleviation over a broader time-frame.

In the next phase of development it will no longer be appropriate in the light of our past experience to formulate the principle objectives of a particular plan period merely in relation to a specified target of growth for the economy. What matters is not the precise rate of increase in the national product that is achieved in five or ten years, but whether we can ensure within a specified time-frame a measurable increase in the welfare of the millions of the poor.<sup>17</sup>

The plan lists three principle objectives to be achieved within a period of ten years:

1. The removal of unemployment and significant underemployment
2. An appreciable rise in the standard of living of the poorest sections of the population



3. Provision of basic needs to the poorest sections in rural and urban areas.

Three additional objectives to be attained simultaneously are:

4. A higher rate of growth of the economy than in the past
5. A significant reduction in disparities of income and wealth
6. Ensuring the country's continued progress towards self-reliance.

Just as in IGO models, there is an explicit recognition that "the concept of growth rates as a measure of economic development has considerable limitations" since it is "unrelated to the distribution of national income as between different classes." On the very first page the plan acknowledges that the major beneficiaries of the past growth policies have been the wealthier part of the population, and that an unduly large share of resources has been "absorbed in production which relates directly or indirectly to maintaining or improving the living standards of the higher income groups." Therefore the new strategy envisages, in terms almost identical to those espoused by the World Bank, a continued policy of rapid growth and expansion of the economy which "will generally make it easier to increase the welfare of the poor," while ensuring a better allocation of resources and special programs to achieve the desired distribution of income and eradication of poverty.

In fact, some portions of the plan and the language and concepts used are almost indistinguishable from some of the policy guidelines of the World Bank. The most noticeable in this context, one with deep implications for the avoidance rather than the achievement of structural change, is the stated necessity in the new strategy of building in a "redistributive bias" in the development policies and projects. The plan declares at the outset that the pattern of investment and income generation should be such as to redistribute incomes in favour of the poor. There is the implicit assumption shared with the Bank that this process can achieve greater success than those in the past without any change in the structure of economic and political power. In view of the experiences and failures of such efforts in the past, the basis for this assumption remains uncertain in the Indian plan as much as in the World Bank model. Moreover, just as in the recent World Bank policy papers,<sup>18</sup> the plan emphasizes the necessity of "realism" in formulating projects and achievable targets. The Bank's version of realism is reflected in avoiding opposition from the powerful and influential sections of the rural community to prevent subversion of the programs.<sup>19</sup> It is assumed to be more "realistic" to imagine it possible to follow redistributive policies that would be acceptable to all, including those "powerful" sections whose power is to be amicably eroded.

Perhaps a similar "realism" is reflected in the plan when it deemphasizes the necessity of confronting directly the inequalities in productive assets and uses the convenient, if not very realistic, path of least resistance: the redistributive bias as a means to poverty alleviation:

It is self-evident that there is no single panacea for redistribution. But if the whole complex of policies recommended in various parts of the Plan are pursued in a coordinated manner with a redistributive bias, unemployment can be eliminated, the incidence of poverty can be substantially reduced, and the indices of inequality in the distribution of income and poverty brought down in the next decade.<sup>20</sup>

Taking 75 percent of the poverty line income level as the cut-off point, the plan estimates about 26 percent of the population, about 160 million people, to be living below "the modest poverty line," that is, existing in abject poverty. This is the immediate target group for the new strategy. The plan states the assumption that, provided the anticipated growth rate of 4.7 percent materializes, even without any specific attempts at redistribution, the percentage of people living in poverty should fall from the present estimated 46 percent of the population to 27 percent after ten years. Along the same estimate, the 26 percent in abject poverty would be reduced in the growth process to 19 percent by 1982-83.

This is a restatement of faith, latent in the IGO models, that the trickle-down process is still, after all, alive and well, only that it takes a little longer. Just as in the redirecting investments approach of the Bank, all that is thought needed to functionalize the Kuznets curve to reduce disparities speedily is a redistributive bias in development policy, the plan adopts these same assumptions. By building in a redistributive bias, it is expected that this remaining 19 percent will also rise above the modest poverty line and thereby achieve the principle objective of overcoming abject poverty.

For convenience of comparison, we can categorize the main proposals of the "New Development Strategy" envisaged in the plan in terms of our four major models: redirecting investments, basic needs, agrarian reform and integrated rural development. The policy of redirecting investments is taken up on two levels. The first is by giving the highest priority to sectors which generate the maximum employment and have a significant impact on the standard of living of the poorest; in particular, agriculture and allied activities, small scale industries, minor irrigation, and inputs like fertiliser and power.

Compared to the fifth plan, the outlay for each of these sectors has been significantly increased. Whereas the draft plan outlay represents a total increase of 76.4

percent, the outlay on agriculture and allied activities has been increased by 99.5 percent, of which agriculture represents an increase of 86.6 percent and rural development 169.2 percent; irrigation and flood control has been increased by 128.3 percent; village and small industries by 176.5 percent. Thus in terms of allocation, there is an attempt to focus on the sectors which affect the livelihood of the majority poor.<sup>21</sup>

The second level is special attention within the sectors towards investment benefitting the poorest sections. In agriculture, this involves "special attention to the uplift of the small and marginal farmers and the landless laborers, specially scheduled caste and scheduled tribe families." This is to be supplemented by special programs like minimum needs and specialized agencies for the poorest sections discussed below.

The measures for redirecting investments towards the rural poor have been grouped under a special section introduced for the first time entitled "Distributive Justice." It argues that special measures for redistribution are necessary since taxation by itself has been ineffective in reducing disparities in income and property. These measures are expected to "influence the existing distribution of assets" and to "steer the distribution of essential commodities, infrastructure facilities, and

social services in favour of low-income consumers" (Draft Plan, p. 11). In addition it is thought essential to "introduce discrimination in the flow of real income in favour of low-income consumers and small producers," particularly in three areas: distribution of essential consumption goods; distribution of credit and other material inputs; and distribution of public goods, infrastructure and social services. A major emphasis for achieving redistribution is by generation of employment on a large scale on small farms and industries, resulting in stabilization of real wages of rural workers. There are also special provisions for welfare schemes for backward classes and backward areas.

The basic needs model is reflected in the "Revised Minimum Needs Program." A minimum needs program had been included in the Fifth Plan but was severely curtailed on account of the shortage of funds due to inflation. The seven-point program aimed at the direct alleviation of poverty includes elementary and adult education, rural health, drinking water, rural roads, rural electrification, house sites and housing materials for landless workers and slum-dwellers, and nutrition programs for under-nourished children and mothers, preferentially for backward classes.

Agrarian reform has a recurring importance in several of the sections on the new strategy for poverty

alleviation. The plan acknowledges the twin foundations of the model in terms of impact on employment and productivity:

Land redistribution will increase employment in agriculture because small holdings systematically employ more labor per hectare than large holdings. And, there need be no loss of productivity per hectare because, given equal access to credit and material inputs, small farms yield more output per hectare than large farms. (p. 12)

In view of the importance of land reforms as a measure of increasing employment, higher output as well as distributive justice, the plan deplores the poor implementation of the past. It points out the increase in the Gini index of concentration ratio of assets (primarily agricultural land) owned by rural household from 0.65 in 1961-62 to 0.66 in 1971-72, confirming increased disparities in land holdings, however slight, even as land reform and ceiling legislation and implementation was at the forefront in the previous plans. It states that upto July 1977, only 1.29 million acres were actually redistributed, or less than a fourth of the estimated surplus. Since the estimated surplus is only a fraction of the actual or potential surplus as indicated by the survey data, this leaves much to be rectified. According to the National Sample Survey data, there is a potential surplus of some 21.51 million acres.

The plan seeks to rectify the situation by pushing forward the implementation of land redistribution programs and schemes for the consolidation of holdings. However, apart from some perfunctory statements regarding the correction and updating of land records and the need for village committees with "adequate representation of the beneficiaries" to identify the true surplus, the plan contains little in terms of new or concrete measures. The general and inexact rhetorical prescriptions abound, as in the statement:

The situation needs to be rectified so that the true surpluses may be identified and redistributed within a definite time period with renewed determination. (p. 12)

There are similar declarations of intention in matters like tenancy reform, preference to landless households, and rights of sharecroppers. However there is little to indicate greater fervour in the implementation of agrarian reform in this plan than has existed and been reiterated in the past plans. The lack of specific measures seem to open the plan to the same biting criticism it makes of its predecessors.

Integrated rural development is the fourth major category in the new development strategy of the sixth plan. As opposed to the limited project approach of the past, the integrated approach seeks to make the development programs more area-specific and closely integrated to ensure close



identification of activities suitable to a particular area, and maximum absorption of labor. It is hoped that this comprehensive and multisectoral approach will ensure the flow of benefits to the target groups, primarily small and marginal farmers and agricultural laborers. To achieve a coordinated and integrated development effort, a hierarchy of planning decisions is envisaged from the state and national levels down to the block or cluster of villages. The area plans are sought to be formulated with the participation of the local people to ensure the complete realization of the development potential of the area and the appropriate decisions regarding the choice of projects and associated matters like location of growth centers. The approach also seeks to integrate the ongoing special programs for the weaker sections into the area plans. Out of the 5100 blocks in the country, about 3000 are covered since the beginning was made in the fourth plan by one or more special programs such as SFDA, Drought Prone Area Program, and Command Area Development. Two thousand of these will be taken up for IRD projects aimed at creating full employment and coverage of a multisectoral approach for comprehensive development. Each year another 300 are to be added, leaving 1600 to be covered under the next five-year plan beginning April 1983. In addition, an active involvement of voluntary agencies and the unemployed educated youth is anticipated to mobilise available

resources and generate "enthusiasm" for the success of the programs (pp. 154-156).

### Discussion

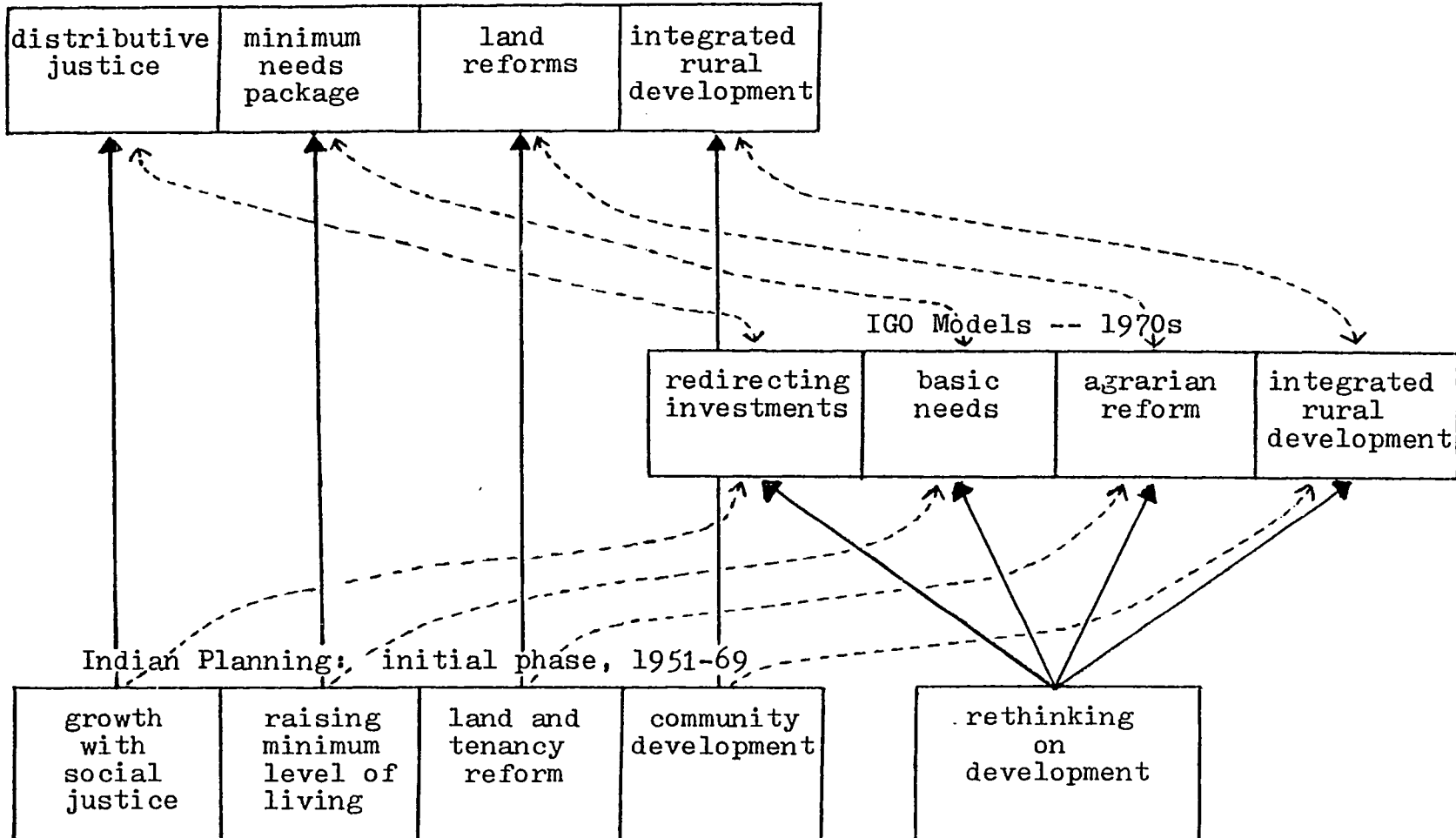
I have attempted to show the harmony and similarity between IGO models and those taken up during the seventies in India. Figure 3 shows the similarity of the new-style models of IGOs and India with those taken up in the early phase of Indian planning. The latter provided input for the formulation of both, while there seems a two-way interaction between the current strategies of IGOs and the Indian government.<sup>22</sup>

There are several essential aspects of the similarity in the current models at both levels, the national and international. The first is the attempt at both levels to categorize the strategies as new formulations as distinct from the past: "new-style projects," "a new development strategy," etc. A closer look reveals very little that is actually new in the contents and assumptions of the models. There has been a verbal shift in emphasis from growth towards equitable distribution at both levels, even a shift in allocation and priority from urban to rural, and within agriculture towards rural development. Apart from that, the essential components and basic mechanism for implementation remain slightly modified continuation of past strategies. Although these past strategies are

Figure 3

Poverty Alleviation: The Basic Models

Indian Planning: current phase, 1969-present



are severely criticised at both levels and are said to be replaced by the "new" models, the alternative strategy is more an exercise in stating explicit goals than specific methods. These goals, like full employment and minimum living standards, are stated in terms that have universal acceptance, not likely to be refuted by any section or interest group.

This easy and uncritical acceptance is reflected in the mainstream criticism of the proposed measures, which is usually that the steps are in the right direction but do not go far enough in quantitative terms: for example, insufficient allocation to meet the needs of the programs.<sup>23</sup> There is seldom any criticism of the lack of change in the strategies envisaged to bring about a reversal of past trends. A closer look at the text following the statement of goals shows a paucity of details on programs for qualitative change, and little more than a restatement of past methods, as in the case of land reforms.<sup>24</sup>

In both the IGOs and India, political language is used for increasing as well as for assuaging anxiety, while serving to legitimize the existing power structure.<sup>25</sup> Both emphasize the magnitude of the poverty problem in forceful terms. Prominent examples are McNamara's speeches,<sup>26</sup> particularly his speech at Nairobi, and the review section of the sixth plan (pp. 1-3). To convey the urgency as well

as the impression of intent and ability to "control" the situation through strong and forceful action, strong terminology is used for tackling the poverty problem: "attack," "assault," "combat," "eradicate" are some examples. This terminology has evoked not only general satisfaction and acceptance regarding intent, but even comments regarding the "radical" outlook conveyed by these terms and the significant change in attitude. The actual approach, however, after the strong declaration of intent, is diluted at both the national and international levels by an attempt to follow the middle path, one that seeks to achieve the stated goals by a non-political, harmonious method that is acceptable to all. In this effort also the terminology used is common and includes radical political concepts like redistribution, conscientization, etc. The net effect is the avoidance of actual measures for structural change and the clouding of the strategy in terminology and rhetoric of goals.

Though there has been an attempt to diverge from the narrow economic perspectives of the past towards political economic analysis in dealing with poverty, in practice the new models at both levels continue the old emphasis on technical, incremental methods.<sup>27</sup> Strong goals lead into weak prescriptions, mostly along past lines. Moreover, words like "eradication" reinforce the false notion that poverty is like a localized disease which can be ameliorated

by palliatives, rather than a consequence of economic and political power structures which need to be confronted and altered. Thus the net impact of the new policies is, as Inayatullah puts it, "to integrate the poor into the existing order" rather than seek to change the national and international structures producing poverty; that the strategies are retroactive rather than proactive and consequently "reformist or status-quo oriented...unlikely to succeed to efficiently and permanently eradicate the problem of poverty."<sup>28</sup>

Keeping to the four categories, what are the implications for poverty alleviation by redirecting investments towards the poor in the Indian situation? The sectoral shift in allocation towards agriculture and rural development has been pointed out. This, however, must be understood not merely from the point of generating employment and income for the majority poor in rural areas, which is the stated purpose, but also the inevitability of this shift in view of the powerful agriculturist lobby, the kulak class.<sup>29</sup> The latter, further strengthened from the benefits of the green revolution, are a powerful force with strong representation at the highest levels. The shift in resources is largely a result of their demand, and past experience and evaluations give ample evidence of the success with which this class corners the major benefits

including subsidies and credit, in addition to the infrastructure created by public works. There is now a fairly widespread acknowledgement of this tendency not only among the critics of past government plans and programs, but also among planners and officials themselves.<sup>30</sup>

Under the circumstances, an increase in allocation can only result in greater benefits to the wealthier sections. A mere verbal emphasis on reaching the poorer sections has clearly not succeeded in the past. Beginning with the very first plan, such an emphasis has existed in objectives like social justice, even as disparities have increased. The current attempt at increasing programs for the target groups and introducing special measures with higher budgets are welcome, but there is little to indicate greater success than past policies. Without a restructuring of power in terms of control over productive assets and accountability of implementing agencies to organized "target groups" of the rural poor, the flow of benefits will continue to be in the direction it has been in the past. An underestimation of this basic factor in the proposed programs will therefore affect the poverty alleviation targets.

For example, the anticipation that additional employment will be generated as a result of the investment and special measures in particular sectors (targeted at 49.2

million person-years during the draft sixth plan period) is based on the assumption that the investment will reach those sections that are labor-intensive; in other words, that land reforms and small farmer development will occur as envisaged, that transfer of purchasing power will be affected resulting in the cycle of increased demand leading to increased productivity and therefore higher employment. According to the Planning Commission, every million rupees of consumption transferred to the poorer sections will generate 20.2 additional person-years of employment. There is however an insufficient analysis or follow-up by the Planning Commission of the precise reasons why this has not occurred in the past where such programs were in existence, or of the factors that have prevented such policies from succeeding, or of the system which enables some sections to influence and utilize the major share. According to one critic, a senior government officer, not only does the Planning Commission grossly overestimate the additional employment potential of the redistributive measures, were they to succeed as envisaged, but "there is nothing strikingly original or radical about the redistributive measures outlined" and, in view of similar measures in the past, "it will be idle to expect a massive transfer of purchasing power to the poor."<sup>31</sup>

An analysis of some of the specific schemes taken up in recent plans for redistributive measures aimed at directly



improving the income level of the rural poor leads to similar conclusions: that apart from the inadequacy of the programs in relation to the magnitude of the problem, they will only marginally affect the poorer sections in the long run. One such measure being given prominence, particularly since the fourth plan, is the generation of employment through rural public works programs. The schemes involve very little capital goods, and use the available surplus labor for "the creation of assets of a durable nature, in consonance with a local development plan." Typical schemes are works relating to irrigation, like construction of field channels, or flood protection "bandhs" (embankments), land levelling, construction of community centers, and dirt roads etc. Though the logic behind this measure is understandable--useful employment for the poor, and simultaneously the creation of rural infrastructure--the experience so far is that these schemes have not even touched the fringe of the problem of rural poverty and unemployment, and the asset creation has been poor to marginal.

An authoritative study by Dandekar and Rath on Indian poverty has estimated that the amount required to bring the rural poor and unemployed up to a minimum level of per capita consumption through rural works is Rs. 50,000 million (at 1968-69 prices) over a five-year plan period.<sup>32</sup> Considering that the total allocation for agricultural

sector including irrigation during the fourth plan was Rs. 36,740 million, the amount spent on public works was a mere drop in the bucket. For a "Crash Scheme for Rural Employment" Rs. 500 million was set aside but only a small portion of this amount was actually spent, and the bulk of that was spent on communications. The fifth plan dropped this scheme but set up around Rs. 5000 million under various special schemes for creation of productive assets through labor-intensive projects, which even if spent for the purpose is less than 10 percent of the estimated amount necessary for meeting the needs.

Even where the schemes were executed, very few led to the "creation of assets of a durable nature." My own experience in Bihar indicates several reasons. The schemes were not drawn fresh according to the particular priorities of the program, but prior sanctioned schemes of various departments were taken up. Therefore there was little consideration of local needs and unemployment patterns, and little or no input in the selection of schemes by the "target groups." Even where new schemes were drawn up, these were put together by the department overseers and engineers in a rough and ready manner. Since most of these schemes involved rough estimates and were mostly earthwork, there was room for inefficiency and corruption. Most of these works, like earth dams, embankments and channels, did not survive even the first monsoons. Only some

permanent construction like school buildings served as "durable assets;" however, these projects also were invariably left incomplete due to constant upward revisions of cost estimates, mishandling of materials, and shortage of funds. To check the high incidence of corruption, "Food for Work" schemes have been substituted for payment in cash, facilitated by the existence of large stocks of foodgrains with the government in recent years. Though these appear to have greater success, they suffer from some of the same defects of planning and execution. While they do help ameliorate the food requirement of the poorest sections in the limited areas where these schemes have been taken up, this occurs for a very limited period. The assets created from these schemes naturally accrue to the larger landholders, better placed to draw the benefits from schemes like irrigation and flood control.

This is not to say that the small and marginal farmers in the area do not gain, but the extent of gain is generally in proportion to the size of the holding; and in addition farmers with larger holdings are better able to utilize the infrastructure and also buy or bribe their way for the limited or subsidized inputs. Thus the impact of the schemes is to widen disparities further between large and small farmers, while the landless poor for whom the schemes were initiated remain practically unaffected. Voluntary agencies undertaking food for work programs seem

to have greater success both in choice of schemes as well as in proper implementation; but even there, the framework of inequalitarian land holding and the operation of lower bureaucracy and free markets skew the benefits of the schemes towards the more affluent.

Fiscal measures like taxation and subsidies are old and well-tried methods of "discrimination in favour of the poor" since the first plan. The experience so far can be summarized as much greater emphasis and success with indirect taxes, which are regressive in impact; a lack of implementation and large-scale evasion of direct taxes, particularly progressive taxation; a neglect of wealth taxation as a resource; and low direct taxation on agricultural income. Even though the Planning Commission has emphasized the potential of these sources, past experience does not indicate the likelihood of their adoption or actual effective implementation. In practice, there seems to be greater resort to deficit financing and reliance on increase of indirect taxation, which in effect is harder on the poorer classes.

The policy on subsidies also tends to benefit the rich rather than the poor. The subsidies, often in the form of price controls, are on items like fertiliser, seeds, agricultural machinery, pumpsets, water for irrigation, ect. The major users of these commodities are the larger cultivators, and therefore the subsidies in fact subsidize the

rich. Obviously measures have been introduced to ensure priorities or quotas along with provision of credit to the small and marginal farmers, but despite these provisions, the benefits hardly reach these groups. Some additional causes can be seen in the discussion on SFDA that follows later.

The way the price policy works can be seen in the policy for procurement of foodgrains. There is a system of "levy" or appropriation of foodgrains from the larger producers at a fixed price when the market prices tend to go high, and a lower support price to protect farmers when foodgrain prices fall too low. In actual practice, the latter works far better than the former benefitting the small farmers and, to a much greater extent, the large farmers. In fact the farmers lobby has ensured high support prices. On the other hand the levy system has hardly ever been effective; in my experience, the period when there was some success was during the Emergency, and even then as a result of massive effort by district and state level officials. Since the records generally show many large farmers as small as a result of paper transfers to evade ceiling laws, they manage to qualify for subsidies and benefits where available as well as exemptions or concessions in taxation measures like levy.

The Planning Commission, in yet another example of accurate analysis but weak prescriptions, has shown recognition of these problems. It has recommended a removal or phasing out of subsidies that do not benefit small farmers and poorer sections; however within the existing socioeconomic system it is very doubtful if these subsidies will be allowed to be lifted. The Commission also acknowledges that "the instrument of taxation alone is ineffective in reducing disparities in income and property, and suggests special measures for redistribution among which a strong public distribution system is given special importance. However, the experience with public distribution of consumption goods, theoretically of great assistance to the rural poor, reveals the by now familiar pattern of inadequacy coupled with greater benefits to the rich.

Firstly, most of the essential items are not covered and left to the open market and the speculative and hoarding tactics of traders; only some items like basic foodgrains, edible oil, kerosene, sugar and coarse cloth are covered, excluding items like pulses, milk, vegetables and protein foods. Secondly, even the public distribution items are in very limited quantities, and the quota distributed invariably falls short of required amounts leading to greater speculative pricing by traders in times of shortage. Thirdly, although the system is supposed to

cover the whole country, there is the all-to-familiar urban bias in coverage. The metropolitan areas are served best, with less than adequate coverage in the smaller towns, and very inadequate coverage of rural areas. Both the number of distribution centers and the quantity of supplies decrease as one moves further from the urban areas. Fourthly, the system extends equally to all income classes of the population. In effect, this results in subsidizing the rich at the expense of the poor; apart from providing to the rich at the same price and quantity as to the poor, greater availability of foodgrains in urban markets leaves a higher price to be paid by the rural poor in areas not covered by public distribution. In other words, with limited supplies of essential commodities, those people not covered will have to pay a higher market price than they would have if there were no rationing system. Even if the scheme were to cover all areas adequately in future plans, this would not lead to a better distribution of income or promote equity; it would only ensure availability at controlled prices to all sections and income levels.

The additional measures comprising the basic needs package also lead to the above conclusions. Though these measures have been recurring since the first plan under efforts to raise the level of living of the poor, their lack of success has been indicated in the studies on

poverty trends and acknowledged in the review section of the draft sixth plan. Secondary importance given to basic needs is reflected in the meagre allocations for the basic needs programs despite the recommendations of the special committee appointed for the purpose.<sup>33</sup> Even though the fifth plan included a specific basic needs package, the meagre amount that was allotted under the minimum needs program was also found the easiest one to be dispensed with when a shortage of funds occurred. In the current strategy, one can anticipate that some of the measures may be successfully implemented, but these can at best benefit a miniscule section of the rural poor, and then with little or no income-augmenting impact; therefore one cannot expect any effectiveness in redistribution or reduction of inequality.

The seven categories in the minimum needs package have varying importance for the rural poor. Most of the measures are directed at the entire population of the area taken up, and so will not improve the position of the poorest groups compared with other sections; at best, the benefits will be proportionate to the population. Elementary and adult education, the first item, has in the past not involved the majority poor even where free enrollment has been available for economic and social reasons. Even where enrollment is balanced, the highest rate of drop-outs are from the poorest families. In rural health, the



provision of free care is grossly inadequate and also neglected where available, since the incentives are geared towards private practice, which is invariably carried on discretely where legally disallowed. Though drinking water was to have been provided in most villages of the country by the end of the third plan, at present around one lakh (100,000) "problem villages" are still without clean drinking water facilities. In places where wells have been provided at public expense, instances of prevention of the poorest from their use (particularly of scheduled caste) are not uncommon. Rural roads and electrification are programs that are directed to the richer sections since they have limited utility for the poorest who cannot afford the hardware. The only measures of direct benefit to the poorest sections are the provision of house sites and housing material to the homeless, and the improvement of urban slums. However the scale of these measures is very limited and covers only a small proportion of the homeless and does not give any additional means of livelihood. Thus the basic needs package will affect only a fraction of the rural poor, while some of its components like education, electrification and rural roads may contribute to further widening the disparities in income between the rich and poor in rural areas.

It is clear that agrarian reforms, particularly implementation of the ceiling laws and redistribution of land acquired as surplus, is a basic step to alleviation of rural poverty. As mentioned earlier, the importance of land reforms has been reiterated in each plan, yet little has been achieved in actual redistribution: 1.29 million acres redistributed against a potential surplus of 21.51 million acres. At present, land reform theoretically occupies a crucial position since there is an acceptance by the planners that, not only are small holdings more productive and create more employment, but "even with small holdings of a hectare or less, the landless families can cross the poverty line (with irrigated holdings and supplementary income from related activities)...the possession of small holdings will improve the social status of the landless...and enable them to have better access to other means of production." There is also the acknowledgement that "the will to implement this policy (land reforms) has been sadly lacking all along."<sup>34</sup>

These aspects of problem recognition are very notable and commendable steps in the right direction. However the current strategy on land reforms does not contain any provisions that indicate a significant change over past efforts. The past targets are sought to be enforced "more vigorously" and this by itself is expected

to yield "a meeting ground between policy and performance" and the completion of the program of land acquisition and redistribution within a period of five years. This appears a far-fetched and unwarranted hope on the basis of the existing situation which is no different from the past. This only leads one to conclude that as long as the power of vested interests is reflected in the highest levels of state organization, few achievements can be made in restructuring ownership of productive assets apart from criticism of past policies and statement of broad goals.

Among other measures of agrarian reform, some have contributed to helping the better-off farmers indirectly. Tenancy laws, for example, have resulted in the large-scale eviction of poor tenants by owners afraid of losing their title to the land. There has been a rise in the number of landless laborers as a result of evicted tenants joining their ranks, and thus a reverse trend to the objectives of land reforms. Moreover small and marginal farmers unable to obtain access to inputs requires for new technology have been inclined to lease out their land to the large farmers. Other measures, like laws to provide three-fourths of the yield to the share-croppers, have resulted either in continuation of past practices in defiance to these laws, or again in the eviction of share-croppers demanding their due.

In considering the prospects of the IRD approach in poverty alleviation, one must take into account the experience of its predecessor, the Community Development projects, and the special area programs. A principle reason why these resulted in benefits accruing largely to the affluent sections was that, apart from these sections being able to obtain and utilize the required inputs and technology more easily, there was the failure of representative institutions. The Panchayati Raj system as well as the cooperatives, two systems formed to function in the spirit of democratic, participatory self-determination and mutual help, could not reflect the interests of the poorer sections. The report of Committee on Panchayati Raj Institutions indicates some of the reasons of the malfunction of local bodies: the lack of support and even active hindrance to their functioning by higher level politicians interested in keeping these institutions weak and thereby under their control rather than rivals for power; and the bureaucracy not wishing either to share power or to be accountable to local institutions.<sup>35</sup>

More importantly, the institutions themselves are dominated by and reflect the interests of large farmers. Without a restructuring of rural power, particularly land, local bodies and cooperatives will continue along the same trends. Current IRD strategies do not envisage any direct restructuring but concentrate on increasing and developing

the ongoing programs into intensive area programs. Most of these, like SFDA, DPAP and CAD are directed towards small farmers. This by itself excludes the poorest section since, according to the fifth plan, a little under half of the rural poor are landless labor and a little over half are small and marginal farmers. Thus the bulk of the poorest who constitute, the landless laborers who constitute the majority of the lowest 30 percent of the rural population, will be only marginally affected.

Past experience and evaluation indicates that the major benefits are diverted to the medium and large farmers, and even among the target groups the programs benefit the upper bracket of small farmers.<sup>36</sup> Schemes like provision of credit, irrigation facilities and hardware subsidies involve mainly those with larger holdings, not likely to be availed of by those falling below the poverty line. Two of the components in the current strategy, organizing the poor and potential beneficiaries to make them "conscious" and ensure implementation, and the concept of local planning are excellent objectives. Here again, given the existing biases in the system and the weakness of specific measures, their implementation in the intended spirit and purpose seems remote.

The conflict between excellent insights shown in the analyses undertaken by committees appointed by the

government or by the Planning Commission, and the weaknesses in prescription and in implementation that finally emerge, has naturally been reflected in the opinions and occasional resignations of members of these bodies. Members of the Planning Commission have often been replaced or have resigned as a consequence of this basic conflict, even though the apparent or immediate cause is a change in leadership or differences over particular issues. An illustrative case is that of Raj Krishna, the chief author of the major policy chapters in the draft sixth plan including the section on distributive justice. In an interview just after his resignation in August 1979, he mentioned his personal views on issues like the prior redistribution of assets, the necessity of earmarking at least half the total institutional credit for small and marginal farmers, a guaranteed employment scheme, organization of the poor into "regional land armies," and an assured minimum needs program. According to him, in the process of scrutiny by the majority of the members of the commission and by the cabinet ministers of the then Janata government, one avowedly committed to rural development, these ideas were "diluted" into much weaker provisions, likely to be further diluted and made inconsequential in the implementation process. His bitter conclusion was that "for the average low level of growth the Government has become irrelevant--and for distributive justice, the Government is indifferent."<sup>37</sup>

What this seems to indicate, though he does not say so in as many words, is that as long as government is run by parties which represent different factions of the same dominant classes and interests, there will be a continuation of criticism of past efforts coupled with statement of progressive goals, but the provisions and implementation methods will ensure a continuation of the protection and increased affluence of propertied classes. In other words, changes in governments or redrafting of five-year plans are not likely to make any significant impact on poverty alleviation within the existing framework.

As in the parallel IGO concepts, the strategies for poverty alleviation in Indian planning also function under the objective of pleasing all sections of society, and where special programs are required, to undertake them without any destabilizing effect on the existing system. At both levels also, the attempt to maintain sectoral consistency to achieve specific objectives is technically achieved in the plans and models, but the importance to consumer demand creation and market forces within the framework results in distortion of these objectives in the "real world."<sup>38</sup> Accordingly, the consequences of these harmonious models at both levels can be anticipated: some marginal benefits will accrue to the poor, but no structural change can be envisaged. Despite the rhetoric and emphatic language in the plans and models, they will continue to

benefit all sections, particularly the rich, along with a latent acceptance that the phenomenon of poverty is inevitable and will always remain.

### Levels of Interaction

While continual communication and interaction occurs between the center in the Center and the center in the Periphery, little or no communication occurs between the IGOs and the ostensible beneficiaries, the periphery in the Periphery.

One common viewpoint emerged during interviews with officials of IGOs and the concerned government departments like Economic Affairs in India. The common opinion of most officials was that there is practically no impact of IGOs on the policies followed in periphery nations, particularly in a country like India with its own established and tried policies and procedures and its large resource of qualified and trained personnel.<sup>39</sup> While in other newly independent or smaller nations there may be some influence on policy by way of advisory commissions or conditions carried with loans and assistance agreements, in India agencies like the World Bank have to "work within" existing policies and practices.<sup>40</sup> In other words, the prevalent opinion among officials is that the IGOs have very little influence on the internal policies of under-developed nations, that the policies generally reflect the development thinking of the people of independent nations themselves, and specially so for India.<sup>41</sup>



In view of the similarity between the IGO and Indian models discussed above, this appears to be a fallacious belief. There are, of course, several forces within the system that go to maintain and reinforce this misconception and its emphatic defence at both levels-- ideas of nationalism, the concept of exclusive internal jurisdiction, and the pride of policy makers are some of the factors. The common features in the approaches, however, make it difficult to unequivocally accept that the process of development of the models at the two levels has been mutually exclusive. Though different motivations have prevailed for the initial adoption of these models, there appears to be a linkage, shown in Figure 3, between the initial models in Indian planning and the current strategies at both levels, as well as a two-way influence between the current strategies at the two levels. A brief look at some aspects of the kinds and levels of interaction and the factors influencing the process of formation can help us in understanding these phenomena.

There are three main levels of interaction. One is the representation of the center of the Periphery within the international organizations themselves, in the category of (1) permanent staff, (2) officers and personnel on deputation, and (3) temporary consultants. The CP is represented primarily by two categories of the elite; (a) high-ranking government officials, the specialists

drawn from departments like agriculture and industry or belonging to the corps of engineers, and the generalist administrators experienced in policy making as well as project management and execution; and (b) the intelligentsia, usually academicians and researchers from autonomous or semi-government institutions, and specialists from the private sector.

The former are usually brought in on deputation lasting from three to five years, sometimes longer. This system of rotation, as the World Bank policy indicates, helps in at least two ways. It keeps a flow of people who get involved and trained in the IGO policies and methods and return to policy making in their countries, creating inroads into national policies; and it brings into the IGOs a wealth of knowledge and experience of field conditions, enabling the development of suitable projects of the universal harmony types, suitable most of all to the interests of the centers working in collaboration through this system. The Third World intelligentsia in the second category are recruited on the permanent staff, or as temporary consultants for particular projects or policy inputs.

These personnel contribute to problem analysis and policy suggestions, but it is evident from the higher level staffing patterns that, but for token appointments of Third World personnel, decisions rest with nationals of developed member nations. Undoubtedly there have been

improvements during the seventies in representation of underdeveloped nations in higher positions, but the voting power in the decision-making bodies of these agencies ensures control by developed nations.<sup>42</sup> The temporary consultants seem to contribute to both the tasks: provide insights in problem analysis of national situations and projects located in environments they are familiar with, so as to facilitate higher level policy making within the IGOs, and also maintain the flow of interaction and influence to and from the periphery nations.

A second level of interaction is in the underdeveloped nations through the regional or national offices of the IGOs located there. Most of the regional offices for Asia are located in Bangkok where the U.N. maintains a secretariat complex. The rapid expansion of regional offices has led to a proliferation of IGO-occupied buildings in the city. There is constant interaction with the cP through missions from the regional offices to the countries, and the seminars, meetings and training activities held in Bangkok or in national capitals under the auspices of the IGOs.

Some of the IGOs, particularly the World Bank, FAO and ILO have national offices in most of the countries and these play an important role in interaction and influence.

In the case of the World Bank, there are 23 resident missions in different countries spanning most of the under-developed world, including countries as remote and sparsely populated as Nepal and Afghanistan (though strategically crucial for the western world). These allow for continual meetings and communication with the top-level policy staff in the capital, as well as supervision of projects and conditions in the field. A similar feeling about the greater utility of national rather than regional offices seems to prevail among officials at FAO headquarters in Rome. This may in part be due to the bureaucratic conflicts between the regional and head offices over jurisdiction; FAO's regional Bangkok office does have some progressive programs<sup>43</sup> and perhaps finds difficulty in functioning within the hierarchical control of the head office.<sup>44</sup>

The third form is through the frequent appraisal missions, consultations, project monitoring activities and evaluations which lead to interaction between the centers. There are several studies indicating the power these missions carry in directing some crucial policy matters in the host nations.<sup>45</sup> There is by now a familiar package of criticism brought out by these studies on the adverse influences resulting from some of these missions: the promotion of capitalist ideology and institutions, impetus to unequal trade, the "free market" resulting in

production of non-essential goods for the affluent, creation of markets for disposal of surplus goods and increased profits for developed countries, and so on.

There are specific instances from the past refuting the concept that India has been immune to these missions. During the 1950s when India was ostensibly on a path of socialism, there was considerable attempt on the part of the World Bank to give greater scope to private enterprise and foreign investment. According to the Bank, the Industrial Credit and Investment Corporation of India (ICICI) was established in 1955 with the Bank's advice and assistance in order to promote the growth of private industry in India."<sup>46</sup> Till mid-1978, \$594.90 million had been loaned to India by the Bank for promotion of private sector industry. This is apart from the activities of the International Finance Corporation (IFC) component of the Bank, whose activities are specifically directed at growth of private sector in underdeveloped countries, and which has loaned an additional \$58.4 million to private companies in India. Apart from private sector encouragement, the influence of the Bank in reducing foreign trade controls and effecting the major devaluation of 1966 are noteworthy.<sup>47</sup> Currently the economic appraisals and rating by the Bank have important financial implications for periphery nations. India may be less vulnerable than some others because of her balance of trade situation,

currently very favorable, but as discussed in the previous section, more often than not the interests of the centers coincide and contribute to shaping the policies at both levels.

An examination of the personnel lists of some of the IGOs indicates a fairly high representation of Indian personnel among the professional staff, as also of Pakistan and Sri Lanka, compared with other Third World countries. The World Bank, for example, has a professional staff of 2547 persons, nearly half of whom are from four industrialized countries alone: U.S.A., U.K., France and Germany. Among Third World nations, 158 are from India, along with 54 and 26 from Pakistan and Sri Lanka respectively, whereas a country the size of Brazil with the second-highest amount taken in Bank loans after India has only 9. The point here is that this pattern of representation has implications for the similarities between IGO and Indian models for poverty alleviation.

The Bank acknowledges the "close cooperation between India and the Bank" and the "beneficial impact on both" as a result of the relationship.<sup>48</sup> The experiences of India with rural development and the old and established English-speaking bureaucracy was a ready source for the Bank to draw on. This has obviously contributed to the common features in the earlier Indian models and the current IGO

policies. Several officials involved with rural development policies in India and Pakistan have been involved with adapting and constructing the IGO models, and have also had a continuing impact on current practices in the home countries. Currently perhaps the influence and importance of advisors from India to the agencies and as members of missions to other nations is beginning to wane because of lack of progress in the home country on the poverty and economic front, as compared with nations like South Korea and Taiwan which are being regarded as "models."<sup>49</sup>

An important factor that has facilitated the center-center harmony is the background and training of key people in the cP. There is a high degree of westernization among the urban elite in India, visible in the elitist educational institutions and reflected in social and cultural values. The patterns of training and management techniques are based on western methods. This is most striking in the national training academies, particularly the top-level institutions for training new recruits in the administration, police and armed forces. In addition, a large number of officials have attended full-fledged training courses or at least had short term exposure to western "establishment" institutions, the various institutes of management, schools for business or economics, and centers for "development" studies. The IGOs are also heavily involved with training personnel from the underdeveloped world along the

lines of their models. Some like the World Bank have their own training centers, the Economic Development Institute,<sup>50</sup> while others sponsor courses at different institutions.<sup>51</sup> While it would be naive to suggest that there is a uniform or uncritical acceptance by Third World policy makers of the dominant ideas imparted at these training courses, the fact remains that this training facilitates communication and interaction between the centers resulting in, to use the World Bank's phrase, a "beneficial impact on both."

Though interaction between the centers concerns the problems of the poor--the periphery in the Periphery--there is practically no involvement of the pP in the process. The reason is the continued relegation of the pP to the position of object of development rather than the subject; the continued belief that the poor are to be "developed" by outside action and have little to contribute in the planning process or in the sophisticated configurations of development theory.

In the formulation of IGO projects and development plans, there is admittedly little input by the potential beneficiaries or target groups. The input is almost entirely from the cP, the bridgehead which is the executing agency supposedly representative of the interests of the potential beneficiaries. There are several points at which



IGO-pP could interact: the project finding missions, field visits of resident staff, project appraisals, monitoring or evaluation missions which occur at different stages of project formulation and execution. In practice, project identification is usually done at the capital city to decide the priority for projects according to the sectoral importance and bankability. Though the appraisal or evaluation stage is accompanied by or consequent upon reports based on field visits of IGO missions or resident staff, these are usually brief and perfunctory, largely dependent on views of accompanying or local government representatives. Thus even where input could be obtained from the target groups, it is not given adequate importance and the matter is considered the responsibility of the government; in fact interaction is avoided as it may be interpreted as interference with the "internal matters" of the nation.

The system of dependence on the cP to provide the input for IGO projects directed at the pP rests on the assumption that the former is accurate in assessing the needs and interests of the latter as well as the process for change. In reality there is a wide gulf between the two. The cP is urbanized and culturally and socially far removed from the ways and views of the rural poor. There are several indications in India that this gulf has actually been further widening rather than narrowing. To an outsider, the differences between rural and urban

attitudes and mannerism is very striking, and westernization in urban centers has been increasing at a rapid pace along with negative perceptions regarding the rural areas.<sup>52</sup>

Among the bureaucracy, top-down one-way communication from center to periphery areas continues to be the prevalent system, and the much-banded concept of "feedback" has been utilized to make adjustments or as a checking device for ongoing programs rather than an input for formulating more appropriate programs. Most of the senior officials and policy makers do have a background of a few years experience in rural districts. But this is inadequate and even this trend is changing. There is a tendency to avoid field postings and head for the center, which apart from comfort carries greater scope for promotions and future prospects. Justification is sought in the "improved communications" which, coupled with quick field visits, is regarded as an adequate substitute for prolonged stay in rural areas. As a result, the average age and seniority of officials manning rural districts and other rural positions have dropped.<sup>53</sup>

Some of the factors in the new paradigm of communication have been mentioned as participatory planning, two-way communication flows, and organization of the people for effective expression. These concepts have gained publicity and have been incorporated in the development rhetoric at both levels. In India this is reflected in the importance

given in recent years to concepts like area and block planning, participation and organization of the poor; I have explained above about the limited acceptance of these principles in actual practice, though the move towards these ideas even in planning rhetoric is a welcome one. The same trend with regard to the IGO models was discussed in the previous chapter.

There is, however, a very gradual move to incorporate these ideas in practice in some IGO projects. For example, ADB officials indicated that the appraisal missions are attempting to spend more time and effort in the project areas with some direct input from the rural poor; this is also visible in the field action projects of FAO. These however are exceptions rather than the general trend; even in these, the scope under present circumstances is very limited, as discussed subsequently with reference to the new projects like T & V and the field action workshops.

### Concluding Note

We have analyzed in brief the Indian experience with poverty alleviation. We have established a similarity between the Indian and IGO models and have discussed the interaction between the decision-making centers which contribute towards the similarity and harmony between the two and lays the framework for reformist approaches to poverty alleviation.

The analysis indicates the the Indian environment contains a well-developed planning and administrative structure within a characteristic neocolonial framework of development thinking. This environment is conducive to application of models and strategies propagated by IGOs. A detailed examination of this application in the past and the adjusted versions applied at present, however, reveals that these approaches are not capable of alleviating poverty or of bringing about structural change. Success of any strategy of poverty alleviation will depend on the ability to deal with the power structures and the forces acting to retain and further the existing power structures. Unless the structure is considered problematic and measures taken towards organization and participation of the poorer sections in determining the course of development strategies, the existing approaches will remain at the level of rhetoric and will serve to strengthen the existing imbalances.

## FOOTNOTES TO CHAPTER VI

1. The main ideas of the basic needs approach can be found in a paper by Pitambar Pant of the Indian Planning Commission published under the title Perspective of Development 1961-1976: Implications of Planning for a Minimum Level of Living, New Delhi: Planning Commission, 1962. It is significant that the document mentions the futility of redistribution of incomes unless accompanied by "revolutionary changes in property rights." Yet it seems to accept that no such revolutionary change would occur, and depends on achieving a high growth rate so as to raise the absolute incomes of the poorest segments. It suggests, though does not elaborate, specific steps to deal with the problems of the poor, including minimum wage laws.
2. All India Congress Committee, "Resolutions on Economic Policy and Programme," New Delhi: 1954, p. 20.
3. Pyarelal, "Gandhi's Communism," in M.K. Gandhi, Towards Non-Violent Socialism, Ahmedabad: 1951, pp. 185-186.
4. Jawaharlal Nehru, The Discovery of India, New York: 1946, p. 253.
5. See M.K. Gandhi, Democracy: Real and Deceptive, Ahmedabad: 1961.
6. Francine R. Frankel, "Introduction: The Paradox of Accomodative Politics and Radical Social Change," India's Political Economy, 1947-1977, Princeton, N.J.: Princeton University Press, 1978, pp. 3-27.
7. Of the agrarian reform measures, the abolition of intermediaries was done successfully by a series of Zamindari Abolition Acts between 1950 and 1954. However, this did not put an end to landlordism. Ex-zamindars were able to retain large tracts of land for "personal cultivation;" also the intermediate peasant class became elevated relative to the reduced power of zamindars. The weaker sections, the small cultivators, tenants and sharecroppers were not directly benefitted; some were actually adversely affected due to lack of protection from involuntary eviction and lack of recorded rights. The remaining provisions for agrarian reform like land ceilings have not been effective.

8. See Chap. I, pp. 22-23.
9. Government of India, The Report of the Committee on Distribution of Income and Levels of Living, Part I, New Delhi: Planning Commission, February 1964.
10. See especially "Report of the All-India Rural Credit Review Committee," Reserve Bank of India, Bombay, 1969, Chap. 18.
11. Some eminent members of the Indian Planning Commission have revealed deep insights into the structural problems from time to time, displaying good problem analyses without appropriate measures for change. D.R. Gadgil, a prominent economist and a well-known critic of the Planning Commission, observed in an article published in early 1967, "The concentration of power and wealth, which has been an obvious result of Indian planning, has to be likened to the process of unearned increments accruing to the holders of land in central areas when public action begins development of an urban complex. As in this case, unless vigorous and prompt action is taken to nullify the results there is inevitable transfer of wealth from others to the holders of privileged positions," (emphasis added) "Planning Without a Policy Frame," Economic and Political Weekly, February 1967, p. 258. In September 1967, Gadgil was appointed Deputy Chairman of the Planning Commission and responsible for the formulation of the Fourth Plan. However, the plan stated policy objectives of reduction of disparities but contained inadequate measures. This is most evident in the provisions for agrarian reforms; they aimed to fill the gaps in legislation rather than any major reconsideration. In effect this was acceptance of the present ownership pattern sacrosanct. One can hardly expect a reduction in concentration of economic power by a mere "filling in the gaps" of existing legislation, without consideration of the socio-political framework as problematic.
12. It was decided to end import of foodgrains from the U.S. under Public Law 480 in 1971. It was this termination as much as the impact of the Green Revolution that enabled a major increase in agricultural output. However, foreign aid was by no means "phased out." Nearly 15 percent of the outlay for the fifth plan has been dependent on external assistance as against a target of reducing net

external assistance to 4.6 percent of the total outlay.

13. Government of India, Towards Self-Reliance: Approach to the Fifth Five-Year Plan, New Delhi: Planning Commission, June 1972, pp. 3-4. However, the minimum needs component was much reduced in the draft plan, and was further affected by the inflationary reductions in allocation. Only Rs. 8,000 million was allocated between 1974-78, about 2 percent of the total plan outlay.
14. Of my two years in Bettiah Subdivision in Bihar (see Chap. IV, Note 48, p. 39), the first involved a great deal of time on maintenance of law and order due to the widespread student unrest prevailing at the time under the agitation led by Jayprakash Narain. "Development" activities and programs continued but were given secondary importance. During the second year, "emergency" was in force and the law and order situation was "controlled" by prohibition of protest demonstrations and detention under the security acts. Attention shifted to the implementation of the new 20-point program. There was an immediate impact in the provisions of the program that related to price controls, foodgrain availability, reduction of moneylending and rural indebtedness, and general discipline and law and order. This was possible due to fear raised by widespread arrests, and the increased powers given to the police and administration along with an atmosphere of strict central control. In this atmosphere, it was fairly simple to go down hard on petty offenders, middle-class hoarders and traders and even some influential sections of the bourgeoisie engaged in illegal profiteering.

In programs involving structural change and transfer of assets particularly land, long-range success was much more limited. There was practically no change in legislation except for minor amendments like reduction in the periods of appeal; the process still afforded much scope for manipulation and grounds for delay through court procedures. This is despite the fact that land reform was given high priority in the 20-point program. The experience varied from state to state, but nowhere was the estimated surplus actually acquired and redistributed. At the end of the Emergency period, only 1.29 million acres had been redistributed (inclusive of redistribution under the ceiling act prior

to the Emergency), only a fraction of the "declared surplus" of 4.04 million acres, which again is less than a fifth of the estimated potential surplus of 21.51 million acres. Many holdings shown on the record as sold or transferred are in fact paper transfers, with the land still being cultivated or the produce controlled by landlords. It was possible to make spot verifications and collect evidence to prove this, but the complex legal procedures and the in-built loopholes (like transfers made prior to a particular date cannot be investigated) prevented implementation of the ceiling acts. In Bihar, the method used to get out of the double bind of fulfilling targets despite inherent difficulties in the procedures was "voluntary surrender" of land. This was a method collect together the known big landholders and plead with them, or even threaten or cajole or both, to give up part of their surplus lands and so save the "face" of government agents as well as themselves. Not much was achieved; what was "surrendered" was mostly uncultivable low-grade land, or disputed holdings. As the Emergency continued, the discipline and fear of the early months gave way to increased corruption and misuse that results from the concentration of power. In sum, there were gains in factors like control of inflation, availability of foodgrains, and the working of government agencies and of private industry; but there were no significant achievements in distribution of assets or reduction of inequality.

15. Government of India, Draft Five Year Plan, 1978-83, New Delhi: Planning Commission, 1978, p. 3. According to some, this attack on past planning appears related to the arrival in power of the rival Janata government and its attempts to discredit the previous Congress governments. See, for example, Pran Chopra, "A Brave New Plan -- But Will It Work?" in International Development Review, Vol. XX, No. 3-4, 1978, p. 18. However, critique of past strategies is not new, nor is the lack of remedial measures following the critique for which this plan is no exception. The point to note is that the governments in power, despite differences in party names and emphases, represent different factions of the same broad class alignment. Criticism fits in as part of the strategy, but not the transformation of structures that support the class foundations.



16. See Chap. I, pp. 27-31. In addition, the effect of inflation falls more heavily on the poorer sections which is not assessed in the plans. Inflation erodes real investment in the rural sector more than in the urban because of less savings to cushion the impact of price rises.
17. Government of India, Draft Five Year Plan, 1978-83, p. 3. (emphasis added)
18. World Bank, Rural Development: Sector Policy Paper, Washington, D.C.: World Bank, February 1975. See also Robert S. McNamara, "Address to the Board of Governors," Belgrade, October 1979, Washington, D.C.: World Bank, 1979.
19. World Bank, Rural Development, p. 40.
20. Government of India, Draft Five Year Plan, 1978-83, p. 15.
21. A revised draft Sixth Plan was released by the Planning Commission on December 24, 1979, which increased the total outlay from Rs. 69,380 crores (1 crore=10 million) to Rs. 71,000 crores, with primacy to rural development (The Economic Times, New Delhi, December 25, 1979). However, as mentioned in Note 17, there are not likely to be any significantly different strategies for structural change. Indications are towards some reduction on the emphasis for rural development and greater latitude for private enterprise.
22. This is not to make the case that the models originated from the initial phase of Indian planning. The derivation goes back to the influence of the Ford Foundation, Soviet planning and other (mostly Western-based) concepts.
23. This is a common charge against anti-poverty programs of IGOs and of national governments. The problem is usually perceived as an insufficiency of funds rather than theoretical or structural inadequacies in the model itself. Indian editorials or commentaries are replete with criticism along the lines of insufficiency in allocation for coping with the problem of poverty, as though more rural electrification or rural roads would in themselves contribute to poverty reduction. See for example Virender Aggarwal, "Planning for

Ending Poverty," The Economic Times, New Delhi, December 27, 1979, where he bemoans the fact that even at the end of the Sixth Plan nearly half the population in rural areas would be without adequate roads and electrification, and thus would remain below the poverty line or perhaps worsen. The fact is that the position often worsens even with adequate road and electrification on account of differential capacities for use.

24. For a good critique along these lines, see C.T. Kurien, "The New Development Strategy: An Appraisal," Economic and Political Weekly, August 1978, pp. 1257-1264.
25. For an excellent discussion and elaboration of the concept, see Murray Edelman, Political Language, New York: Academic Press, 1977.
26. See Chap. I, pp. 10-11.
27. Some guidelines for Indian policy seem to read as though they were taken from a World Bank policy paper. According to the National Commission on Agriculture, "a high growth rate is a necessary but not sufficient condition to ensure employment generation and income distribution in favour of the masses and reduction of mass poverty." And further, "growth has to be linked with the ultimate goal of planning." Government of India, Report of the National Commission on Agriculture, Part II: Policy and Strategy, New Delhi: Ministry of Agriculture and Irrigation, 1976, p. 35. This is one volume of a 15-part comprehensive report on Indian agriculture and suggestions for policy.
28. Inayatullah, "Access to Distributive Justice for the Rural Poor: An Analysis of Current Strategies of Eradication of Rural Poverty in Asia," Kuala Lumpur: Asian Center for Development Administration, 1976, mimeo., p. 19.
29. The rural politics of India is rapidly changing from caste-based to class based. The excessive tendency to place the blame for rural unrest on caste differences serves to obfuscate what really is class conflict. The peasantry in India is becoming a mixture of upper and lower castes, and this is clearly evident even in the backward areas of Bihar. Instead of a tendency to reduce caste terminology,

the opposite occurs; those of the lower castes like Yadavas and Koeris who acquire land become categorized with upper castes, while the many Rajputs and Brahmins who are poor peasants or landless laborers are referred to under the category of the general lower castes.

30. There has been a clear acknowledgement of this in past years in official publications, including the Draft Sixth Plan, and private research publications. I did not find any disagreement of this point of view among official circles in Delhi. What is more striking is the inability to counter this tendency, and this has implications on the role of the State. For an excellent article on the State in India as a specific, but not unique, case of class power, see David Selbourne, "State and Ideology in India," Monthly Review, Vol. 31, No. 7, December 1979, pp. 25-37.
31. Views of Mr. P.S. Appu, Additional Secretary, Ministry of Agriculture, previously Chief Secretary, Bihar. For his excellent critique of the Draft Sixth Plan, see "How Realistic is 6th Plan Strategy to Alleviate Poverty?" in Kurukshetra (a fortnightly published by the Ministry of Agriculture, New Delhi for "free and frank" discussions between proponents and critics in Government), Vol. XXVII, May 1979.
32. V. M. Dandekar and Nilakantha Rath, Poverty in India, Bombay: Indian School of Political Economy, 1971.
33. See Notes 2, 10, and 15 above. Rs. 8,000 million was spent on the minimum needs program during 1974-78, about 2 percent of the total plan outlay; Rs. 47,720 million had been allocated for the revised program in the Draft Sixth Plan.
34. Government of India, Draft Five Year Plan, 1978-83, p. 131.
35. Government of India, Report of the Committee on Panchayati Raj Institutions, New Delhi: Ministry of Agriculture and Irrigation, Department of Rural Development, August 1978, pp. 1-8. The recommendations, which number 132, pp. 175-202, have received mixed reactions and have not been taken up

so far. See also the note of dissent, pp. 174-175, where a member of the committee expressed disapproval for not decentralizing to the extent of making the village as the primary unit, with its Gram Sabha or village assembly consisting of all the voters of the village as the base body, with its representatives in the upper tiers.

36. See Notes, 11, 30. See also Chap. VII.
37. Raj Krishna, in an interview to Kewal Varma, Sunday, September 9, 1979, pp. 34-38.
38. The Draft Sixth Plan is based on the formal consistency model, where resource allocations are made to serve the priorities in the plan. The model itself is not explained in the Draft, but it states that the model includes the overall sectoral relationships to achieve the specific objectives. Technically, this plan is sound and so were the previous. In reality, however, the allocation of resources is influenced by the structure of effective demand, which in turn is determined by the distribution of incomes. Thus demand determines the production of goods and patterns of investment, regardless of national priorities. See C. T. Kurien, "The New Development Strategy."
39. Third largest, after U.S.A. and U.S.S.R. The administrative bureaucracy, continuing from colonial times and only partially modified, is considered in terms of capacity, training and competence as among the leading in the world; see Richard Taub, Bureaucrats Under Stress, Berkeley: University of California Press, 1970. On the contrary, there has been a strong case for its total dismantling ever since Independence on grounds of its colonial inheritance and atmosphere of privilege and authoritarianism. The relevant point here is that the established procedures and attitudes, as well as own research and development wings make the system appear less amenable to IGO influence. An official in the Department of Economic Affairs felt that, apart from some insistence on policies like family planning, there is very little influence of agencies like the World Bank on Indian plans and policies.
40. View expressed by Bengt A. Nekby, World Bank official at the Delhi Regional Office.

41. Most IGO officials I spoke with expressed the view that the problem of poverty, and the lack of success with poverty alleviation projects, is due to internal factors. Several subscribed to the notion of elite domination within underdeveloped nations, but not at the international level. External factors and policies are not regarded as a major focus in influencing the course of development in underdeveloped countries.
42. There have been demands made for at least an equal control between the industrialized and Third World countries. For example, Amon J. Nsekela suggests a change over the use of World Bank funds from the present 61.5-38.5 voting power between the industrialized and the Third World countries to a 50-50 division. See his "World Bank and the New International Economic Order," Development Dialogue, Vol. 1, 1977, pp. 75-84.
43. Some programs like "Field Action for Small Farmers" are discussed later.
44. Based on informal discussions with officials in Bangkok and Rome. This is not to suggest that such programs are not approved by the head office, but there seems to be an excessive hierarchy and problems in coordination. The Bangkok regional office seems to want greater flexibility; the Head Office seems to want prior knowledge and clearance to maintain control and coordination of programs.
45. See Teresa Hayter, Aid as Imperialism, Middlesex: Penguin, 1971; Cheryl Payer, The Debt Trap: The IMF and the Third World, New York: Monthly Review Press, 1974; Tibor Mende, From Aid to Recolonization: Lessons of a Failure, New York: Pantheon, 1973.
46. The World Bank, "India and the World Bank: an information paper," mimeo., December 1977, p. 13.
47. This has been well documented in Payer, The Debt Trap. India from being a creditor after World War II to Britain became the biggest debtor country out of a deliberate import-oriented policy for industrialization. When India appealed to the U.S. and to the World Bank for loans in 1957, World Bank President Eugene Black wrote to the Indian Finance Minister T.T. Krishnamachari to give greater scope to private enterprise and foreign investments.

In view of the "socialistic" ideas prevailing at that time, he replied in the negative, but the following year was forced to accept foreign majority ownership of joint ventures and foreign capital in several industries. The formation of the Aid India Consortium follows the interest of the aid-giving nations to ensure that economies providing markets for their products do not collapse completely.

The events leading up to the 1966 devaluation are interesting. In 1964, a World Bank mission headed Bernard Bell visited India and recommended devaluation of the Rupee and abolition of many of the foreign trade controls. T.T. Krishnamachari resisted. The following year under a new and more receptive government, the World Bank became more active in assessing Indian economic development plans and determining the amount of aid to be provided by consortium members. The Bell Mission report was finally accepted and resulted in a very major devaluation of 37.5 percent. The boost of exports did not materialize, nor did the \$900 million promised in aid.

48. World Bank, "India and the World Bank," p. 2.
49. In considering Taiwan and South Korea, one must qualify their development experience with the massive influx of external aid due to their strategic location and the red phobia of the West, and also the lack of human rights in the single-party, authoritarian rule.
50. Located within the World Bank complex in Washington, D.C. Over 4,000 select individuals from the Third World have been trained in development along the lines of Harvard and Stanford business schools. See Robert B. Stauffer, "TNCs and the Transnational Political Economy of Development: The Continuing Philippine Debate," mimeo., Department of Political Science, University of Hawaii, Honolulu, p. 12.
51. Many of the officials in department like Economic Affairs or development planning in India are trained at Harvard or associated institutions. This is not to suggest that all are affected or develop one point of view, but there is some convergence in the broader concepts of development and practice.

52. For a good discussion on urban bias in India, see Michael Lipton, Why Poor People Stay Poor, London: Temple Smith, 1976.
53. Whereas the usual seniority for holding charge of a district used to be ten or twelve years of service, it has dropped to six or seven years in states like Kerala and Punjab, to only three or four years in Rajasthan and Bihar and the trend is continuing in most states.

## CHAPTER VII

### PROJECTS IN THE PERIPHERY

Three remaining propositions are examined in this chapter with reference to development projects in the field. In continuation of the development communication aspects in center-periphery interaction, the development models are reexamined from a communication perspective, and the ongoing Training and Visit System of Agricultural Extension (T & V System) is discussed in the context of the following proposition:

Development communication strategies within the "new-style" models continue to be vertical and elite-based rather than horizontal or participatory.

Earlier we briefly reviewed the dominant concepts of development communication: a critique of past ideas and an enumeration of some of the new concepts.<sup>1</sup> The role of communication in development has varied a great deal, from a virtual neglect of the concept and its potential for change, to highly exaggerated expectations from the same. The importance of the concept was brought out in a series of research publications during the fifties and early sixties.<sup>2</sup> Only since has communication emerged as an independent area of importance in the development context rather than merely a means of transferring information.



Communication as a growing sector of the world economy has been emphasized by writers like Fritz Machlup<sup>3</sup> and more recently by Marc Porat.<sup>4</sup> In a study aptly titled "The Information Economy," Porat brings out the importance of information as a much neglected yet rapidly growing area of national economy. By broadly defining the communication sector as inclusive of all occupations and activities involving the production, processing and distribution of information, he estimates that in the U.S. nearly 45 percent of the workforce is engaged in information-related activities generating nearly half the gross national product. The sector has also been growing in size and importance in the underdeveloped nations. In India, for example, allocation for the communication sector has been rising rapidly from plan to plan. Though it is difficult to make a ready estimate due to the spread of allocations over various ministries and departments, an indication is the increase in the budgetary allocation of the Ministry of Information and Broadcasting from Rs. 115.93 million in 1965-66 to Rs. 406.56 million in 1973-74. The main divisions are All India Radio and publicity programs like documentary films and family planning. Inclusion of communication aspects in projects like community development would increase these figures considerably.

On the other hand, the exaggerated importance given to some of the concepts has been widely criticized. An

example is the high expectations from mass media in expediting the development process. A result of these high expectations and false assumptions was the development of a new paradigm of development communication discussed earlier.<sup>5</sup>

The new kinds of emphases in development communication have also been shaped by the experience of various communication approaches. Three prominent categories of communication approaches have been identified:

1. Extension and community development, the predominant communication approach in India
2. Mass media and education, applicable mainly to Latin America
3. Ideology and mass mobilization, as in China and Tanzania.<sup>6</sup>

The extension approach is among the oldest and most important in strategies of rural development, particularly for dissemination of information relating to agriculture. It is however by now well documented that while this approach has succeeded in generating awareness and interest among the rural population, the benefits have been drawn mainly by the relatively prosperous sections and the approach has led to the further widening of income disparities.<sup>7</sup> The post-Green Revolution analyses further support the finding that while technology may theoretically be considered neutral to scale, its impact is inherently biased in favor of those able to exercise their power of access to factors of production.

In comparison, the mass mobilization approach has been more successful both in raising output and in reducing inequality.<sup>8</sup> The implications for communication policy in the "new-style" models is that, apart from "building in a bias in favour of disadvantaged groups," communication must be considered in the context of the entire farming system, and must include the problem of creating access for the "target groups" so as to facilitate the conversion of the information factors into agricultural practices. As mentioned, theoretically the new concepts have been incorporated into the new development strategies--ideas such as horizontal and two-way communication, participatory decision-making, and so on. The objective is to change the concept of development communication from being a one-way authoritarian process with decisions made at the top,<sup>9</sup> to a two-way participatory process with powers both at the top and the bottom for arriving at the appropriate strategy.

An example of the recent communication methods for attacking rural poverty is the improved version of the Indian system of extension. By experimenting with improved extension practices in India and elsewhere, the World Bank's Training and Visit System has been deemed a core project for poverty alleviation. This system has rapidly been incorporated in the Indian projects as a means of raising production while simultaneously reducing poverty and

inequality. This makes it an important project to study from three aspects: as a new-style IGO project for poverty alleviation; as a national-level program of substituting an existing system for a more effective method for reducing poverty; and as a project emerging in the rhetoric of the new paradigm of development communication.

### T & V System

The Training and Visit System of Agricultural Extension has been acclaimed by the World Bank as an effective and major breakthrough in its efforts to provide a low-cost-high-output technology for the benefit of small farmers. McNamara in a foreword to the project description states that the system has been introduced "with considerable success" in its objectives, which he describes are "to improve and expand agricultural extension through an intensive system of training and visits, and, thus, to reach large numbers of farmers quickly...The cost of such service is relatively small. The results are highly visible..."<sup>10</sup>

The system has some very appealing aspects that account for its acclaim and ready acceptance at the international, national and project levels. A basic fact is the immense potential for increasing agricultural output in backward areas by improved agricultural practices. Paddy

Table 8  
Yield Per Hectare 1972-73

| INDIA: STATES  | RICE<br>Tonnes/Hectare | WHEAT<br>Tonnes/Hectare |
|----------------|------------------------|-------------------------|
| All India      | 1.07                   | 1.25                    |
| Andhra Pradesh | 1.41                   | --                      |
| Bihar          | 0.95                   | 1.25                    |
| Gujarat        | 0.37                   | 1.48                    |
| Haryana        | 1.60                   | 1.76                    |
| Madhya Pradesh | 0.75                   | 0.70                    |
| Maharashtra    | 0.58                   | 0.36                    |
| Karnataka      | 1.73                   | 0.36                    |
| Orissa         | 0.89                   | 1.95                    |
| Punjab         | 2.00                   | 2.23                    |
| Rajasthan      | 0.69                   | 1.25                    |
| Tamilnadu      | 2.03                   | --                      |
| Uttar Pradesh  | 0.74                   | 1.20                    |
| West Bengal    | 1.13                   | 1.76                    |

Table 9  
Increase in Average Yield

|                 | 1965-66 | Tonnes per Hectare<br>1972-73 |
|-----------------|---------|-------------------------------|
| Punjab: Wheat   | 1.24    | 2.23                          |
| Punjab: Rice    | 1.00    | 2.00                          |
| Tamilnadu: Rice | 1.40    | 2.03                          |

Source: Government of India, Fertiliser Statistics 1973-74, pp. 11-21.  
Quoted in R.C. Sood, "New Agricultural Extension Strategy,"  
in Development Policy and Administration Review, Vol. III,  
No. 2, July-December 1977, pp. 49-50.

in India, for example, has a potential of 8.5 tonnes per hectare yield, and even higher yield levels have been achieved in Japan. Yet despite the Green Revolution the average yield per hectare of rice and wheat in most Indian states is extremely low (Table 8). The possibility of rapid increase in average yield levels is evident from the achievement in two of the agriculturally progressive states, Punjab and Tamilnadu, in doubling their output between 1965-66 and 1972-73 (Table 9).

Though the high increase in output depends to a great extent on the type and quantity of inputs like fertilizer and seeds, it is also dependent on knowhow and proper agricultural practices. The T & V System is based on the importance of the latter. Although the proponents admit to the difficulty in identifying the factors responsible in productivity increase, the system is based on the premise that whether or not associated inputs (material) are available, improvement of agricultural practices through extension services can rapidly increase the yield levels. Application of the system was first done in parts of Rajasthan and Madhya Pradesh in 1974, under the Command Area Development projects financed by the World Bank. In two years, paddy yields in the area increased from around 2.1 tons to over 3 tons per hectare, while wheat yields rose from 1.3 tons to over 2 tons per hectare.<sup>11</sup> Since these

are agriculturally backward areas, the increase in output is significant. The World Bank as well as the Indian government have attributed the increase primarily to improved extension services, since other inputs like irrigation and fertiliser had been available previously as well but not put to optimum use. The Bank is "reasonably certain that a professional agricultural extension service developed on the same principles in each of these diverse areas was the major force behind these changes." Therefore by undergoing the nominal expense of improving existing extension systems, estimated at around \$0.50 to \$1.50 per hectare per year, the yields can be steadily increased and possibly doubled in a matter of two or three seasons. On the basis of the Rajasthan project results, an Indian estimate places the cost-benefit ratio of implementing the system at a fantastic 1:196; the cost was estimated at Rs.70.34 million per year for improving the extension services, yielding an annual additional production worth about Rs. 14,420 million.<sup>12</sup>

The system on account of the cost-benefit implications, even if exaggerated, has been taken up with great enthusiasm in India by the Ministry of Agriculture.<sup>13</sup> The system presented itself in the void after the Green Revolution phase. It is noteworthy that the potential of a low-cost-high-output system for India is tremendous; in rice, for example, India has the largest area in the world,

covering as much as 28 percent of the total world area under paddy. Yield, however, continues to be among the lowest in the world, averaging 1.8 tonnes per hectare in 1975 against 6.5 in Korea and 6.2 in Japan, lower also than the world average of 2.4 tonnes per hectare. After the Rajasthan and Madhya Pradesh experiments, the program has been taken up on priority by the Government of India in the past three years with active involvement, financial and advisory, of the World Bank. By 1978 nine states had been taken up; now the nationwide adoption of the system has been declared to be basic to successful national agricultural policy. There is also comparable enthusiasm at the World Bank; as against its previous importance to large scale production of fertilizer and agricultural hardware, the Bank now states that "it makes sense to put first priority on the development of an effective extension service."<sup>14</sup>

I will examine the T & V System primarily from two angles: communication aspects, and small farmer direction. Apart from a literature review and discussions with officials, field references are based on a visit to a project area in Gujarat state, a village named Shuklatirth in Broach district where the system was introduced in April 1978.

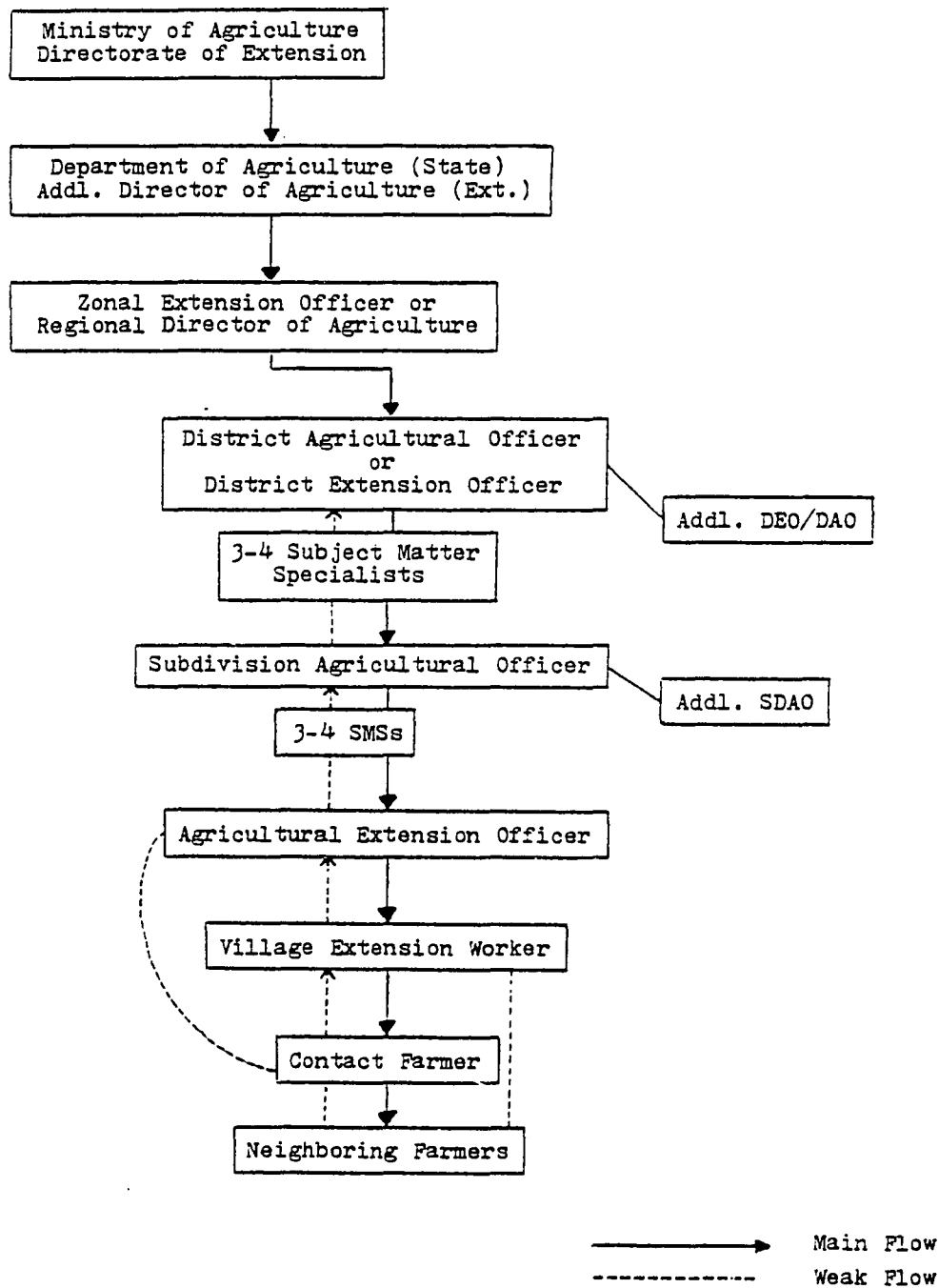


### Communication Aspects

The basic method underlying the T & V System is transfer of information regarding proper agricultural practices and knowhow to the farmers. The method is primarily interpersonal communication through the channel of Village Extension Workers (VEW). The main task is described as the proper management of information: timely delivery, appropriate knowledge and proper follow-through. To achieve this, the system envisages a rigid method of "training" of the extension workers and "visits" by the VEWs to farmers. The training is in factors like land preparation for cultivation, seedbed and nursery maintenance, appropriate seed varieties, tilling and weeding operations, proper plant spacing and other management practices conducive to better yields. Training is imparted by Subject-Matter Specialists once every fortnight to the VEWs, who spend ten or more days in the fortnightly cycle meeting groups of "contact farmers" to disseminate the information gained. The contact farmers are selected on the grounds of being "progressive" in adoption of new ideas, and of "good standing" in the community so that "their views on new practices will be respected by other farmers" so as to facilitate the diffusion process.

The organizational pattern in a typical Indian district is as follows. Each VEW is responsible for

Figure 4  
Organization Pattern for T & V System in an  
Indian District



covering around 500 farming families in irrigated and intensive cultivation areas and 800 in rainfed areas. These are divided into about 8 groups, with 10 percent of the farmers identified as contact farmers. The VEW is expected to visit around 10 contact farmers every day, usually on a fixed day and time so as to enable neighboring farmers to attend his visits. Around 8 VEW circles are under the charge of an Agricultural Extension Officer (AEO) who supervises their work and periodically joins them in meeting with farmer groups (two per day, eight days a fortnight). Six to eight AEOs are supervised by a Sub-Divisional Extension Officer (SDEO) or Additional SDEOs in larger subdivisions, who also make supervisory visits to the field programs. Each SDEO is assisted by four Subject Matter Specialists (SMS), each specialized in a particular area such as agronomy or plant protection. A district comprises of two or more sub-divisions; the District Extension Officer (DEO) or District Agricultural Officer is responsible for supervision and random checks. He is assisted by another SMS team usually more specialized and better trained than the ones at the sub-divisional level. Three or four districts are under a Zonal Extension Officer who reports to the state department of agriculture (Figure 4).

The emphasis is clearly on close supervision and "proper management" of the information flow. This is

because, notwithstanding the acknowledged importance of decentralization of decision-making and control, and the necessity of participation by the target groups, the problem is identified not as a lack of any of these but quite the opposite: in the Bank's words, "the lack of a single, direct line of technical support and administrative control."<sup>15</sup> In India where the extension system is well established, the main defect identified by the authors of this system is the multiplicity of functions of the village level worker, several masters to report and answer to, and the lack of a single line of command and communication. The remedy proposed by the system is the transfer or additional recruitment of village level workers (VLW) exclusively for agricultural extension activities under the system, controlled and directed by the agriculture department.

The system establishes a vertical pattern with clear-cut hierarchical positions of control and decision-making from the top, as seen in Figure 4. Communication is primarily in one direction, from the top down, with some response or problem situations being communicated up from the farmer level. The latter flow is more like "feedback" and does not give the lower levels any position of participation or decision-making which remain the exclusive priority of the higher levels on the hierarchy. This pattern has strong implications for the small farmer problem; if anything, this pattern and the environment of

authority created by it further limits the benefits from reaching the small farmer, as discussed below under small farmer directions of the system.

To place the T & V System in the perspective of the the old and new communication paradigms, it is useful to compare the communication patterns in all three: the pattern in the T & V System compared with the old or conventional approach to development communication, and the new concepts which supposedly have been incorporated in current development ideology. Table 10 lists the main aspects of development communication in the old and new communication paradigm and in the T & V approach.<sup>16</sup>

The first feature is the pattern of control and flow, both of organization and of communication. In the old paradigm, the primary emphasis is on a vertical pattern: one-way, top-down flow to inform and persuade the people below, the objects of the process. The new paradigm, which developed in reaction to the limitations and failures of the old, focusses on local initiative and control in the form of accountability.<sup>17</sup> This indicates a horizontal flow emphasizing equality among the component groups and two-way communication within the system. This is to facilitate program design and response in accordance with the needs and priorities of the potential users of the new practices, treating the people as subjects rather than

Table 10

Training & Visit System in the Perspective of Development  
Communication Paradigms

| Development Communication Paradigms   |  | Communication<br>in the<br>T & V System                                     |
|---|--|---|
| <u>Old</u>  | <u>New</u>   |   |
| (1) Vertical  | Horizontal   | Vertical  |
| (2) Top-down  | Two-way  | Top-down  |
| (3) Hierarchical/<br>Managerial   | Participatory  | Hierarchical/<br>Managerial   |
| (4) Diffusion   | Infusion   | Diffusion   |
| (5) People as<br>Objects  | People as Subjects   | People as<br>Objects  |
| (6) Mass Media<br>primary, Inter-<br>personal second-<br>ary                                    | Interpersonal pri-<br>mary, Mass Media<br>supportive                 | Interpersonal<br>primary, other<br>channels suppor-<br>tive                 |
| (7) Feedback con-<br>cept for<br>checking imple-<br>mentation and<br>modification<br>of content | Dialogue for for-<br>mulating programs<br>and deciding<br>priorities | Feedback for<br>checking imple-<br>mentation and<br>making adjust-<br>ments |
| (8) Production-<br>oriented   | Distribution-<br>oriented  | Production-<br>oriented   |
| (9) Technology-<br>based  | Theory based   | Technology-<br>based  |

objects or "targets." Whereas the old paradigm has a clearly defined hierarchy with management and decision-making at the top, the new concepts give importance to participatory decision-making and control, with input from the experts as much as from the users. The role of central authorities thus becomes one of coordination rather than authoritarianism. The T & V System, as indicated in Figure III, is based on hierarchical control and management from above, and is more akin to the old paradigm.

In the old and factually dominant paradigm, the task of communication was (is) to provide ideas and information from the outside to the people. The basic model was diffusion of information and innovation: the idea that farmers would be able to increase productivity by obtaining the appropriate technology and knowhow. Research was mainly on adoption practices and methods of improving adoption rates. Though the importance of the model should not be underestimated, it is clear that productivity increase by the rural poor will not occur by the diffusion model and its modifications alone, even when accompanied by special provision for other inputs. This has been brought out by studies on the communication . . . effects gap.<sup>18</sup> The model tends to ignore the social and political institutions and situational factors preventing increase of productivity by small farmers. In fact the

dominant position given to this model and the uncritical acceptance of the same has hindered realization of the latter and therefore development of the model itself. The new paradigm has substituted the concept of "infusion" --described as "an elicited response of a felt need"<sup>19</sup>--for actively involving farmer groups in expression of needs and responding with appropriate measures. These measures would initiate a process of dealing with political power and institutions, the problem of access for small farmers. These were largely ignored in the old paradigm under the umbrella of market-based economy and its assumptions of equal access, or modified by subsidies and supply controls which are cornered by the influential sections. In the T & V System, the model is clearly diffusionist. The assumption persists that with an appropriate supply of information disseminated among the farmer groups, the "yield gap" between the small and "progressive" farmers will be covered and productivity will increase all around despite the sociopolitical structures acting against the interests of the small farmers.

In accordance with the diffusion model and the assumptions of the dominant paradigm of development, the role of mass media and its potential in development was overemphasized. It must be mentioned that interpersonal communication did play an important role, as in community development programs, but the emphasis remained on mass



media with other channels in a supportive role. The new paradigm gives primacy to interpersonal communication, with mass media in a supportive role. Here the T & V System is in conformity with the new paradigm, though conducted in a spirit of downward dissemination. The purpose of interpersonal dialogue and the scope for responsiveness within the system is thereby clouded by the factors continuing from the old paradigm.

The concept of feedback exists in all three, but with a basic difference. In the dominant paradigm the role of feedback is limited to obtaining responses for ensuring proper implementation and dissemination of the message and some necessary modifications of the contents. The new paradigm emphasizes dialogue and horizontal interaction to contribute to the formulation of the content itself; continual two-way flow for determining priorities in the project. The T & V System falls in the former category of fixed program design and formulation from above, with feedback only to ensure appropriate application and make adjustments of minor types within the predetermined design.

The roots of the problem, and consequently the communication priorities, lie in the basic objectives which are often conflicting: whether the emphasis is to be on production, as in the dominant paradigm, or on distribution as in the new. The T & V approach is a typical example of the attempt of the World Bank to

combine both objectives in a policy of incremental change, focussing primarily on growth with a "distributive bias" towards the "target groups." It is based on the potential for increasing productivity on all farms through the use of appropriate technology; the distributive bias is in the expectation that through widespread dissemination, small farmers who are in larger numbers will be the major beneficiaries. The productivity-increase priority is evident in the criteria for choosing contact farmers: they must be the "progressive" ones, those of "good standing who would be able to increase yields quickly and make a "visible impact." In effect, therefore, distributive and other goals become secondary to productivity, and technology maintains dominance over development theory. The possibility that this pattern can actually go against the goals of distribution and reduction of inequality is examined below in the second part.

Our analysis of IGO models (Chapter V) indicates that the pattern of development communication is by and large similar to the one in the T & V System, akin to the dominant paradigm. The models are vertical in organizational structure with decisions and action enforced from above. Where components of the new paradigm have been mentioned such as organization of the people and participatory decision-making, the rhetoric is hardly in keeping with actual practice. Both the redirecting investments

and the basic needs models are essentially top-down, managed and decided from above. In the agrarian reform approach, there has been an attempt to involve rural poor through distribution committees and the like; however, as seen in the proceedings of WCARRD and in the Indian plan implementation, no form of horizontal or participatory communication has been achieved. In the IRD approach, the concepts of area development planning and participation have been included without any supportive changes in practice, leaving the concepts unrealised and submerged in the dominant institutions continuing from the past and consolidating themselves. The rhetoric only assists this process of consolidation.

#### Information as an Input

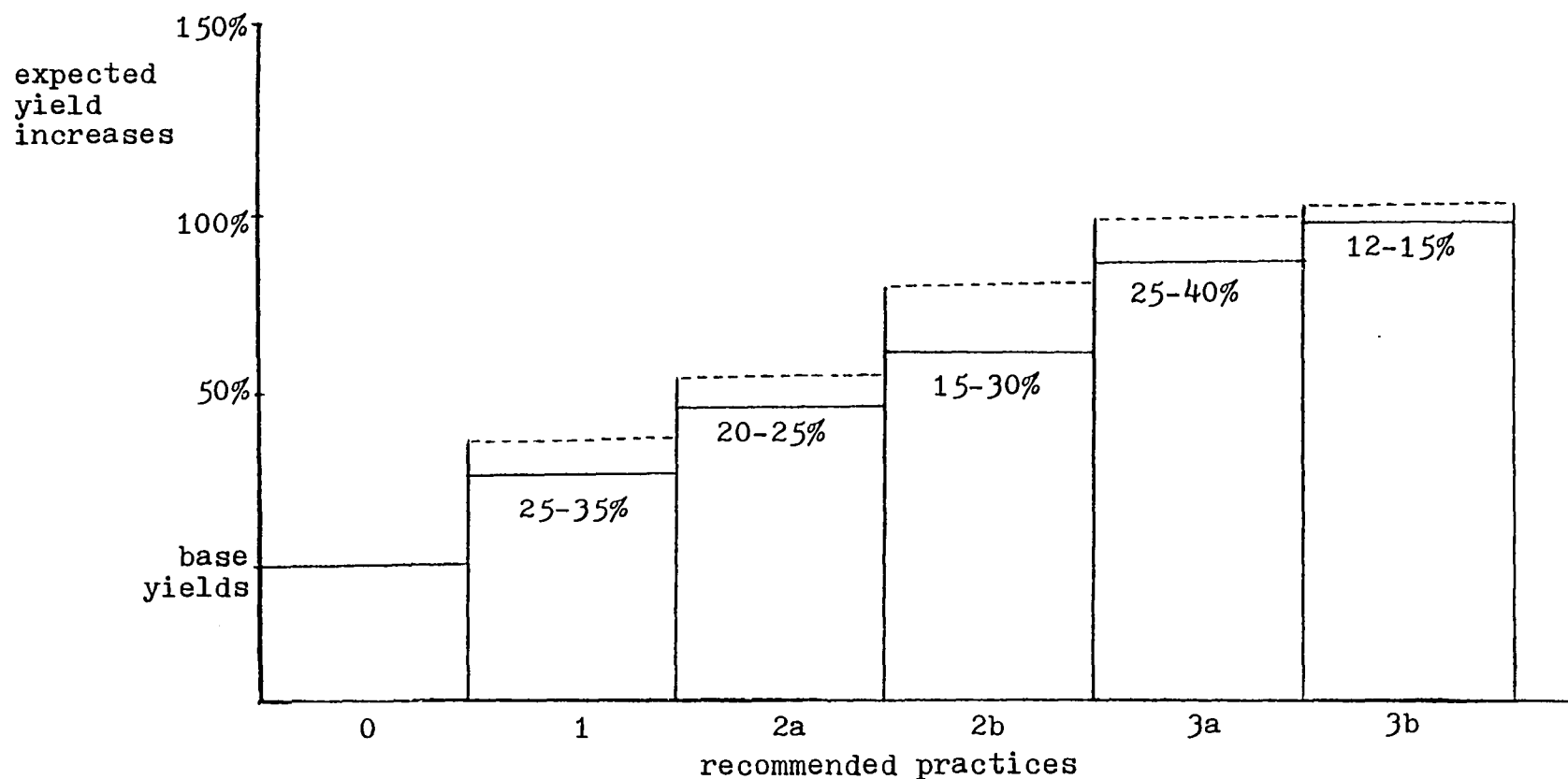
One of the many caveats in the T & V System is regarding the requirement of inputs apart from information. The system suggests first priority on effective transfer of information on agricultural practices; it however adds the caveat that "it is...not the intention to suggest that extension alone can enable farmers to maximise their incomes. Inputs of seed, fertilizer and pesticide, effective credit institutions and investments in irrigation are needed."<sup>20</sup> Yet the expectation is that by reforming the extension system alone, yields are capable of being doubled and tripled due to improved agricultural practices and easy availability of labor.

The actual potential for increase of productivity as a result of information on agricultural practices as against other inputs can be seen in Figure 5.<sup>21</sup> The scope for yield increases through extension is far more limited than envisaged in the optimistic portrayals of the T & V System. A study by the World Bank's Development Policy section brings out the crucial point that yield increases under the extension method are achieved by improved practices suggested under the system as well as by better and greater use of material inputs. In the process of yield increase, there are different stages as shown in the figure dependent on the quality and quantity of inputs available. By the provision of information for improving cultural practices, there is scope for increasing yield by 25 to 35 percent, and by another 20 to 25 percent with the use of better varieties of seeds.

This study appears more realistic than the projections of the T & V System; it states that there can be a possible 50 percent increase in yields without any increase in the use of material inputs. However, even this increase is subject to the assumptions that the extension system is capable of spreading the information to a wide variety of farmers regardless of the existing differential structures, and that, even the basic varietal changes are easily accessible to all. More interesting are the caveats in this study: that while extension is a key to improving

Figure 5

Expected Yield Increases From Recommended Practices



Practices: 1: Improved cultural practices only; 2a: 1 + High yielding varieties;  
 2b: 2a + 25 kg/ha nutrients; 3a: 2a + 50 kg/ha nutrients + pesticides;  
 3b: 2a + 100 kg/ha nutrients + pesticides.

Source: World Bank data for irrigated crops in Assam, India. Inderjit Singh, "Small Farmers and the Landless in South Asia," p. 34.

agricultural practices, it is "less clear" how far yields can be increased by changes in cropping patterns without other inputs. Yield increases may not be as dramatic as anticipated unless there is access to "other critical inputs -- water, seeds, nutrients, credits -- unless irrigation, credit and delivery systems are reorganized."<sup>22</sup>

A further caveat is that the findings, as indicated in Figure 5, are based on small and limited samples. Therefore the possible increases may or may not occur depending on different situations; these "possibilities" are indicative and not definitive.

The T & V System is virtually silent on the question of inputs, leave alone the matter of "reorganization" of credit and delivery systems. It is noteworthy that, as indicated in the study mentioned above, the "success stories" like Chambal are dependent on improvement of input availability and delivery systems. By stepping up the extension activities, the system envisages a greater demand for inputs and suggests that "the input supply and credit organizations should also be strengthened." The information to be provided to farmers by the village extension workers includes doses of required inputs and sources for obtaining them. However it does not include any improvement in their provision or distribution and works quite separately from these supply systems.

In fact, the impact of the system is in a way contrary to the provision of material inputs, because it involved drawing out the VLWs from their previous role of multifarious activities including supply of seed and fertilizer under the community development blocks. The lack of coordinated provision of material inputs in the T & V System leaves a gap between information received by farmers and the ability to make full use of the information. This has resulted in an alternate label being accorded to the T & V System in India; for lack of inputs after provision of information, the system is sometimes referred to as "Talk and Vanish!"

#### Small Farmer Direction

The central proposition here is that:

Projects directed at the rural poor like small farmer "target groups" in actuality benefit the more powerful rural elements, the medium and large farmers.

The T & V System is typical of new-style projects which are directed supposedly towards small farmers, but in effect benefit medium and large farmers. This can be examined at two levels: one, as the system is conceived in theory, and two, as it occurs in the field.

The project description starts out with an emphasis on the needs of the rural poor, the "large numbers of small farmers using low-level technology and usually traditional methods." Since these farmers have abundant supplies of

labor, the implementation of improved agricultural practices is affordable since they are primarily labor-intensive methods. While the initial descriptions of the system and also the foreword and preface to the booklet describing the system use the phrases "rural poor" and "small farmer" quite insistently, the emphasis seems to steadily abate as one examines the program content. The key phrases in the content become "progressive farmers" and the importance of "visible impact" by farmers who are of "good standing" and therefore easily "imitable." The transition becomes lost and somewhere in between the primary status of small farmers in the program is replaced by a status secondary to the large farmers. An example is the statement that "the smaller cultivators...may benefit at least as much as the larger farmers."<sup>23</sup> The statement reflects the tacit acceptance that the larger farmers will be the major beneficiaries anyway, and a consolation can be drawn from the hope that the diffusion process will help the small ones draw similar benefits!

The fact that this hope has usually been belied in past programs of a similar nature has received scant attention in the "new" system. As an official of the Ministry of Agriculture in Delhi put it, previous agricultural production projects like the kharif (paddy) drive contain very similar elements to the T & V System: timely delivery



of information and inputs by the VLWs, a vertical pattern of supervision and control, setting up of demonstration plots for visible impact, creation of incentives for outstanding extension workers, and so on. There is very little in the T & V System that has not come in one form or the other already been tried; and where implemented effectively, production has indeed gone up, but not in equal measure for the small farmers, and not in a manner as to reduce rural inequity.<sup>24</sup> The T & V System includes the caveat that "the approach contains few really new ideas, if any." Instead, the crux of the system is "well-known principles applied systematically."<sup>25</sup> While there can be no hesitation in accepting that better application of knowledge is likely to lead to better results, it must be clarified that we are talking here about productivity, not equity, and not necessarily small farmer productivity as the T & V System would have us believe.

An emphasis on productivity reflects a large farmer bias in implementation in the field, and in the T & V System this can be observed from three angles. First, the choice of contact farmers as indicated by the criteria of selection (progressive, of good standing in the community, imitable, capable of quickly increasing yields and creating a visible impact) is intrinsically biased towards larger farmers. Second, the diffusion process in the system

carries a similar bias; the extension staff find it easier and more rewarding to work with the influential sections capable of reciprocating with "fringe benefits."<sup>26</sup> The diffusion process is to be assisted by asking each contact farmer to explain what he has learnt to several of his "friends, relatives or neighbours," and to help them adopt the recommendations. It is hardly likely that small farmers would be in the categories above in whom the large farmer would take active interest. Third, the suggestions and increased usage of material inputs tends to heighten the observed processes of cornering of inputs by the large farmers and further deprivation for the rural poor.

The single-mindedness of delivering information through a "single line of command" is retrogressive in terms of the small farmer interests, because it goes against the purpose of a holistic, integrated approach. While the VLWs do have very diversified tasks and different task masters, their potential for general development work in the area is removed by their transfer into the limited information transmission activity. The T & V System in this manner goes against the spirit behind integrated rural development.

For this as well as a variety of reasons, there has been resistance in some states in India to the adoption of the proposed organization of staff and the transfer of

VLWs from community development to agriculture department.<sup>27</sup> Agricultural production must be considered a holistic activity, a way of life, in which communication is a force that can influence the social and political institutions. It can help organize the people to interact and become a voice and power for change. As it exists, communication within the T & V System limits the potential for systemic change to a single technical activity geared towards productivity increase. This is a step backwards from reorganizing the system towards the rural poor.

In Shuklatirth, as in most areas of Gujarat where the system has been introduced, a great deal of momentum is apparent in the implementation of the system--more on the system and on quick yield increases than on small farmer development. Though the definition of a small farmer is flexible in the system description, it presumably goes by the definition in force in project areas. For India a small farmer is one holding less than 5 acres of land. In Shuklatirth there are 356 cultivators and 788 landless laborers out of a total population of 4,972 (1971 census; See Table 11).

The system, introduced in April 1978, does not contain any component for the majority landless who are over twice the number of farmers. The expectation that labor will be absorbed by increased agricultural activity

Table 11  
Statistics of Shuklatirth Village

District: Broach, Gujarat State

Total Area: 4,096 acres

Cultivated Land: 1,593 acres unirrigated  
759 acres irrigated

|                   |       |       |       |
|-------------------|-------|-------|-------|
| Total Population: | 4,972 | M     | F     |
|                   |       | 2,582 | 2,390 |
| Scheduled Tribe:  |       | 757   | 711   |
| Scheduled Caste:  |       | 98    | 102   |
| Literates:        |       | 1,447 | 739   |
| Total Workers:    |       | 1,229 | 286   |

Occupational Structure

|                            |       |       |
|----------------------------|-------|-------|
|                            | M     | F     |
| Cultivators                | 346   | 10    |
| Landless Laborers          | 528   | 260   |
| Allied Activities          | 7     |       |
| Mining                     | 21    |       |
| Household/Cottage Industry | 49    | 3     |
| Other Industry             | 49    |       |
| Construction               | 15    |       |
| Trade and Commerce         | 87    | 2     |
| Communication & Transport  | 8     |       |
| Other Services             | 119   | 11    |
| Non-Workers                | 1,353 | 2,104 |

Crops in Shuklatirth

|              |          |
|--------------|----------|
|              | Hectares |
| Bananas      | 310      |
| Rabi Jowar   | 228      |
| Pulses       | 161      |
| Wheat        | 35       |
| Hybrid Maize | 40       |
| Groundnut    | 15       |
| Cotton       | 9        |

Source: District Magistrate and Collector, Broach; based on 1971 Census figures.

generated by the system can be valid only by involvement of small farmers, as small farms absorb more labor per unit of land. Though no impact studies have been undertaken yet of the program in Shuklatirth, studies in Rajasthan indicate that 20 percent of the farmers who adopted the practices purchased tractors within a year, implying that these were not of the small farmer category and that adoption by medium and large farmers may lead to reduction of labor employment.

Of the 35 contact farmers selected in Shuklatirth, as per official records 12 are large farmers with over 10 acres of land, 11 are medium holding between 5 and 10 acres, and 6 hold less than 2.5 acres (marginal farmers). Thus officially the medium and large outnumber the small as contact farmers by two to one. It is common knowledge that unofficially the ratio is often higher, since large farmers tend to manipulate land records or undertake paper transfers to be recorded as small holders to evade land ceilings and qualify for small farmer benefits.

Moreover, the crops taken up under the system in Shuklatirth were cash crops, cotton and banana. Shuklatirth is mostly rainfed land without assured irrigation, and therefore what would be most needed there for small farmers is improved technology and provision of inputs for the major food crops. Cash crop improvement means higher profits for the larger farmers, the primary growers

of these crops, and less involvement of small and marginal farmers. It is expected that the remaining crops will also be taken up under the system, but the emphasis on yield and profit versus need is clear. The lack in improvement of the input situation particularly for small farmers was repeatedly voiced in the area, particularly since the suggested methods increase the general demand of the same.

It is interesting to note that the extension system increased the demand for insecticides, contributing to the profits of a multinational corporation. Novocon is the brand name under which CIBA markets and advertises the insecticide. The same is also available under the brand name of Monocrotophos at a lower price by an indigenous firm, but the better marketing and distribution techniques of the MNC have made it difficult for the local product to be used.

Though studies on the impact of the system are yet to be done, the indications seem to be that productivity will make gains as disparities further widen. According to a district official of the area:

As regards trends in poverty no recent figures are available, but one wouldn't be wrong in saying that inequalities have widened over the last decade or so...the gap between those with assets and those without is becoming larger... It would be difficult to say whether people have become poorer in absolute terms...but there could be little quarrel with the proposition that the

landless labourers and marginal farmers have become relatively poorer vis-a-vis the large farmers and traders.<sup>28</sup>

I placed some of the problems regarding small farmer access in the new-style projects before James Harrison, co-author with Daniel Benor of the T & V System, during an interview in the World Bank's Delhi office. His opinion on the matter was clear and indicative of the Bank's general policy: to go ahead with development projects directed at rural areas with a large percentage of small farmers, even though the projects may not be for the exclusive benefit of the small farmers. His point was that there seems no use waiting and not undertaking any projects at all simply because the larger farmers may also happen to benefit from them. He felt that there is perhaps a bias among people against large farmers based on the belief that they always manage to obtain the benefits of development projects.

He saw this notion as highly exaggerated; perhaps percentage yield increases on small and large farms do indicate that the larger land holder has more to gain by a higher turn-over and less division of profit, but that does not exclude the small farmers from benefits which might not have occurred at all otherwise. His own findings, based on research on the impact of the Green revolution in Tanjore, revealed that small farmers

actually drew greater benefits than the large farmers of the area. Though that may not be a general case, he felt that preconceived ideas drive people to readily and uncritically accept the opposite view.

In other words, there is evidence of a strong and sustaining belief in the trickle-down concept, and that some development is certainly better than none at all. This belief, however, dismisses the studies indicating the negative impact of such development policies on inequality, including those that have been done by official sources like the Indian Planning Commission.<sup>29</sup> Past analyses have indicated that gaps widen and poverty is not alleviated and even tends to increase unless the problems of access for the poor and structural change to permit continued access occur. The T & V System does not contain any strategies towards change in this direction.

It is precisely this point--the use of past experiences for further perpetration of the same policies favoring a minority--that Beltran brings out in discussing the lessons of diffusion research:

Diffusion research has shown us that those few privileged farmers who (1) own land (particularly more land than most others), (2) enjoy a high socioeconomic and educational status, and (3) have ample mass communication opportunities are the most innovative in adopting new agricultural technologies. Did we not somehow know this long ago in Latin America? And, if



we did not, to what use are we putting this knowledge today? To concentrate rural development energies in the service of the "easy-to-convince" minority so that it gains even more economic and social power while the peasant majority is further deprived and oppressed? The ultimate questions, then, are why is this so and what should be done about it. The answer--"structural changes--comes through strongly over and over again.<sup>30</sup>

#### Small Farmers Development Agency

The necessity of special programs directed specifically at small farmers appears to have been realised by Indian planners somewhat prior to the IGO emphasis on this. If McNamara's Nairobi speech of September, 1973 is considered a turning point in IGO thinking towards "direct" measures for the rural poor, in India it was the publication of the Draft Fourth Five Year Plan in 1969.<sup>31</sup> The plan came in the wake of recommendation of special fact-finding committees for the setting up of specialized agencies.<sup>32</sup> Consequently one of the major objectives of the Fourth Plan was to enable the small and marginal farmers and agricultural laborers "to participate in the process of development and share its benefits."<sup>33</sup> One of the special schemes for the purpose was the Small Farmers Development Agency (SFDA) which began functioning in 1971.<sup>34</sup>

In contrast to the recent T & V System discussed above, the SFDA concept has been in existence during the

decade of experimentation with new-style models. It has undergone evaluations and modifications during the period and therefore provides a good illustration of the applicability of projects with a "redistributive bias." Its history demonstrates the problems of attempting such redistribution in a given setting without systemic change.

The basic objective of SFDA is to provide preferential arrangements for the supply of inputs to small farmers.<sup>35</sup> This is based on the recognition that the existing system discriminates against the small farmers in access to inputs. The market system steers inputs towards large farmers for whom the prices and terms are more easily affordable. Credit is provided on the basis of assets and securities; small farmers continue to be considered comparatively bad risks by financial institutions. This tendency continued even after the nationalization of commercial banks and the setting up of state-supported credit system, both of which had a small farmer component. This lack of availability of credit and inputs was acknowledged as a vicious circle perpetuating poverty: lack of inputs causing low productivity leading to lack of purchasing power and asset creation causing lack of credit, resulting again in lack of inputs.

The SFDAs were created as autonomous bodies registered as agencies under the Registration of Societies Act

to ensure their independent functioning for the needs of small farmers. Funds are drawn from the Central Government,<sup>36</sup> and they are not accountable to the state or district authorities nor dependent on them for financing. Their purpose is to serve as guarantee agencies and lobbying agents with existing institutions and development departments.

There functions, in brief, are:

1. To identify the eligible participants, the potential beneficiaries who hold below five acres and are potentially viable;<sup>37</sup>
2. Identify their problems and potential;
3. Draw up "suitable" programs or schemes relating to agriculture or subsidiary occupations for helping them;
4. Locate the institutional sources and arrange credit;
5. Get the programs executed through the existing development and extension agencies.

Another important function is to provide subsidies: 25 percent for small farmers and  $33\frac{1}{2}$  percent for marginal farmers and agricultural laborers is the maximum given as subsidy of the total cost of purchase of capital goods or investment.

The types of projects taken up under SFDA include land development, soil conservation, minor irrigation, horticulture, improved varieties of inputs, and cropping patterns. For development of subsidiary activities, the

projects include dairying, poultry farming, piggery development, and sheep and goat rearing. The latter activities, falling under the animal husbandry category, are mainly for marginal farmers and agricultural laborers. Subsidies are also provided to cooperatives and other institutions for setting up supporting facilities for marketing, processing, storage etc. and programs to build up the infra-structural facilities.

The SFDA system is thus an institutional innovation for the purpose of, firstly, identifying and promoting activities involving the rural poor, and secondly, inducing the existing institutions to extend their benefits to the weaker sections. Each agency covers one or sometimes two districts. It contains a nucleus staff of one project officer, three assistant project officers, and supporting office staff. The project officer is usually drawn from the senior ranks of the state's civil service or from the Indian Administrative Service. The assistant project officers are generally from the departments of agriculture, animal husbandry and cooperation. Apart from this regular staff, the agencies are dependent on part-time participation and cooperation from the district and block staff. The district magistrate/collector is the ex-officio chairman of the agency, and the members include district level officials of various development departments and representatives of the cooperative institutions and commercial

banks. Two non-officials are also nominated on the governing body of each agency in consultation with the state government, and local elected representatives are invited to the meetings.

During the Fourth Plan, 87 agencies were set up covering 97 districts across the country. Each agency prepared a detailed project report regarding information on the project area and the schemes and programs proposed to be undertaken.<sup>38</sup> With the approach of the Fifth Plan, SFDA along with other special programs became regarded as an essential mechanism for removal of rural poverty. The Planning Commission's Steering Group on Agriculture, Irrigation and Allied Sectors found the performance of the projects somewhat uneven, basing its assessment primarily on the amount of credit advanced in the project areas. The Committee recommended some modifications and expansion of the scheme; this included merger of the small farmers and the marginal farmers/agricultural labor agencies, and the expansion during the Fifth Plan to cover 160 districts.<sup>39</sup> Each composite agency was to cover 50,000 beneficiaries during the five-year period in a phased manner over the project area.

The SFDA experience can be assessed at two broad levels which are not mutually exclusive: the project itself, in terms of coverage, implementation and institutional factors; and the conceptual and political economic issues.

I was surprised at the unexpectedly large number of evaluations of the former category done mostly by the government or government-sponsored agencies. There are studies done by supervisory officers of the scheme, the reports of government officers on the basis of field visits, and the reviews done from time to time by the Department of Rural Development, Government of India. There are also additional reports on SFDA by the Reserve Bank of India and by the Directorate of Economics and Statistics. To avoid a lengthy and repetitive discourse, I will summarize the findings falling in the first category on the basis of two major evaluations--one by the Planning Evaluation Organization of the Planning Commission,<sup>40</sup> and the other based on a seminar on SFDA as an intervention strategy for rural development<sup>41</sup>--and on my observations in the field.

Despite the expansion of the scheme, the process of identification of eligible participants has been slow and inadequate. According to official figures, only a little over a quarter of the total small farm households have been identified for project activities. The number that received benefits is much smaller; even by assuming that every registered member of the assisted cooperative societies actually received credit, only half the participants identified, or one-eighth of the total number of small farm households, received any benefits under the scheme.<sup>42</sup> In Broach, for example, less than one-fifth of

the identified small farmers were included in SFDA schemes after five years of operation of the project, and even after the projected schemes to be undertaken during the Sixth Plan, only about half the total identified small farmers would be covered.<sup>43</sup> In other words, even if one were to assume that the agencies are successful in their objectives wherever applied, the coverage is far from adequate given the magnitude of the small farm sector and the measures so far envisaged.

An important deficiency is the inadequacy of the "nucleus" staff and the excessive dependence on the existing district and block functionaries. The existing staff do not welcome the additional duties and demands placed on them, which causes frustration in the project officials and limits their effectiveness. There is a high turnover of the project staff, particularly the project officer, partly due to lack of importance of the scheme in personnel policies, and partly due to the efforts of project officers to move out to other "more effective" posts. Most evaluations indicate the solution as more stringent personnel policies, additional incentives for SFDA work and expansion of staff like extension workers. The problem, however, is not with personnel policies alone but based on personnel priorities. It involves diverting the block and extension staff from their focus and attention

on medium and large farmers towards the SFDA priorities.<sup>44</sup> These priorities are difficult to enforce because of political economic considerations discussed in the second category.

The key program of SFDA is provision of access to credit facilities, and in this main activity the performance in project areas has been weak. The cooperative infrastructure, which had been in existence prior to the scheme, continues to be weak and inadequate, and riddled with procedural problems and excessive defaults. Rural financial institutions and commercial banks are too few and despite the guarantee provided in SFDA areas, the procedures are generally too cumbersome. As a result, the actual amount of credit to small farmers from rural banks in project areas has increased only marginally, with agricultural laborers being almost totally neglected.<sup>45</sup> The main source of credit continues to be the private moneylender, often also the biggest landlord of the area, with atrocious rates of interest. In specific schemes for provision of other inputs, nearly one-fifth of the projects had not drawn up any programs, while all without exception fell short of targets. Where schemes were drawn up, very few achieved success in implementation because of problems of coordination between concerned departments and general apathy and misutilization.<sup>46</sup>



There have been instances of success with some of the SFDA schemes pertaining to minor irrigation and to subsidiary activities, despite the overall performance. Dugwells in many project areas were successfully constructed and increased small farmer productivity and income; generally, however, minor irrigation for small farmers was affected by lack of extension support and cases of misutilization by larger farmers.<sup>47</sup> Again, schemes of poultry breeding and dairying on a cooperative basis were successful where suitably provided with support facilities.<sup>48</sup> In too many cases, however, dairying "instead of augmenting income proved to be a liability" for lack of support facilities like provision of feed, marketing of produce, and animal care.<sup>49</sup> Nearly all the poultry programs failed for lack of support facilities.

There is however a broader set of issues. The SFDA projects were set up in recognition of the need for direct help to the weaker sections. Their limitations are not indicative of failure in the area of implementation, but the futility of ignoring the structural dimensions of the small farmer problem. Isolated projects cannot succeed to counter the overall activities and influences operating in the area. This is visible in the evaluations as well, even though attributed to managerial rather than political factors. For example, the dependence of the SFDA scheme on

the existing block and extension system leaves it subject to the influences operating in the system; therefore there does not appear to be any reason to expect it would meet greater success in reaching small farmers than the general community development program did in the past.

The system of dependence and linkage with institutions that have primarily benefitted the affluent sections in the past suggests that the SFDA is not designed to serve the exclusive interests of the poor. More specifically, the trickle-up effects of SFDA and misutilization of funds by larger farmers are inevitable and have been calculated by the government evaluations. As per the Program Evaluation Organization's conservative estimate, improper identification and verification of beneficiaries resulted in a 9 percent error in benefits accruing to wrong persons. In reality the figure is likely to be much higher; there is a tendency among medium and large farmers to get themselves recorded as small farmers to evade ceiling on holdings and avail of special benefits, and the verification procedure in the system is too weak to counter or check this tendency.

Moreover, despite the claim that the composite SFDA projects bring within their scope the majority of the rural poor, the system in effect virtually excludes the marginal farmers and agricultural laborers. Nearly 44 percent of

rural households own no land or less than one acre; identification of this group in this scheme has been neglected, and in project areas fewer than 10 percent of the total have been identified for programs. Again, even where identified, the main thrust of the scheme is towards facilities like irrigation which affect farmers in the upper bracket; even provision of subsidiary occupations like dairying have proved difficult to maintain for the poorest sections for lack of supporting facilities and a basic farm-level infrastructure. To counteract this problem, there has been an attempt to combine the special schemes into area development programs for a comprehensive approach to building the basic infrastructure. This in effect means that the experiment has come a full circle; area-based schemes, as discussed earlier, have a larger flow of benefits towards better-off sections with the capacity to utilize them best, and therefore may have an adverse effect unless there is an equitable farm level infrastructure.

The SFDA system has been placed in the existing social framework on the basis of a set of assumptions. No radical changes or redistribution of resources are envisaged as necessary prerequisites or end results. The main assumption is that poverty and lack of productivity are caused by lack of resources and neglect of small

farmers, and lack of credit and other assistance to them on account of risk factors and lack of security. There are however several studies which show that small farmers have a better performance in terms of repayment, and in fact default is more often in the case of large farmers; that productivity and return on investment is no less on small farms, and the social return is indeed much higher.<sup>50</sup> Poverty in the Indian experience seems a consequence of the power structure, the inegalitarian economic and social structures determined primarily by the land holding pattern. This set of factors prevents the percolation of benefits and the access of weaker sections; without alteration of these factors, and without the organization and participation of the rural poor, the benefits from development schemes will continue to be drawn by the better-off despite projects like SFDA.

### Project Evaluation

The proposition examined in this section is:

Projects that do not succeed in reaching the "target groups" are nevertheless perceived as successful by the agencies concerned, because of biases in methods which prevent analysis of actual beneficiaries.

Both the T & V System and the SFDA scheme have been considered on the whole successful, and as mentioned above the suggestions or modifications usually made are in the area of implementation and management. Conceptually the

the evaluation reports regard these schemes as sound, and in performance they are shown as making progress towards their objectives.<sup>51</sup> Similarly the IGO publications and reviews of new-style projects claim success and surpassing of "targets" and anticipated results.<sup>52</sup> Overall the shift into poverty alleviation programs and the kind of projects taken up for the purpose are considered conceptually satisfactory, in need only of wider and better application. Yet a closer look at these projects does not indicate success in the declared objectives of reducing disparities or successfully involving the weaker sections. The trend on the contrary continues to be towards further intensification of poverty and disparities in wealth.<sup>53</sup> The question that arises is, what are the factors that allow these policies to be termed successful despite the apparently thorough procedures of monitoring and evaluation?

To discuss this, it is necessary to consider briefly the evaluation procedure. The World Bank claims a very elaborate and multilevel system. To begin with, the project supervision includes regular reporting of progress by the borrowing agency or government; periodic field visits by the Bank staff, mainly from the regional office, but often from the head office by specialists or consultants;<sup>54</sup> semi-annual supervisory missions to visit the project areas and produce a summary report on the status of

the project areas and particularly any problems (placed in categories like F=financial, M=managerial, P=political and O=other); and an annual review of problems in project implementation. After completion of a project, the concerned operating department prepares a project completion report (PCR) as a culmination of the supervisory work. The PCR is "to consider candidly" the lessons to be learned from the project experience: whether objectives were clearly defined and fulfilled, the weak or deficient points of the projects, the economic and social impact, the financial performance, and factors of institutional development, implementation and efficiency. Particular emphasis is to be placed on the World Bank's "contribution to the country's development" as a consequence of the project completion.<sup>55</sup>

In addition to this, and to facilitate and supplement the same, there is an attempt to "build in" monitoring and evaluation methods in the project guidelines for the use of borrowing governments or agencies. The purpose is to adjust projects according to desired goals, and to facilitate replication and improvement in future applications. Some departments contain monitoring and evaluation cells, like the operations review section in the Rural Development Division. This section primarily collects data on ongoing projects obtained from the implementing

agents and passes on the findings to the relevant operating department.

The next level is evaluation on a broader basis (group of projects rather than individual projects) by different departments in the Bank. Economic policies and sectoral directions are assessed by the Development Policy Staff and by the Central Projects Staff; the operating efficiency is assessed by the Programming and Budgeting Department; organizational matters by the Organization Planning Department; and financial implications by the Internal Auditing Department. All these departmental evaluations have an impact on scrutiny of ongoing projects, adjustment and variation of the same, and policies for future projects.

Finally, there is an independent Operations Evaluation Department (OED) which is not placed under the control of the President but reports directly to the Executive Directors. It carries out performance audits on all completed projects, and the collective review is published annually.<sup>56</sup> Some projects are taken up for a thorough review, selected on the basis of importance of a particular project experience, or the kinds of issues raised, or simply on a random basis to check the process. There is, however, a considerable time-lag between project completion and its evaluation by OED; none of the new-style projects

have been evaluated, since OED is still looking at projects formulated in the late 1960s and early 1970s.

The Indian Government similarly has a very thorough and multilevel system of supervision and evaluation. There is a continual flow of progress reports from the functionaries at the micro or village level in the project area, which are processed and verified by the supervisory staff at the block level. The officer incharge (Block Development Officer (BDO) or equivalent) compiles these reports, satisfies himself on the basis of random checks, and reports to the next level, the subdivisional office (SDO). This system of reports and supervision through field visits continues from the subdivision to the district level, on to the divisional level, to the controlling department in the State Government, to finally the relevant ministry in the Central Government. The district is the key level for supervision and coordination of ongoing field projects, and meetings are held at least once a month at the district headquarters involving all the important functionaries at the district level as well as the SDOs and BDOs; these are often attended by officials from the divisional and state headquarters.

Both the State and Central Governments have various other departments and organizations involved with supervision and evaluation. There is a monitoring system for



ongoing schemes in the relevant state department and central ministry. There are also independent audit departments constantly involved in screening projects and furnishing reports to the highest levels independent of control by the executive staff. The Directorate of Economics and Statistics maintains its own staff at the block level and compiles statistical reports indicating the impact and progress of the ongoing projects. Probably the highest evaluation authority is the Program Evaluation Organization (PEO) of the Planning Commission, declared to be an independent agency for "external" evaluation. It focuses on area development programs and has now extended its activities to evaluation of general rural development policies. It has its own staff for field evaluation. There are seven regional evaluation offices, each covering two to four states, and some 34 project evaluation offices located at district headquarters. About 104 evaluation studies have been completed so far, including the SFDA study mentioned earlier.<sup>57</sup> There is, of course, a committee to evaluate the evaluation of PEO!

The first noticeable feature is that the perspective of evaluation studies by governmental organizations, including the so-called independent wings established for the purpose, is similar to the perspective of the model or project. The ethos, the measures and even the language of

the two are similar and complementary. Therefore the indicators and output measures selected for evaluation are similar to those visualized as success indicators in the project formulation. Being grounded in the same ethos, evaluation does not occur from an alternate perspective.

The common sequence that illustrates the above is increase of productivity as a primary goal in a project for poverty alleviation by means of improved extension and services, followed by increase in yields as the prime indicator in evaluating the project as successful. This is the cycle in the two projects directed at small farmers discussed above, the T & V System and SFDA. In the former, the cost-benefit ratio of 1:196, calculated on the basis of value of the increase in yields relative to the cost of improving extension services in one project area, is taken as the chief indicator of success and motivator for expansion of the scheme. In other words, increase of yield was considered the primary method and objective of the system; it also claimed to be directed at the small farmers, with the assumption that due to their larger numbers in the project areas, they would gain in the process. Thus evaluation and monitoring retains this assumption and strengthens the process by using the yield indicator. There could, of course, be a host of indicators and alternate methods of analyses which would be more fitting in determining

impact on the weaker sections, were this the real priority in the programs and the acceptable criteria for "objective" assessment of impact. However, within the existing scheme of project formulation, the only clear and acceptable and reasonably measurable "objective" criteria is considered to be crop yield.

Another factor is that where the question of "who benefits" is inquired into, it is settled by the same records and procedures that establish who should benefit. Where large landholders have succeeded in recording themselves as small to avail the benefits and to evade land ceiling, as is fairly widespread in India, the evaluation procedure also goes through the same records and mechanism to arrive at its conclusions. There are of course exceptions to this, and in some cases the fault is detected on occasion by the PEO,<sup>58</sup> but the general rule stands. Despite the multilevel methods of supervision and analysis, basically the same group of functionaries are depended upon. The World Bank depends on reports and figures from the member nation; even the supervisory missions as they exist and function depend upon the "official" records of rights on holdings, which ultimately are the custody of the area revenue staff. Among the independent field evaluations done by organizations like PEO, however, there is scope for better determination of actual beneficiaries, but

the question is seldom pursued with the necessary thoroughness nor is the staff sufficient in size and commitment for the purpose.

The matter of a deeper investigation into the question of "who benefits" has indeed been considered at the Bank. One of the few sociologists at the Bank discusses the necessity of measures of well-being; the question, however, is quickly dispensed with in favor of "simplified," "acceptable" and "measurable" indicators, primarily in the form of crop yields. The social indicators are relegated to a secondary position as features to be developed sometime in the future.

Since the ultimate objective of the (T & V) extension program is to improve social and economic well-being, one can think of evaluating well-being as a measure of impact... A host of such characteristics might be named: income, crop yields, possession and quality of goods such as houses, clothing, furniture and tools, childrens attendance at school, and many others. Evaluation might then direct itself to the question whether, as a result of the extension program, the levels of each of these indicators of well-being have increased.<sup>59</sup>

An example of the evaluation measures being grounded in the ethos of the project approach is evident in one of the reasons mentioned for not adopting the above measures:

However, no specific characteristics of well-being are singled out (in the T & V Extension System) nor specific levels of any such characteristics defined as the goals of the extension program.<sup>60</sup>

The problems cited in adopting these measures are: the difficulty of attributing the progress or otherwise to the project alone in a complex social setting with multiple factors at work; the difficulties in measuring these indicators; and questions about their acceptability as valid indicators. They, therefore, do not figure in the list of indicators, which instead is supposed to contain "characteristics that can be measured reasonably well and which will be generally acceptable as indicators of well-being." These include crop yields, cropping intensity, area covered, and other aggregative measures like amount of inputs used and credit supplied.<sup>61</sup> There is, however, an implicit admission that these measures by themselves will leave much unknown as to the impact on different social groups. Even as this list is proposed, the author states that "we believe that the correct strategy in establishing our impact indicators is not to restrict them to yields;" yet "to limit and simplify evaluation measurements" and "for practical and policy reasons" he recommends focusing primarily on the indicators mentioned, which in effect is primarily the yield factor.<sup>62</sup>

There are several studies which would clearly refute this point of view. One study shows that the distinction between quantitatively defined objectives and qualitatively defined objectives is basically artificial,

and that the former can be expressed within reason in terms of the latter and vice versa. Intangibles can be measured on an ordinal scale and weighted according to the priorities of the people affected or to be affected by the programs.<sup>63</sup> It is evident that if these goals, particularly considerations of poverty alleviation and equity consequent upon the new-style projects were considered central, some of the quality of life indicators would have been included in the evaluation programs of the IGOs and the Indian government.

The above World Bank evaluation policy study implies some developments in that direction in the future. For that to occur, however, would require not only a significant change in evaluation policy, but in development policy itself which at present is not visible. Currently the recognition of political factors is an area being approached by the Bank very gradually and cautiously, still regarded by and large as "obstacles" in the process of economic development rather than processes in themselves. The suggestion of "participant-observer evaluation" by non-governmental analysts would be a move in the right direction, though this is still to occur with any significance in the IGOs and in India where only marginal use has been made of this vast potential.<sup>64</sup> There is also the tendency that where such independent evaluation does yield important

policy implications, they are glossed over, ignored, and even coopted through use with a different interpretation or application. One consultant's report of an Asian Development Bank project in Bangladesh has obviously been ignored. He stated:

It should be emphasized that unless and until the productive forces of the country-side organize themselves into a combined political body and unless and until they themselves become the owners of the means of production, there is very little hope of getting out of the vicious circle...

## FOOTNOTES TO CHAPTER VII

1. Chapter IV, pp. 126-131.
2. Some of the major influential studies regarding the role of communication in development include Daniel Lerner, The Passing of Traditional Society, New York: The Free Press, 1958; Lucien W. Pye, ed., Communications and Political Development, Princeton, New Jersey: Princeton University Press, 1963; Wilbur Schramm, Mass Media and National Development, Stanford: Stanford University Press, 1964; for an overview, see D. Lerner and W. Schramm, Communication and Change in the Developing Countries, Honolulu: University of Hawaii Press, 1967. For studies in India, see Y.V.L. Rao, Communication and Development: A Study of Two Indian Villages, Minneapolis: University of Minnesota Press, 1966, and the literature review in I.B. Singh and B.N. Sahay, Communication Behaviour and Social Change, New Delhi: Bookhive Publishers, 1972, Chap. 3, pp. 19-31.
3. Fritz Machlup estimated that knowledge production and distribution accounts for 29 percent of gross national product in the U.S. in 1958, and this sector expanded at the rate of 10.6 percent per year between 1947 and 1958. Fritz Machlup, The Production and Distribution of Knowledge in the United States, Princeton, N.J.: Princeton University Press, 1962.
4. Marc U. Porat, The Information Economy, Washington D.C.: U.S. Department of Commerce, Office of Telecommunications, 1977, Vol. 1.
5. See Chap. IV, pp. 126-131, and relevant references.
6. Syed A. Rahim, "Communication Approaches in Rural Development," in Schramm and Lerner, Communication and Change: The Last Ten Years--and the Next, Honolulu: University of Hawaii Press, 1976, pp. 151-162; see also chaps. 6 and 9.
7. Ibid. See also Roling, Niels, Ascroft and Chege, "The Diffusion of Innovations and the Issue of Equity in Rural Development," Communication Research, Vol. 3, No. 2, 1976.



8. For a good description of the application of this approach and the role of communication in Chinese development, see Godwin Chu, Radical Change Through Communication in Mao's China, Honolulu: East West Center Press, 1977. The book warns against visualizing a transfer of the Chinese experience to other situations, but gives insights into crucial aspects for a successful development approach along similar lines.
9. This is of course an oversimplification; there are many varying situations in between the two extremes.
10. Daniel Benor and James Q. Harrison, Agricultural Extension: The Training and Visit System, Washington D.C.: The World Bank, May 1977, foreword by Robert S. McNamara, President, World Bank, p. iii. Emphasis added.
11. Ibid., p. 3. According to the evaluation division of the Rajasthan government, paddy yields went up from 2 tons per hectare prior to 1974, when the system was introduced, to 4.36 tons per hectare in 1977/78.
12. R.C. Sood, "New Agricultural Extension Strategy," Development Policy and Administration Review, Vol. III, No. 2, July-December 1977, p. 57.
13. An exponent of the system is R.C. Sood, Additional Secretary in the Ministry of Agriculture. During an interview he explained the immense potential of the system and his efforts to expand its coverage to all states; interview held in July, 1979.
14. Benor and Harrison, Agricultural Extension, p. 4. Emphasis added.
15. Ibid., p. 6.
16. Some of these have been explained in Chap. IV, pp. 126-131; see also the references mentioned there.
17. This notion of development has a parallel in the notion of power; in the new paradigm power rests with the people whose cooperation and goodwill is essential for government to function. The old paradigm is akin to the alternate concept that people are dependent on the government from where power flows. See Gene Sharp, The Politics of Non-violent Action, Part One: Power and Struggle, Boston: Porter Sargent Publishers, 1973.

18. One effect of mass communication is the widening of gaps between the better-off category of receivers and the poorer sections. See Tichenor et al., "Mass Media Flow and Differential Growth in Knowledge," Public Opinion Quarterly, No. 34, 1970, pp. 159-170.
19. John Fett, "Gatekeepers in Agricultural Information Dissemination," in R.H. Crawford and W.B. Ward, eds., Communication Strategies for Rural Development: Proceedings of the Cornell-CIAT International Symposium, Ithaca, N.Y.: New York State College of Agriculture and Life Sciences, 1974, p. 192. According to him, there should be "more dialogue with farmers than merely communication to them. Unfortunately... formal organizations are structured to facilitate top-down communication rather than bottom-up. Change agencies expend great efforts in diffusion of information but little effort in infusion... By infusion we do not mean the same thing as feedback. Feedback, as generally conceptualized, is the response to a message received, while infusion is more of an elicited response of a felt need. It is information seeking on the part of the diffusion or change agency." See also Milton J. Esman, "Popular Participation and Feedback Systems in Rural Development," in Crawford and Ward, Communication Strategies, pp. 70-78.
20. Benor and Harrison, Agricultural Extension, p. 4.
21. The chart has been compiled from World Bank data and appears in "Small Farmers and the Landless in South Asia," a World Bank Working Paper by Inderjit Singh of the Development Economics Department, p. 34. The figures for rainfed areas are the same for categories affecting 1 and 2a, and lower in categories requiring higher doses of fertilizer.
22. Ibid., p. 32.
23. Benor and Harrison, Agricultural Extension, p. 4.
24. See for example the findings of Roling et al., "The Diffusion of Innovations;" see also the literature on the Green Revolution, particularly Keith Griffin, The Political Economy of Agrarian Change, Cambridge: Harvard University Press, 1974.
25. Benor and Harrison, Agricultural Extension, p. 4.

26. The lower extension staff is poorly paid, which is a factor for corruption or indirectly in kind. In rural areas where there is a lack of easy communication and facilities, the "hospitality" provided by larger farmers is a draw.
27. For example, there was difficulty in transferring staff from community development to agriculture department in Bihar which caused problems in keeping to the timetable for implementation of the system. I had planned to examine the working of the system in Bihar but had to change to Gujarat because of the delay involved in transfer of staff. The extension staff themselves are not too keen on the transfer because of curtailment of their influence and powers as general village level workers linking the village to the block headquarters. The World Bank staff supervising the project implementation in Bihar have given the problem a rating of 3, indicating major problems in political commitment to the required changes, administrative interest in implementing the changes, and other obstacles of a managerial (actually political) nature.
28. Personal correspondence with a district official of Broach.
29. Draft Five Year Plan, 1978-83, p. 3; see also Notes 7 and 24 above.
30. Luis Ramiro Beltran, "Alien Premises, Objects, and Methods in Latin American Communication Research," in Communication Research, April 1976, p. 113.
31. This is not to imply that the two are mutually exclusive. For a discussion of direct and indirect influences and interaction, see Chap. VI.
32. See specially Report of the All India Rural Credit Review Committee, Reserve Bank of India, 1969. For a brief extract, see Chap. I, p. 31.
33. Government of India, Fourth Five Year Plan, 1969-74, New Delhi: Planning Commission, 1969, p. 16.
34. For a brief introduction of SFDA, see Chap. I, pp. 31-32. The other special schemes were Drought Prone Area Program (DPAP) and the Crash Scheme for Rural Employment (CSRE). The former is an area development program and therefore benefits accrue in proportion to area of land held. The scheme was

directed at the drought prone areas and not exclusively to the rural poor in those areas. CSRE provided temporary employment on public works schemes; these schemes were availed of by all who presented themselves for employment, not necessarily the weakest sections, and created public works which again provided benefits in proportion to area of land owned.

35. The term "small farmer" includes marginal farmers and agricultural laborers as defined in the scheme for Marginal Farmers and Agricultural Labourers (MFAL); the two schemes were merged in the Fifth Plan.
36. Funding is channelled through the Agricultural Re-finance Development Corporation (ARDC) and the state financial institutions like Land Development Banks. The World Bank has provided two IDA loans to ARDC of \$75 million in 1975 and \$145 million in 1977. A proportion is reserved for programs like SFDA directed at the small farmers; in the second loan \$100 million was reserved for small farmers by the World Bank "provided their income is adequate to repay the loan over a prescribed period." See "India and the World Bank, an Information Paper," mimeo., World Bank, December 1977, p. 7.
37. The criteria for selecting "potentially viable" farmers is debatable. Initially an income level was insisted upon for identification of small farmers but was difficult to operationalize. The land holding criteria is easier to follow:  $2\frac{1}{2}$  acres upto 5 acres unirrigated land for small farmers, roughly equating one acre of irrigated with two acres of unirrigated land; marginal farmers as those holding below  $2\frac{1}{2}$  acres, and agricultural laborers as those having a homestead and obtaining at least 50 percent total income from agricultural pursuits. There is some flexibility in selection allowing for consideration of other factors like allowances for off-farm income; thus depending on the personnel and the extent of amenability to influence, there is scope for inclusion of those genuinely not eligible.
38. The report for Bharuch (Broach) district, "SFDA: Revised Project Report, 1975," contains introductory details of the district followed by proposed schemes under the project in crop husbandry, minor irrigation, custom services, marketing and storage, and animal husbandry. The report is revised from time to time, particularly for each plan period.

39. Government of India, Report of the Steering Group on Fifth Five Year Plan Relating to Agriculture, Irrigation and Allied Sectors, New Delhi: Planning Commission, 1973, pp. 378-432.
40. Government of India, Report on Evaluation Study of Small Farmers, Marginal Farmers and Agricultural Labourers Projects (1974-75), New Delhi: Planning Commission, 1979. For a summarized version, see Kurukshetra, Vol. XXVII, No. 17, June 1979, pp. 4-8.
41. The seminar was held in June 1978 and was jointly sponsored by departments of Rural Development and Personnel of the Central Government and the Indian Institute of Management, Ahmendabad. The proceedings have been published under the title Intervention for Rural Development, B.M. Desai, ed., Ahmedabad: IIM, 1979.
42. Till September 1977, about 13 million participants had been "identified," and about  $6\frac{1}{2}$  million considered as having benefitted on the basis of registration in cooperative societies in the project areas.
43. "SFDA: Sixth Plan (Draft Proposal) 1978-1983, Bharuch," mimeo., Bharuch: 1978, p. 7.
44. I held charge of Motihari Block in Champaran, Bihar as a Block Development Officer for three months in 1973 in the course of in-service training. The Managing Director of the Motihari SFDA brought this problem to my notice with evidence of the lack of response from the block to his requests and the SFDA programs in general. In two inquiries I conducted, allegations by local individuals of misuse of SFDA subsidies were proved valid. There was also a fair amount of undisbursed credit and subsidies available which was slow in utilization because of lack of efforts and priority to the program by the block supervisory staff. There is also the problem of administrative control; since the reports go to the district officials, the block activities are geared towards giving priority to whatever is emphasized from the district level. SFDA being semi-autonomous is relegated to a routine rather than priority program.
45. Agricultural labor obtained only one percent of the total institutional credit for 1973-74. The PEO evaluation shows that the flow of institutional

credit to small farmers fell far below the target in most project areas. This is despite the provisions already made for grant of credit to small farmers on the basis of income or other collective securities rather than landed security usually demanded by financial institutions.

46. For details see the PEO evaluation study, Report on Evaluation Study of Small Farmers."
47. Ibid., p. 7. This has also been admitted to in the "rebuttal" from the Rural Development Department published in the same issue of Kurukshetra, pp. 9-12.
48. I visited one such poultry breeding program in Dharoli, Broach. The project was functioning well due to a good support system particularly for provision of feed and marketing facilities; dependence on these facilities, which may not always be provided as required, makes the program highly vulnerable unless the project is strengthened and expanded to provide for its own support requirements.
49. Ibid., p. 7.
50. Raj Krishna, "Small Farmer Development," Economic and Political Weekly, May 26, 1979, p. 916; N.S. Jodha, "Special Programs for the Rural Poor: The Constraining Framework," Economic and Political Weekly, March 31, 1973, p. 636. These two articles provide excellent insight into small farmer programs; the former is broadly supportive of the special schemes while the latter is critical about their feasibility in the existing inequalitarian agrarian structure.
51. R.C. Sood, "New Agricultural Extension Strategy;" Raj Krishna, "Small Farmer Development."
52. See Chap. I, p. 12.
53. See Chap. I, pp. 2-5, 26-30, and also Chap. VI.
54. In the T & V System, the supervisory visits by the World Bank's Delhi office were supplemented by field visits from the headquarters in Washington. Daniel Benor, consultant to the Bank for the project, visited most of the project areas himself including Broach, though briefly.

55. World Bank, Operations Evaluation: World Bank Standards and Procedures, Washington: World Bank, August 1979, pp. 11-12.
56. The Annual Review of Project Performance Audit Results, World Bank, November 1978, brings together the results of the 109 projects audited in 1977.
57. Government of India, Structure, Functions and Activities: Programme Evaluation Organization, New Delhi: Planning Commission, April 1979.
58. As in the SFDA evaluation by PEO mentioned earlier.
59. World Bank, A System for Monitoring and Evaluating Agricultural Extension Projects, Working Paper No. 272, prepared by Michael M. Cernia and Benjamin J. Tepping, Washington, D.C.: World Bank, December 1977, p. 15.
60. Ibid., p. 15.
61. Ibid., pp. 22-24.
62. Ibid., p. 23.
63. See Morris Hill, Planning for Multiple Objectives, Philadelphia: Regional Science Research Institute, 1973.
64. "Participant-observer evaluation" is suggested in World Bank, A System for Monitoring, p. 17. Some use of universities and other agencies has also been made by PEO; two studies have been completed, one by the University of Poona on Kolhapur Community Project, another by the University of Lucknow on cultural change in Dudhi Development Block. Evaluation work is also done by the Center for Management in Agriculture, Indian Institute of Management, Ahmedabad. There is, however, a vast potential for utilization of graduates and college students both for rural development works as well as evaluation.

## CHAPTER VIII

### IMPLICATIONS AND CONCLUSIONS

Over 300 social scientists representing a wide variety of opinions and institutions met in New Delhi at a UNITAR conference in March 1980 to discuss alternative strategies of development in the Third World. There was general consensus among the members about the type of "development" that is undesirable, and therefore an atmosphere of rejection prevailed: rejection of any form of alignment with the super powers, reduction of ties with the West to "selective linkages," rejection also of the development models of the socialist countries. At the end of the conference, however, very little emerged by way of specific alternative strategies for Third World nations. As one Indian participant put it, "While we know what to reject, frankly speaking, we do not know what exactly to accept and struggle for."<sup>1</sup>

There appears to be a similar dilemma in studies like the present one. Various currently dominant strategies and models of poverty-focussed rural development have been examined in this study and critiqued both from their theoretical assumptions as well as impact in the field. Whereas the dominant trend is towards rapid and more vigorous adoption of these approaches, our analysis supports



the contrary opinion that these models as designed are unsuitable for the declared objective of poverty alleviation and indicate the possibility of the further deepening of poverty if applied in the existing socioeconomic structure in most rural areas of the underdeveloped world. The function, however, of providing adequate alternatives remains to be done if we concur with the Marxian notion that the principle task is not merely to interpret the world but to change it.

The central focus of this study is the feasibility of the major current approaches to anti-poverty rural development that have been reshaped and propagated during the 1970s by international development agencies and that currently influence policies in the underdeveloped world. This study contributes towards bridging the gap between two groups of opinions evident in the literature on the subject: the dominant view which calls for a more vigorous and efficient application of these approaches;<sup>2</sup> and the much smaller though evident trickle of critical writing and reviews both on theoretical concepts and field results.<sup>3</sup> As a framework for research and analysis we developed a series of propositions or tentative statements which can be summarized as follows:

1. Although the new-style models are grounded in the rhetoric of radical change, they are incremental/reformist and not designed for structural change

2. There is a technical/managerial bias in the IGOs which is reflected in the models and suggested strategies
3. A continual harmonious interaction exists between the IGOs and the Periphery center, causing mutual influence in shaping and implementing the development strategies in the Periphery
4. Little or no communication occurs between the IGOs and the potential beneficiaries
5. Development communication policies continue to follow vertical patterns and principles of the old paradigm despite the apparent commitment to the new
6. Projects directed at the rural poor in actuality benefit the better-off sections and often increase disparities
7. Such projects are nevertheless labelled successful by the parent agencies because the initial biases and assumptions of the models are reflected in the evaluation procedures.

### Role of Criticism

In sum, our critical analysis on the basis of these propositions leads to a better understanding of the dominant new approaches to poverty alleviation: factors influencing their design, their primary assumptions, their limitations in practice. We find that despite their new and radical stance, they are strongly tied to the conventional development theory and the assumptions and trends of that paradigm persist in the "new" development strategies.

Our analysis both validates and extends the above propositions and leads to the conclusion that the new-style

approaches are not likely to succeed in their stated objective of poverty alleviation and equitable growth. On the contrary they are likely to have the opposite effect in many areas, quite like the conventional approaches they seek to replace. In this sense, this study is essentially a critique rather than an alternative strategy for action.

The purpose of criticism, however, should not be construed as merely a negative exercise. To those who tend to dichotomize too severely the critique from the praxis and view the former as a limited negative force, continually demanding prescriptions for positive action, one must emphasize the positive and holistic implications of criticism. Criticism is "not a matter of arbitrarily condemning an institution or a belief, but of understanding it."<sup>4</sup> This process of "relentless criticism" and theoretical analysis of the contradictions inherent in existing institutions provides an understanding of the real possibilities for society and developmental change. The critical understanding is then a material force capable of instituting change by revealing the contradictions to people. The force of theory and understanding for affecting change indicates the unity between theory and practice.<sup>5</sup>

By understanding and explicating the existing policies, by penetrating the mystifications that obfuscate the processes and their impact, one does not merely take a negative stance but opens up theoretical and practical

implications for action. As proposed in our discussion on research epistemology, we have in the course of study sought to bring to awareness and understanding the current models dominant in the development scene. This analysis carries implicit theoretical and practical connotations which I propose to discuss in this chapter. It would be useful to first examine the findings in terms of the propositions raised. We can then throw light on the implications of the findings and the logical direction the course of poverty alleviation measures will take if the present trends and strategies are pursued. This can be followed by a discussion of some successful approaches within this paradigm and suggested changes within the existing reality. Finally we can open up some of the broad issues involved and point to research directions that follow from this study.

#### Summary of Findings

Our analysis of the major new-style development models for poverty alleviation propagated by the developmental IGOs is done under four group headings: redirecting investments, basic needs, agrarian reform, and integrated rural development. This is in the context of our initial proposition that although these approaches are grounded in the rhetoric of radical change, they are not oriented towards radical or structural change but are reformist versions of the conventional paradigm. Included in the

discussion of the approaches are the IGOs most closely associated with their development and sponsorship. Each of the four approaches is examined in its origin, the factors influencing its design and development, the handling of controversial issues and trade-offs, and the views of IGO personnel involved in developing and implementing these strategies.

The redirecting investments approach is associated with the World Bank and is discussed in the context of the Bank's development policy. The Bank's handling of some basic issues associated with the conventional development theories--the "trickle-down" approach, growth over distribution, and inequality trends--are analyzed, as also the Bank's conception of the causes of poverty. It is found that even though the conventional theories have been strongly criticised by the proponents of this approach, a belief in the basic concepts persists and is defended by the proponents: that "trickle-down" does occur with time, that achieving high growth rates is an essential prerequisite for holistic development, and that inequality may increase initially but decreases as growth and development proceed.

A modification of the conventional theory is made in this model in identifying the causes of poverty. These are described as, apart from the conventional overpopulation argument, a lack of access to factors of production for the rural poor. The radical connotations of this approach are

neutralized by viewing the problem and its solutions within the general beliefs and assumptions of the conventional paradigm. The poverty problem is attributed to internal factors rather than global and historic processes, and is viewed as essentially economic rather than related to political factors. Harmony is assumed instead of class conflict. The approach therefore seeks to redirect investments towards target groups to increase their purchasing power and thereby result in structural change--that is, a change in the composition of demand, production and employment--rather than a prior redistribution of assets to effect basic structural change and create conditions of equitable access.

Although this approach has been accompanied by a major shift in policies, and in the case of the Bank a greater concern during the 1970s with rural development projects and with distribution in addition to growth, its acceptance of the basic premises of the conventional paradigm and deference to existing power structures preempt the possibility of its success in poverty alleviation and structural change. The proponents of this model include political factors in analyses and policies only very gradually, and the primary effort is to develop this approach towards more effective "neutral" intervention and economic manipulation in the underdeveloped world.

The basic needs model, together with the ILO approach to poverty alleviation through increased labor absorption, evolved with the rethinking on development and the realization that satisfaction of basic needs is an essential base for employment expansion and developmental activity. The approach has claims for being further along the evolutionary path of poverty alleviation strategies than policies of redirecting investments and income transfer. It aims at direct provision of essentials and contains specific components. However, the current trends show the approach to be an adjunct of the principles and presumptions of the redirecting investments approach and subject to similar limitations. The approach as it exists seems a legitimization tool for maintaining backward structures with the minimum change and, both economically and politically, the minimum expense.

The third approach is agrarian reform of the sort favored in FAO policies. The foundations and resolution of basic issues may be summarized as follows: the central importance of agriculture for national economic development and livelihood of the majority, in the underdeveloped world; higher output per unit area of small over large farms than vice versa; and greater absorption of labor on small farms. While these foundations have been clarified and are a distinct departure from the conventional approach, the recommendations for action in

this approach are dependent on the conventional methods and a reiteration of strategies that have existed in policy but have not been successful in the past. The proceedings of the World Conference on Agrarian Reform and Rural Development confirm that while the problems and the key issues are clearly identified along with the political factors involved, the suggested strategies are kept non-political and fall within the conventional assumptions of the possibility of neutral intervention for radical change.

The fourth approach, integrated rural development, includes some of the main components of the previous three and combines them into a comprehensive approach. Two agencies are associated with application of the approach--the Asian Development Bank and ESCAP. While there are commendable aspects to a holistic or area development approach, such as better coordination, avoidance of duplication, mutually supportive activities and greater momentum in development, there are several difficulties. As a multisectoral approach, there are problems in monitoring and evaluation, and problems for the investing agencies to determine returns and allocate responsibility; therefore there is resistance in agencies like ADB towards expansion of this approach. Other unresolved issues include the tendency of area schemes to benefit the people in proportion to their assets, particularly land,



and therefore the tendency to widen the gap rather than alleviate poverty. Finally this approach, like the others, is stronger in problem analysis than in suggesting appropriate strategies, and therefore it tends to only reiterate general principles.

While there is a new emphasis and growing concern with strategies for poverty alleviation and rural development, the approaches themselves are not new and are deeply rooted in the conventional paradigm. There is an inherent contradiction in these approaches in stating the objective of structural change while striving to maintain and work within the existing power structure. Therefore these approaches are more likely to legitimize and strengthen these structures than institute radical change in them.

Our second proposition speaks to the technical-managerial bias in the IGOs. The analysis of personnel and staffing policies and the method of implementation of the new-style approaches points to an excessive technical-managerial emphasis. There is an almost complete dominance of technoeconomic analysis and prescriptions, and an avoidance of the political factors. This is also reflected in the method of evaluation of projects.

The third proposition entails a discussion of the Indian experience with poverty alleviation strategies.

Although different factors have contributed to the adoption of the approaches, a remarkably close parallel is found between the Indian approaches and the IGO models. This is traced to the Center-center linkages and interaction which shape the models at both levels. The application of these models in India and particularly the experience with them during the 1970s provide a measure of the inherent problems with these approaches. Variations of these basic approaches have been attempted since the early planning era, and the new versions are not showing any greater success than the old. This is primarily because of the forces acting to retain the existing power structure intact, and the denial in these approaches of the necessity of confronting these structural constraints directly. A host of interviews and analysis of critical reports strengthen the conclusion that while there is considerable improvement in problem analyses by the Indian planners, the prescriptions work under similar assumptions as the IGO models and the approaches, despite the language used in the plans, do not envisage structural change. The lack of impact in poverty alleviation is validated by the poverty trends evident from statistical surveys in areas where the approaches have been applied.

Three levels of interaction are discussed between the IGOs and the Periphery. It is found that there is a

continual influence on policies conducive to the interests of the two centers through the frequent appraisal missions, consultations and the deputation or exchange of officials. Little or no input is found from the purported beneficiaries at any stage of project formulation or implementation, although several areas in which there could be fruitful interaction are indicated, some of which are gradually being introduced. Thus as against the present emphasis on two-way communication and participatory planning, the poorer sections are virtually excluded in the new-style approaches to development and the practices of IGOs.

An analysis of the World Bank sponsored Training and Visit Agricultural Extension System with reference to a project in India serves the dual purpose of development communication policies as well as assessing the implementation aspects of a new-style project in the field. The communication aspects in the T & V System, essentially a new-style communication project directed in principle towards the small farmers, fall within the main patterns of the old paradigm of development communication. There is a vertical and primarily one-way flow of information; although based on interpersonal rather than mass media communication channels, the pattern remains diffusionist and hierarchical rather than participatory, and it is oriented towards productivity rather than distribution.

The system works in favor of the larger farmers even though publicized as having the greatest potential for small farmers. The impact of information without provision of the necessary material input supplies leaves the better-off farmers to obtain supplies from the market or government sources and therefore widens the gap. The choice of contact farmers and the assumptions of diffusion in the project again give primacy to the large farmers. There is also a greater emphasis on cash crops over foodgrains, which either excludes small farmers or makes them dependent on the market forces. Since productivity increase is the motor force behind the system, whatever distributional aspects exist in theory are lost in the emphasis and enthusiasm of productivity once the projects get underway in the field. These new projects are thus successful in increasing productivity in the project areas, but in a manner beneficial to the better-off sections. This results in strengthening the structures and widening the disparities, rather than restructuring the distribution of assets and alleviating poverty.

Our analysis of the Small Farmers Development Agency, among the oldest of the new-style projects and now in existence in India for almost a decade, further supports these conclusions. The analysis is based on evaluation reports and personal experience, and summarizes the issues and modifications in the program during

this period. The assessment of coverage, implementation and institutional factors indicate that isolated schemes of this nature within the existing socioeconomic framework tend to draw low priority among ongoing programs. They are also excessively dependent on the existing infrastructure and therefore become absorbed into the broader framework rather than being able to alter that framework from within.

Although the program is directed specifically at the small and marginal farmers and landless laborers, very few (below 10 percent) of them have been involved in the agency programs in project areas. Even where identified, the lack of supporting facilities and the problem of access have resulted generally in failure of projects for the rural poor like dairying or other subsidiary occupations. The system has been more successful in area development components like irrigation where again the major share of benefits are drawn by the larger landholders. This leads to the conclusion that assumptions regarding the causes of poverty are misconstrued in conceptualizing the project. Small farmers do not suffer primarily from lack of resources and credit, but lack of power and access rooted in the inequalitarian economic and social structures and landholding pattern.

The methods used in evaluating projects are very elaborate and multilevel procedures in the IGOs and in

the Indian system, and several evaluation departments given autonomous status. However it is found that the indicators used and measures selected for evaluation are grounded in the same language and ethos as the project and evaluation does not occur from any alternative perspective. These projects are therefore considered successful from the viewpoint of sponsoring agencies and further expanded in coverage with the minimal modifications. For example, the bias towards productivity rather than distribution in the T & V System also exists in the evaluation where productivity serves as the measure of success rather than social or other indicators, even though the project goals highlight the small farmer direction. The assumptions governing the project are retained in the evaluation. The evaluation system also depends on the same records and sources considered "official" and therefore strengthens their validity even when erroneous or reflecting a bias. Finally there is an insufficient attempt to assess and identify the actual distribution of benefits in the project areas.

### Implications

The findings indicate that the objective of poverty alleviation will not be achieved through the dominant development models being propagated by leading international agencies. The lack of structural change

through the dominant approaches is evident in the analysis of the models. The need for structural change is implied in the increased polarization through diversion of benefits to influential sections in the projects we analyzed. The importance of the redistribution of assets as a prerequisite rather than its possibility as a consequence is evident. Primarily this implies a need for land redistribution, since the problems of power and access in rural areas are directly related to the size of holdings. Necessary changes in the socioeconomic structure must accompany the redistribution to sustain a genuine "growth with equity" process.

The excessive technical-managerial bias found in the IGOs and the lack of realism in assessing the projects' impact on poverty point to a need for greater political analysis. There is a need to fill the need by involving political analysts and incorporating the political dimension in the model formulation and the consequent strategies. There is a need to balance the emphasis on technocrats and economists with the involvement of other social scientists.

Involvement of potential beneficiaries in project formulation and implementation emerges as a crucial condition for the success of poverty alleviation strategies. If the project objective is primarily removal of poverty as usually professed and not just incidental to other

objectives like productivity increase, the findings indicate that excessive dependence on center interaction and the consequent top-down direction of development projects cannot succeed. Communication with and involvement of the periphery in the Periphery is an area largely ignored by the IGOs; however the rectification of this lacuna raises the broader issue of whether it is in the interests of IGOs to do so, or more specifically whether they are structurally suited to promote the interests of the rural poor in confrontation with those of the elite.

Our study of a new-style communication project shows that communication policies cannot function in isolation from the system; they tend to slide back into support of the dominant pattern. Communication policies are closely linked with and are an offshoot of the political and economic priorities. Unless these are altered, communication cannot be expected to serve as a force for mobilization and change through the current approaches to poverty alleviation. Within these approaches communication is not a force for structural change; for that to occur, the new communication paradigm must be applied under a different framework to promote participation and mobilize the rural poor. This becomes a crucial factor in effecting change, as discussed in the broader issues below.



The implications and suggestions for project evaluation are fairly obvious from the analysis: there is a need for independent evaluating systems, preferably using participant-observers in project areas; there is the necessity of investigating actual beneficiaries; and there is the need for inclusion of a wider set of indicators, particularly social indicators distinct from the criteria used in project formulation.

Though it is difficult to make specific projections of the extent of poverty for the future, the official tentative projections clearly underestimate the problem in view of the lack of impact (and very often the adverse impact) of the dominant approaches to poverty alleviation.<sup>6</sup> The question of more realistic projections as well as more effective policies brings in the issue of necessity and responsibility. The existing projections by the IGOs indicate an implicit acceptance that the problem is inevitable. Apart from underestimating the problem, they generate an air of acceptance and lack of responsibility, a sense of distance from cause and effect.

This leads to the disturbing position that the IGOs which are instrumental in influencing national strategies along the lines of their models are not responsible to any nation or body or to anyone but themselves, totally remote from responsibility to the rural poor. Therefore the persistence or further aggravation

of the poverty situation consequent upon failure of these strategies will not leave them liable, nor is there any real premium on success in alleviating poverty. Linkages between the centers of the Center and the Periphery nations contribute towards in effect strengthening the existing power structures. There is, therefore, following logically from a dependency/imperialism perspective, a case for delinking underdeveloped nations with the IGOs. Our inclination, however, is towards selective delinking rather than an isolationist policy; there is stimulation of development thinking and benefits of interaction in many spheres.

There is, however, an immediate need to support the call that already exists for a dual restructuring of power and control: at the IGO level for equal if not greater control of policies by Third World nations;<sup>7</sup> and within periphery nations, for greater power and participation for the rural poor. It is noteworthy that the two are equally important and not mutually exclusive. The former without the latter will only strengthen the existing disparities in periphery nations, while that should not be used as an excuse, as it often is, for postponing the former. A detailed discussion of these processes goes beyond the scope of this study, but some broad issues will be touched on below.

### Some Broad Issues and Research Directions

Our findings support the need for a major restructuring of power and control at both the IGO and national levels. The "developmental" IGOs have not fulfilled their functions as development institutions, the purpose is not to suggest any conspiracy theory at work to perpetuate poverty or the continuation of dependency and elite domination. Most IGO policy-makers, as well as the Indian development experts, are well-intentioned individuals interested in achieving success in poverty alleviation strategies but with the minimum disruption and social cost. Even though structural factors result in these institutions working now, as before, to maintain the global system for the spread of capitalism, there are occasional instances of departure. These are, of course, subject to the criticism of being part of the co-optation process, such as the promotion of aspects of the pre-1978 Chinese model by FAO. There are, nevertheless, some examples of programs contrary to convention that stimulate thinking on alternate strategies and sow the seeds of radical change.

An example is the work of the Small Farmers Development Team of the FAO Regional Office at Bangkok. It has put forth a scheme of "group action" which it claims is quite distinct from any other project in the

U.N. or related development agencies. It recognizes a conflict of interest between the segments of better-off farmers and the small and marginal farmers, that the existing processes primarily meet the needs of the former, and the need to "generate the pressure" from below through group action. It seeks to "help the disadvantaged people to develop their socioeconomic strength" through a process that involves forming homogeneous groups of up to 20 members with similar interests around a nucleus income-raising activity.<sup>8</sup> The initiators are young volunteers sponsored by autonomous bodies who are to live in the project areas for two to three years and then withdraw. The organized group would then be self-propelling and viable on account of increased income and confidence. This would help build a "working balance" with the influential groups and offset the disadvantages experienced by the rural poor. This is a grassroots mechanism for participatory planning and development without the direct involvement, though with the support, of the government.

Several aspects in this approach are very revolutionary compared with most other within-system attempts at change from below; it strikes a delicate balance between violence and peaceful change, between conflict and pressure, stretching the system to its extreme for change

from within. There are of course immense problems involved: the reaction of the better-off threatened by the formation of pressure groups demanding change; the possibilities of violence and/or repression resulting from the demands of conscientized and politicized pressure groups; the difficulties of organizing such a vast number of small groups and the recruitment and payment to the requisite number of group organizers/initiators; and the reaction of the local bureaucracy which may resent this as an intrusion into its jurisdiction and infringement of its authority. Much will depend on how these issues evolve; nevertheless the initiation of the process itself is a crucial step forward.

There are similarly some trends contrary to convention that are becoming visible on the Indian scene and carry potentialities for change. An important example is the increasing recognition being given to non-governmental agencies and the importance of their role in rural development and group organization, as reflected in the working of some voluntary organization and as evident in a national seminar on the subject held in Delhi in April 1978. Before discussing these, however, it may be useful to preface the need for such action by touching upon the role of a government executive.

Our findings support the need for agrarian reform and the prior redistribution of land as a groundwork for rural development and poverty alleviation; this appears necessary not merely for provision of land as a productive base, but for the facilitation of access and power that goes with an equitable distribution of this basic asset. Our discussion of the issues involved in land reform implementation also implies that government, primarily representative of and controlled by the same dominant classes and seeking to please all sections without offending the interests of the dominant classes, cannot succeed in carrying out a powerful restructuring measure like land reform. Briefly, an executive power may become committed to structural change for poverty alleviation because (a) it represents, by composition or ethos, the peasantry, or (b) it fears mass movements, or (c) it is responsible to the peasantry. Taking the Indian case, condition (a) is unfulfilled; (b) is not a serious motivation since peasant movements at present are fragmented and isolated, and the state has adequate armed machinery for repression. The prevalent misconception is that all power rests with and is drawn from the government, which prevents (c) from being effected. Thus the necessity is for conscientization of the masses that power vests in the people and is executed on their behalf by the government.<sup>9</sup> This emphasizes the need for greater awareness

and organization of the people.

The call for organization, participation and institution-building is by no means unpopular or unusual. What is usually lacking in such clarion calls is a consideration of possible methods in the given reality and an appreciation of all the associated social and political factors. Given the absence of a mass-based leadership or party cadre, given the existing entrenched bureaucracy, what can be done to further the means of organization, awareness and participation of the rural poor?

It would be an oversimplification to state, as in the Indian case, that the bureaucracy performs as the executive committee exclusively of the upper class. While there is no doubt, as borne out in this research effort, that the major benefits and indirect control continue to rest in the upper classes, the bureaucracy is not responsive to any of the classes exclusively. It pursues its own self-interest in becoming an independent power, making itself indispensable and rooting itself and its authority in all spheres of national importance. In doing so, it must also maintain some display of interest in the peripheral classes and their interests in order to gain some measure of acceptance and legitimacy as an independent and so-called "neutral" power. Moreover, there is ample differentiation among the upper classes as well

which are competing among themselves for their own interests, and this facilitates the relative autonomy of the bureaucracy. This however, is not to dispute the fact that on the whole the bureaucracy tends to associate with and benefit the elite, tends to discourage local organizations which are viewed as a threat to its power, and generally is biased due to its career interests towards centralization national interests rather than local needs.

In such a dilemma, the need for outside involvement, like that of non-government or voluntary organizations, becomes important. It seems essential, however, at least in the initial stages, that the mutually supportive role of local and bureaucratic organizations is recognized.<sup>10</sup> Local organizations as well as the non-governmental institutions working towards local organizations, need critical support from the governmental and administrative infrastructure considering the extent of resources and power they wield.

There is therefore a need for a suitable policy of support and coordination at the national level. Some groundwork for this seems to have been accomplished for India at the National Seminar on Voluntary Action in Rural Development in April 1978.<sup>11</sup> The seminar brought together a wide variety of representatives of government



and the non-government, private and voluntary agencies.<sup>12</sup> It was organized by two agencies maintaining ties with FAO and therefore some similarities with the "group action" approach mentioned above are evident. The seminar conclusions point out the necessity for organizing the poor, the unsuitability of government agencies for doing so, the importance of grassroot voluntary organizations for taking the initiative, and the eventual process of the weakest organizing and propelling their own groups. It recognized that the government agencies have treated the voluntary organizations with indifference and often with hostility and decided on the importance of support of government departments to these agencies, a position concurred in by the government representatives and policy-makers present. The primary basis of the seminar was the evidence of success in organizing the poor in the activities of non-governmental organizations, particularly People's Action for Development, India (PADI), one of the sponsoring agencies.<sup>13</sup> There is therefore a foundation of successful experimentation in the program, and the potential can be greatly enhanced by the implementation of the measures proposed in the seminar.

Some areas in which further research would be valuable can be identified. Firstly, there is the need to replace the dominant new-style models by developing new

ones which incorporate political economic concepts and are more realistic. Relatively simple models can shed light on the linkages between power structures and the impact of development programs for the rural poor. The scope for work in this area is extremely wide since factors like group action could be incorporated and the methodology for varying situations could be considered. This is not to suggest developing straitjacket prescriptions, since flexibility and evolution of specific methods desired under local situations is important.

In the context of shifting control towards the periphery in the Periphery, research is desirable on indigenous models and strategies rather than the mere adaption of western models. An example is the Gandhian concept of political development. Whereas Gandhism has been greatly discussed and analyzed as a philosophy, little serious treatment has been given to it as a political strategy for structural change. The attempts at application of Gandhian concepts, such as the "bhoodan" movement to collect and redistribute land by a voluntary process, remain grossly inadequate and unsuccessful. There is a need for development of new forms of Gandhian political economy as an indigenous, practical approach for India's future rather than a relic of India's past.<sup>14</sup> This is even more relevant in view of the current focus on rural development and mobilization of the people.

A further area of importance is the functioning of voluntary agencies with government support and the problems and possibilities of the same. Research on the application of communication approaches in the functioning of nongovernmental agencies for local organization can provide valuable perspectives for rapid mobilization of the poor.

In conclusion, how do we handle the apparent need for specific alternate strategies for action? We mentioned the broad goals of restructuring power towards periphery populations. We mentioned some possibilities and directions through group action and possible methods within the existing constraints. It is evident that the rhetoric of developmentalism engaged in during the past two decades, while legitimizing the IGOs and national governments, has also served to increase awareness and stimulate alternative development thinking.<sup>15</sup> There are continuing attempts at developing alternative strategies.<sup>16</sup> What is important, however, is clarity about the goals and broad directions. It may be best that the precise methods are not imposed from the outside but evolve indigenously as the process of organization and change moves along.

## FOOTNOTES TO CHAPTER VIII

1. Sumantha Banerjee, "Collective Self-Reliance Stressed in Delhi Conference," Depthnews, March 24, 1980.
2. See especially Hollis B. Chenery, Structural Change and Development Policy, London: Oxford University Press, 1979. Most periodicals and general publications of "establishment" development institutions in underdeveloped nations also reiterate this call for better implementation. See also the series "The World Bank and the World's Poorest," in Finance and Development, Vols., 15 and 16, 1978 and 1979. See also Chap. V.
3. See especially, in addition to the literature on dependency/imperialism theory cited in Chap. III, A.J.M. van de Laar, The World Bank and the World's Poor, Hague: Institute for Social Studies, Occasional Paper No. 58, July 1976; Frances Lappe and Joseph Collins, Food First: Beyond the Myth of Scarcity, New York: Ballantine, 1979 (2nd edition); Susan George, How the Other Half Dies, Montclair, N.J.: Allanheld, Osmun & Co., 1977; Cheryl Payer, "The World Bank and Small Farmers," Journal of Peace Research, Vol. IV, 1979, pp. 293-312. See Chaps. I, III, V.
4. Richard J. Bernstein, Praxis and Action, Philadelphia: University of Philadelphia Press, 1971, p. 52.
5. For an excellent discussion, see Ibid. See also Chap. II.
6. See Chap. I for global projections and Chap. VI for the Indian projections on the poverty problem.
7. For example, Amon Nsekela suggests a shift in the control over use of World Bank funds from the present 61.5-38.5 split between industrialized and Third World countries to a 50-50 division. See Amon J. Nsekela, "The World Bank and the New International Economic Order," Development Dialogue, Vol. 1, 1977, pp. 75-84.
8. Regional Office for Asia and Far East, FAO, Small Farmers Development Manual, Bangkok: FAO, 1978, Vol. I, p. 5.

9. For a good discussion on the concept of power and the masses, see Gene Sharp, The Politics of Nonviolent Action, Part I: Power and Struggle, Boston: Porter Sargent Publishers, 1973.
10. For an interesting discussion see John D. Montgomery, "The Populist Front in Rural Development: Or Shall We Eliminate the Bureaucrats and Get On With the Job?," Public Administration Review, Jan/Feb. 1979, pp. 58-65. See also Norman Uphoff and Milton J. Esman, Local Organizations for Rural Development: Analysis of Asian Experience, Ithaca: Center for International Studies, Cornell University, 1974, for a discussion of the role of links between village organizations and governmental activities. See also W. Haque, et. al., "Towards a Theory of Rural Development," Development Dialogue, Vol. 2, 1977.
11. For details of the proceedings and conclusions see Rural Development -- Focus on the Weakest, Proceedings of the National Seminar, New Delhi: Vigyan Bhavan, 1978, Vols. I & II.
12. The seminar was officially opened and addressed by the Prime Minister. It was also addressed by the Minister of Agriculture and attended by Planning Commission and Government officials.
13. One such project of PADI with which I was associated is Majharia in Bettiah Subdivision. A PADI worker helped organize the villagers into a cooperative society and helped obtain rights to land and collectivize the land into a productive and profitable farm. Some initial funds came from the donors associated with PADI. Support from the local administration was obtained partly by the initiative of the worker, and partly by the inbuilt method of involving the SDO as ex-officio president of the society. The village was transformed in a few years from below subsistence living and bonded labor to a prosperous community with a school and improved housing and sanitation; the society was able to continue after the worker was transferred elsewhere.
14. See Shriman Narayan, India Needs Gandhi, New Delhi: S. Chand & Co., 1976. The call from the West for application of Gandhian socioeconomic principles is reflected in the writings of normative thinkers; see specially E.F. Schumacher, Small is Beautiful: Economics as if People Mattered, New York: Harper

and Row, 1973; and Ivan Illich, Tools for Conviviality, New York: Harper and Row, 1973. See also Chap. VI, pp. 236-239. The Gandhian method seeks change from below through peaceful, harmonious action and not by building antagonism or confrontation. Gandhi, however, perhaps came closest to condoning violence on this issue when he warned that confrontation may occur if the privileged do not perform as "trustees" of the national wealth.

15. For example, in India progress towards poverty alleviation has become an important criteria for evaluating elected governments and political parties. The rhetoric of developmentalism and promises of poverty alleviation have resulted in creating a "critical level of political awareness" and increasing politicization of the Indian masses; see D.L. Sheth, "Structure of Indian Radicalism," Economic and Political Weekly, February 1975, pp. 319-34. The Weekly also brings out the growing number of peasant protests; there have been several instances of these recently in Bihar, often brutally suppressed by landlords. The increasing awareness of rights and of political power is interpreted by Francine Frankel as heralding an end of "accomodative politics;" see her, India's Political Economy, 1947-77, Princeton: Princeton University Press, 1978.

The role of international agencies as principally one of increasing awareness, disseminating ideas and stimulating development thinking has been suggested in some of the studies on the functioning of international agencies. Ashok Rudra, for example, concludes that though the international agencies are inappropriate bodies for direct action, they can be a major indirect force for change by disseminating "certain kinds of ideas;" see Ashok Rudra, The Basic Needs Concept and its Implementation in Indian Planning, Bangkok: International Labor Organization, 1978. The principle suggestion of a study by Hexner and Khan is that the international agencies should become the "poverty conscience" of the world. Their concluding sentence, however, is indicative of distrust of top-down change: "The poor must continue their own battle against poverty no matter how the question is addressed or answered;" see J. Thomas Hexner and Obaidullah Khan, "Rural Development and the U.N. Family of Nations," Forum for Utviklingsstudier, Oslo: Norwegian Institute of International Affairs, Special Issue, 1978.

16. One such attempt involving non-governmental agents, described as an "outside intervenor system," has been developed by T.K. Moulik, "Strategies for Implementation of Rural Development Programmes in India," IFDA Dossier 5, March 1979. Another is the concept of agropolitan development by John Friedmann, The Active Community: Towards a Political-Territorial Framework for Rural Development in Asia, Los Angeles: University of California Press, 1979.

## APPENDIX

A large number of individuals at different institutions helped provide information during field research, May-August 1979. This list of individuals and their affiliations includes most of those who were interviewed or who provided assistance during field study. Institutions are listed in the sequence they were visited.

Asian Development Bank  
Manila, Philippines

Richard T. Burcroff  
Senior Project Economist  
Irrigation Division I

Sam Chung Hsieh  
Director  
Agriculture and Rural Development Department

Satish C. Jha  
Senior Project Economist  
Rural Development and Agricultural Credit Division

K.V. Kumar  
Evaluation Officer

Alan L. May  
Senior Executive Officer  
Agriculture and Rural Development Department

Y.T. Shah  
Member  
Board of Directors

Uma Kant Srivastava  
Consultant  
Rural Development and Agricultural Credit Division



Asian Development Bank (Contd.)

Frank Tacke  
Manager  
Rural Development and Agricultural Credit Division

University of Philippines  
Manila

Raul P. de Guzman  
Professor and Dean  
College of Public Administration

Asian Mass Communication Research and Information Center  
Singapore

P.R.R. Sinha  
Director

Institute for South East Asian Studies  
Singapore

Kernal S. Sandhu  
Director

Asian and Pacific Development Administration Center  
Kuala Lumpur, Malaysia

Suleiman Hashim  
Assistant Director

Inayatullah  
Research Associate

M. Mahadeva  
Director

K.B. Saxena  
Visiting Associate

Economic and Social Commission for Asia and the Pacific  
Bangkok, Thailand

L.R. Khan  
Member  
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