international foundation for development alternatives
fondation internationale pour un autre développement
fundación internacional para alternativas de desarrollo

IFDA DOSSIER 5, MARCH 1979

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French and Spanish abstracts of the major papers appear on p.2 of each paper.
INTRODUCTORY NOTE

Has the "interaction started?

While it may still be too early to be sure, a few contributions have reached IFDA, and some appear in this Dossier. They include communications from Argentina, Zambia, Norway and the United States. This may offer an opportunity to state again what the IFDA Dossiers are meant to be, a seminar by correspondence, a tribune where people - including those closely linked with IFDA - express themselves freely, in their personal capacity.

From time to time, one of us at Nyon will contribute to the Dossier. It happened in February, it happens again this month. One of us may also wish to react immediately to a communication - which is the case this time. This does not mean that other building blocks, interactions, or even markings and footnotes, have not provoked interest (of course) and/or dissent.

There is no attempt to reach a consensus. There is no such thing, at this stage, as an IFDA position.

Our primary ambition is to stimulate discussion, to initiate the mutually educating dialogue which is at the center of the Third System project. Thus we hope to promote a better understanding of the issues at stake.

We expect that readers will agree, disagree, as we ourselves do, or (preferably) elaborate further on a paper or an idea. Once more, please write.
Abstract: The paper highlights the method and significance of the Bhoomi Sena movement in Junglepatti in Maharashtra State, India. Excerpts from the study "Bhoomi Sena: a struggle for people's power" have been used to construct the theme. Sections 1 and 2 sketch the historical background discussing in some detail three early interventions and the impact or lack of impact on the lives of the Adivasis. Section 3 attempts to place the Bhoomi Sena movement within a perspective of Social Change. The final section discusses the options before the Indian bourgeoisie and the future possibilities of Bhoomi Sena.

Résumé

Cet article met en lumière la méthode et la signification du mouvement Bhoomi Sena à Junglepatti, Etat de Maharashtra, Inde. Des extraits de l'étude "Bhoomi Sena: une lutte pour le pouvoir populaire" ont été utilisés pour étoffer cette présentation. Les sections 1 et 2 constituent une esquisse du contexte historique et examinent trois interventions antérieures, de même que leur effet ou absence d'effet, sur la vie des populations concernées, les Adivasis. La section 3 s'efforce de placer le mouvement Bhoomi Sena dans la perspective du changement social. La section finale examine les choix offerts à la bourgeoisie indienne et les perspectives de Bhoomi Sena.

Resumen

El informe hace destacar el método y significado del movimiento Bhoomi Sena en Junglepatti, estado de Maharashtra, India. Secciones del estudio "Bhoomi Sena: Una lucha por el poder popular" han sido utilizadas para construir el tema. Las secciones 1 y 2 esbozan los antecedentes históricos y presentan en detalle tres intervenciones anteriores y su impacto, falta de impacto, en la vida de las poblaciones en cuestión, los Adivasis. La sección 3 trata de colocar al movimiento Bhoomi Sena dentro de la perspectiva del cambio social. La última sección presenta las opciones que confrontan la burguesía India y las perspectivas para Bhoomi Sena.

1/ See page 16 (voir page 16 - vease pagina 16)
G.V.S. de Silva, N. Mehta, A. Rahman, P. Wignaraja

I. Introduction: Two Faces of "Development"

1. Barely two hours drive from the ultra-modern metropolis of Bombay (capital of the State of Maharashtra) and hugging the futuristic atomic power plant of Tarapur in Thana district is a strip of forest land ("junglepatti") where time has stood still. This forest - or rather what is left of it after a hundred years of ruthless plunder by the outsiders - is the home of adivasis, a generic term loosely used to describe the aborigines of India. In the multi-racial caste-fractured Indian society, the adivasis (7% of population or almost 50 million scattered throughout India) represent an unassimilated mass, clinging to tribal organization and traditions, who have over thousands of years resisted the physical and cultural onslaught and domination of the caste Hindu society, largely by retreating to forested, mountainous and often inaccessible areas. Though often autonomous and proud communities preserving the tribal heritage, they are the most deprived strata of Indian society.

2. With the rapid growth of Bombay city and of a series of satellite towns in the region, the isolation of the Thana adivasi area has, however, virtually ended. The entire belt is criss-crossed with major highways and all-weather roads, river transport and a railway line. The penetration of the transport network has a purpose: exploitation of the rich natural resources of the region, mainly forest produce and natural fodder grass. Tens of millions of Rupees worth of produce is exported out of the area and the ornate mansions in the local towns bear testimony to the profitability of the enterprise.

3. Away from the market towns and just off the highways, however, there is a sudden discontinuity in time. Scattered haphazardly amidst paddy fields, hills and forest enclaves are dozens of isolated small villages, clusters of small huts with mud walls, thatched roofs and almost bare interiors. Highways give way to field and forest paths and at best to cart tracks. While the atomic power plant at Tarapur supplies a sizeable part of Bombay's electric supply, hardly a few of the adivasi villages have electricity or a convenient source of drinking water. Emaciated half-naked children and prematurely aged men and women complete the picture of desolation - the other face of "development".

4. Four decades ago, the area, little served by a communication network, was an island of feudalism - bordering on slavery - in the midst of a coastal region developing the capitalist mode of production. Now after forty years, the contact has greatly multiplied, the isolation and overt feudalism have
ended and production and export have increased. The towns in the area are the outposts of the outside world and essentially extensions of Bombay city inhabited by non-avdivasi and dominated by non-Maharashtrian exploiter classes. But through all this "development", thirty years after independence, the life of the adivasi remains essentially untouched. Perpetual starvation, seasonal migration in search of work to survive, illiteracy, disease and bondages of old and new kind continue to plague the adivasi life - and continue to feed the pity, solicitude and charitable concern of the "developers" who cherish the role of the benevolent guardians of the "primitive, promiscuous and irresponsible" adivasis.

5. But now, finally, the adivasis are responding not with submissiveness, fatalism and gratitude for "charity", but with a militancy and self-confidence growing out of an awakening consciousness. The expression of this fight against indignities, injustice and exploitation is a spontaneous indigenous movement named Bhoomi Sena (Land Army) which is forging the adivasis and the other poor in the region into a united powerful force determined to confront the exploiters and the oppressors in a sustained struggle. People's Power is beginning to emerge in junglepatti.

6. The Bhoomi Sena study is an attempt to understand the significance of Bhoomi Sena, the meaning of People's Power and the process of Social Change.

7. Adivasi life is a constant search for work just to survive from day to day. Depending on the season, they work in the paddy fields (June-September), cut fodder grass (October-November) and work as forest labourers, road construction workers etc. in and out of the region for the rest of the year. The four to six months of the year that they have to migrate searching for work outside the area are described by them graphically but pathetically as "going out to survive". This life cycle applies to most adivasis as even the small amounts of land that some possess hardly produces enough rice to see them through the year - particularly after they have paid back the money lenders the inevitable consumption loan, seed loan etc. at usurious rates of interest.

8. The day on which an adivasi does not work he does not have food and were it not for the tribal custom of mutual sharing and solidarity, he would starve. The absence of starvation deaths, which would be inevitable in communities with more individualistic customs, can be attributed to the collectivist communal traditions which have still survived among the adivasis inspite of contact with other values.

9. By borrowing a few hundred rupees "marriage loan" a young adivasi and his bride become bonded labourers, working for the landowner cum money-lender just for meagre food rations. They may work 20 years before the loan is "repaid"; quite often their next generation continues in unbroken bondage.

10. The non-adivasis of the region may be classified into two broad groups. The first are the Maharashtrian caste of kunbis, who are a cultivator caste. A few decades ago, under feudal dispensation, they were either small independent peasant proprietors or tenants of the feudal lords. With land passing to the tiller through land reforms twenty years ago, the kunbis became owner cultivators. Over the years, through access to resources, savings, accumulation, acquisition of more land and exploitation of adivasis they have become a relatively prosperous and dominant class, particularly at the village level.

11. The other group, mainly non-Maharashtrians, are the traders cum money lenders (sawkars) who over a period of 30-40 years have also become landowners through a process of usurious lending and cheating of the illiterate adivasis. They generally live in the towns and operate at the village level through their agents.

12. Both of these groups dominate the local political and economic institutions with the kunbis more influential at the village level and the sawkars at the taluq and district level.

13. On the whole the production system is inefficient and natural resources are underutilized. The sawkars are content to get one crop of rice during the rainy season; some prefer to let natural grass grow on the fields to growing rice which demands more labour, investment and attention. The entire area presents a picture of indifferent agriculture.

II. External Interventions in Adivasi Land

14. Up to mid 40's the entire area was in effect a feudal Kingdom of the sawkars in which they held undisputed authority over the life and property of adivasis. While the British Civil Servants described the system as inhuman there was little effort to intervene in the situation.

15. By late 30's and early 40's however, the feudal lords were rapidly becoming an anachronism in Western India. The British Raj was in its last decade. The tide of nationalism had thrown up in its wake a new countervailing power against the British organized by the Congress Party, and by and large led by a non-feudal newly educated middle class. In the economic
arena too the feudals were loosing ground; new classes of Industrialists and traders had amassed enormous fortunes, particularly during the second war period. In 1947 the British rule in India ended.

16. With the historic economic and political changes in the outside world, some reforms over time in the sawkar kingdom were inevitable. Instead, unexpectedly, the system suddenly collapsed, thanks to a spasmodic outburst of the hitherto timid, lifeless and patronised adivasi himself. In less than two years the adivasis overthrew their masters in a totally unexpected display of fury, energy and spontaneous mobilisation. It was the Communists, still in their militant phase, who catalysed the adivasi revolt much to the dismay of the Congress Party which was now the formal power of the country. The Communist method was simple and forthright. They :- (a) went from village to village living with the adivasis and shared their food, huts and tales of woe; (b) told them that forced labour and bonded labour were illegal; (c) assured them that many people outside would support them; and (d) by successfully defying the sawkars in front of the astonished adivasis created for them an alternative focus of credible power.

17. The revolt shattered the world of the sawkars. While the State intervened to passify the area both through imposition of law and order and through long term programs of education, social reform, etc. They had no intention of restoring the feudal order. Instead, in the aftermath of the revolt, newly emerged producer and non-producer classes became the dominant power of the area, leaving adivasis scarcely better off than they had been before the revolt. Whatever land had passed to their hands following limited tenancy and land reforms rapidly passed into the hands of the new classes through the familiar mechanisms of money lending, cheating, etc. The end result of the combination of direct State initiated measures and the voluntary Gandhian (Sarvodaya) interventions was a highly exploitative situation, now organized through more subtle means by the new dominant classes.

18. By 1970 the politico-economic process of the last quarter century had produced a complex class spectrum in the area quite unlike the feudal situation of 1945. Some classes had almost disappeared or been rendered impotent (feudal lords); some had gathered strength and were struggling for total dominance (kunbi: rich peasants); some had been born in the vacuum created by the decline of the old classes (money lender - trader sawkar); and finally the landless and poor peasant adivasis had continued to occupy the bottom position. Thus the ironic result of the communist inspired flash revolt
was to create conditions for the development of capitalism in the region. The paternalistic Sarvodaya interventions which followed in the aftermath of the revolt had greatly helped to stabilise the new system of exploitation. Both these external interventions failed to awaken the consciousness of the adivasis and instead tended to substitute one kind of dependency by another.

19. By 1970 the left parties in India had begun to organize direct actions by the peasants to regain lands which had been usurped by the old and new exploiter classes. In the Palghar area the Socialist Party organized a "land grab" agitation against a charitable trust which held hundreds of acres of land. Many adivasis participated in the movement and were arrested along with the socialists. In jail the adivasis realised however, that these actions were merely symbolic and while they had landed in jail their lands were still in the hands of sawkars. They also realised that the socialists had no real desire to organize the adivasis to recover these lands in a village by village action as they probably feared the implications of such an arousal of the adivasis.

20. The adivasis were disillusioned with the outside political parties and decided to form their own organization named Bhoomi Sena or Land Army. As soon as they were released from jail they went to the people in a village by village dialogue, investigated the land situation, discussed possible action with the people and soon organized them to collectively recover the lands which had been theirs. The movement spread to a large number of villages.

21. Having recovered the lands, however, the adivasis had neither the means nor the finance to cultivate them. They turned again for help to the socialists who provided a technical advisor - a social worker - with experience in modern agriculture. Through his assistance high yielding varieties were introduced by some farmers in the area and the banks supported the programme. While there was increase in production the programme and its accounting got too complex for the adivasis to comprehend and gradually they lost both control of and interest in the activities. In fact they became pawns in a technocratic experiment based again on an elitist approach.

III. Bhoomi Sena, Its Method and Significance

22. Learning from all these experiences Bhoomi Sena decided to abjure any dominating intervention from outside and to concentrate on mobilizing the people in a self-reliant manner. The issues for mobilization related to the legal rights of the adivasis: freeing of bonded labour, implementation of
the minimum wage law and enforcement of traditional adivasis rights in collecting forest produce etc. The process of mobilization was based on investigation by the people themselves of their social situation which heightened their consciousness and awareness of the rationale for action. Individual perceptions thus became collective conceptions through a process of conscientization. Further, mobilization and spontaneous assertion was given a form through village organization of the youth (Tarum Mandal) which became the forum for discussion at the village level.

23. Unhampered by external domination the adivasis through Bhoomi Sena have thus developed in the last few years a new method of organizing themselves for action in a democratic and conscious manner. Bonded labour system has been abolished; struggle for minimum wages is slowly succeeding; fear of the sawkars has largely disappeared; consciousness and unity of the adivasis has been enhanced; and a strong organization - Bhoomi Sena - has been forged by the people themselves to serve as an instrument of their continuing struggle. Dependency has been replaced by self-assertion. The movement is rapidly spreading throughout the adivasi belt and maturing through struggle and reflection.

24. The liberation and development of spontaneity is a major theme in the Bhoomi Sena method. Spontaneity has different levels. Spontaneity, like all concepts in dialectical logic, has no absolute meaning, and may be defined only in relation to its opposite with which it constitutes a unity. This unity grows and at some point changes in quality. Spontaneity then acquires a new definition, in relation to a new opposite, together constituting unity of a higher order. This process continues.

25. The Bhoomi Sena method - from mobilization through conscientization to organization - reveals an inner logic that integrates the three essential elements in it in such a dialectical development of spontaneity in human action.

26. Initially, spontaneity is primordial, unconscious itself and unmobilized by any conscious force. Spontaneity at this stage is the opposite of mobilization. But it can still assert, through eruption. This is unmobilized assertion.

27. When a conscious force (e.g., a Party, or Vanguard Group) mobilizes unconscious masses, spontaneity changes quality. The masses are now mobilized for issues conceived by an external conscious force. But once mobilized, they may still act spontaneously, in manner and directions beyond the designs of the force that mobilizes them. Such spontaneous action may not be conscious. Spontaneity is now the opposite not of mobilization which it has absorbed, but of conscientization.
Spontaneity again asserts, unconscious, but raised to a higher level by its interaction with a conscious mobilizing force.

28. The process of conscientization makes the masses conscious. Mobilized and conscious masses may now have an agreed design evolved through consensus; but they may still act beyond the design with no mechanism for changing the consensus. Such mobilized and conscientized spontaneity - spontaneity of a still higher level - is the opposite of organization.

29. Spontaneity asserts again, now mobilized and conscious, but as yet unorganized.

30. When conscientization leads to organization, the masses will act consciously and in an organized manner in accordance with their collective decisions. But they may still go beyond an (external) central design. Spontaneity - mobilized, conscious and organized - is now at a higher level of development with centralism as its opposite. This is the stage of self-management.

31. If such spontaneity ever absorbs its opposite, i.e., centralism, then both are transcended.¹

32. The sequences in the dialectical development of spontaneity (and its opposite) are then as follows:

<table>
<thead>
<tr>
<th>Spontaneity</th>
<th>Unites with, and opposes</th>
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</thead>
<tbody>
<tr>
<td>1. Primordial, (eruption)</td>
<td>mobilization</td>
</tr>
<tr>
<td>2. Mobilized, unconscious</td>
<td>conscientization</td>
</tr>
<tr>
<td>3. Mobilized and conscious</td>
<td>organization</td>
</tr>
<tr>
<td>4. Mobilized, conscious and organized (self-management)</td>
<td>centralization</td>
</tr>
</tbody>
</table>

¹ Self-management (the highest stage of spontaneity) and its opposite, centralism, together constitute a unity that may be called democratic centralism. In some usage of the term democratic centralism the emphasis is on centralism which is democratic. This may be contrasted with centralist democracy, with the emphasis on democracy which is centralized. Which of the two prevails depends on which aspect of the contradiction is the dominant one.

If ever both democracy and centralism are transcended, then man is non-alienated.
33. The stages are, of course, not mutually exclusive but can inter-penetrate and mutually reinforce each other. This can be seen in Bhoomi Sena where organization, for example, has taken place with different degrees of conscientization, and the latter has continued after the organs have been created, providing now an institutionalised forum for conscientization to continue. However, in extreme cases where Tarun Mandals have been created after mobilization only without any conscientization, a forward momentum to the process has not come easily, and such Tarun Mandals have been seen even to collapse. This indicates that, while a lower and higher stage can co-exist and may give a greater forward momentum to the process of development of spontaneity than a strictly one-stage-at-a-time sequence, the premature imposition of a higher stage can be counter-productive.

34. The effort of Bhoomi Sena is to develop spontaneity into a mobilized, conscious and organized people's power. In the process Bhoomi Sena is creating its own opposite - countervailing power against Bhoomi Sena itself is being developed as a consciousness and culture and institutionalised in the Tarun Mandals, perhaps eventually to become a federation of Tarun Mandals. If this process can indeed continue and mature, Bhoomi Sena may see its own image in the very countervailing power it creates against itself in which it may thus find its highest fulfilment.

35. While this trend is visible, opposite tendencies are also there, such as degeneration of cadres (e.g., the cadre episode in Bagzari) negative tendencies inherent in the very expansion of the movement; and the pull of an ideologically adverse environment. In view of these tendencies the course of Bhoomi Sena's struggle for people's power, notwithstanding the innovative character of its method, remains uncertain. This course will also be determined by the dialectics of the objective conditions in Bhoomi Sena and in the broader reality that encompasses it, to which we now turn.

36. The adivasi revolt of 1945-1947 destroyed the feudal kingdom of the sawkars. What arose on its ruins was not adivasi power but the power of a new non-producing sawkar class (traders, money-lenders, contractors, land-owners) and a producing rich peasant class (the kunbis). The adivasis were beaten into submission or tranquilized, and remained illiterate, ignorant, half-starved and oppressed by the new dominant power.

37. Now, three decades later, Bhoomi Sena using a method and style of mobilization, conscientization and organization (described in the previous paras), which is in marked contrast to the
method of spasmodic arousal and mobilization through typical agitation by external agents which led to the 1945-1947 eruption, has once again rekindled the flame of adivasi consciousness and kept it burning brightly for a decade. Adivasi power is now becoming a reality in the junglepatti area.

38. This emerging power of the adivasis is a countervailing power and not the dominant power.

39. The relationship here seems contradictory but not an antagonistic one. Such countervailing power can grow together with the growth of the dominant power. It may seek to reduce exploitation, but within the existing production relations, to check and control the abuse of dominant power, and at most, to take over and manage more efficiently, and perhaps even more equitably, some of the institutions of the dominant power.

40. It could develop as an antagonistic one, and the growth of such a countervailing power necessarily implies a decline of the dominant power. It consciously strives to transform itself into the dominant power.

41. Is the emerging adivasi power in the junglepatti area an antagonistic or a non-antagonistic countervailing power? This would depend on the nature of its relationship to the dominant power. The latter however, is not a homogeneous one, since there are two exploiter classes with significant contradictions between them. One of them is the new sawkar class which is primarily a money lending, trading and contracting class, and only secondarily and indifferently engaged in production. So far, the sawkars, who constitute a mercantile capitalist class, have maintained their dominance at the taluq and district level. Local bureaucracies and the police are in league with them, and for the adivasis they constitute the government as the actual state is too remote and unapproachable.

42. On the other hand, at the village level in the Palghar junglepatti area, it is kunbi power that is more in evidence. The kunbis are a class of rich (and middle) peasants primarily engaged in agricultural production. They are an emerging agricultural bourgeoisie slowly taking to modern capitalist agriculture. However, due to the constraints to the development of capitalism, they are also being diverted into non-producing activities such as moneylending. With greater state assistance, however, they may attempt a more complete transition to capitalism, and become the dominant power not only at the village level but also at higher administrative levels.
43. Thus the nature of adivasi countervailing power has to be examined both in relation to sawkar power as well as to kunbi power. In relation to sawkar power, it is quite evident that adivasi power is an antagonistic countervailing power. The adivasis are consciously and unequivocally striving to destroy sawkar power, and the growth of their own power over the last seven years has undoubtedly led to a corresponding reduction in sawkar power.

44. In relation to kunbi power, however, the adivasi consciousness appears to be somewhat ambivalent. The adivasis often lump the kunbis and the sawkars in the same class category, and tend to identify the destruction of sawkar power with the elimination of kunbi power too. There is some objective basis for this identification in so far as the richer kunbis are also money-lenders like the sawkars, imitate the life style of the sawkars, and in their struggle for khauti (consumption loans) the adivasis do not differentiate between the sawkars and the moneylending kunbis.

45. The material basis of kunbi power, however, is different from that of sawkar power; it is the emerging capitalist relation of production in agriculture. All the activities hitherto undertaken by Bhoomi Sena - the present struggle for land, khauti, minimum wages, employment, abolition of bonded labour, etc. - are not in any way incompatible with, but rather within the framework of, capitalist relations of production. In fact some of these activities may even help to speed up the movement towards capitalism in the area, by compelling the more enterprising kunbis to modernise agricultural production so as to be able to pay the higher wages demanded. Whether the objective conditions, both internal and external, are conducive to the development of agricultural capitalism in the area is another matter (discussed subsequently). If they are, the present activities of Bhoomi Sena could well promote rather than hinder that process.

46. In this perspective, while adivasi power is unambiguously an antagonistic countervailing power in relation to the declining sawkar power, it has at present the characteristic of a non-antagonistic countervailing power in relation to the growing kunbi power.

47. Under what conditions could adivasi countervailing power become antagonistic in relation to kunbi power, and eventually transform itself into the dominant power of the area? This question raises many issues which take us outside the Bhoomi Sena range of experience. It requires an understanding of Bhoomi Sena within a perspective of Social Change.
IV. Whither Bhoomi Sena?

48. The question of developing the rural productive forces and deepening the internal market for capitalism has become a central one for the Indian bourgeoisie too. Unlike the South Koreans, they have not yet been able to establish and sustain an expanding cycle of accumulation and realization of surplus value. In this sense India is still not a capitalist country, but one moving towards it with a greater sense of direction and speed than most other Third World countries today. However, it still remains a country with oases of capitalism in a pre-capitalist desert. The piling up of enormous foreign exchange reserves, the huge grain surpluses, and the significant under-utilization of existing industrial productive capacity and technological and scientific manpower are all manifestations of the relatively narrow internal market. In view of the size of the country, the current international economic situation, the vast foreign exchange reserves and the limited capacity to absorb imports, it is doubtful whether the drive for foreign markets alone could substantially ease the realization problem of the Indian bourgeoisie. Hence, the development of the rural productive forces, and with it the internal market, appears to be the essential precondition for freeing India from the trap of pre-capitalist stagnation.

49. What is the class that can perform this task? In this regard the Indian bourgeoisie have some options open to them.

50. The first is to rely on the petty bourgeoisie. However, the weak and paternalistic efforts of urban petty bourgeois elites to live and 'integrate' with the rural poor, and lift them up through education, organization and the provision of technical expertise has proved ineffectual. On the other hand, South Korea has demonstrated that the rural petty bourgeoisie, which is a producing class of middle peasants, can be organized and motivated through a suitable rhetoric to perform this task, at least in the initial stages. But an Indian 'Saemaul Undong' is a little difficult to visualize, if only because of the absence of egalitarianism in the Indian countryside due to the wide disparity in land ownership.
and the sharp class and caste differentiation which exists there, and since under such conditions of increasing polarisation the rural petty bourgeoisie is a disintegrating class.

51. A second option is to rely on the emerging rural bourgeoisie to develop an agrarian capitalism. This raises problems somewhat similar to those confronting the South Korean bourgeoisie. The rural bourgeoisie is still a relatively weak class, and it is very doubtful whether they on their own can perform the massive task of the capitalist transformation of rural India. Even if they were to do so, it would need a tremendous transfer of resources from the urban to the rural areas, merely to build the physical and social infrastructure necessary for capitalist growth. Will the urban bourgeoisie be willing to permit such a substantial flow of surplus to the rural areas, continuing over a number of years? What is the capacity of the urban industrial sector to absorb the millions of rural poor who would be uprooted in the process of the development of agrarian capitalism? What about the social and political consequence of increasing the polarisation and intensifying the class contradictions in the rural areas? There is a further question of whether the bourgeoisie could transcend the barrier of a diffused 'Countervailing Consciousness' arising out of populist rhetoric, which India shares with many other State Capitalist Countries, and which militates against openly adopting a path of increased polarisation. These are questions that the Indian bourgeoisie may well ponder before they decide to take the second option.

52. A third option is to depend on a tacit alliance between the two emerging rural classes capable of developing the productive forces, the bourgeoisie and the proletariat, to provide the material preconditions for the development of rural capitalism. This may appear paradoxical, but the experience of Kerala and recent trends in West Bengal indicate that it is a real option available to the Indian bourgeoisie. An efficient, 'Communist' management of Capitalism, utilising the full power of socialist invocation to mobilize the proletariat and peasantry to develop the productive forces under capitalist relations of production, with a minimum of cost to the bourgeoisie, is an interesting social experiment with great significance for the understanding of Social Change.

53. There may, possibly, be a fourth option. A class conscious, rural proletariat may begin in certain areas to develop the productive forces under collectivist relations of production. Depending on the strength of the countervailing power of such an organized rural proletariat, and on the relationship of class forces within and outside the area, the bourgeoisie may not only be unable to contain such a movement, but may even
come to accept it as the only realistic way of developing the productive forces and the internal market for them in such areas. In such an eventuality the Indian bourgeoisie would be making a historic choice between the development of a rural capitalism, which would bleed it economically but strengthen it politically, and the development of a rural collectivism, which would be painless economically, but agonising politically.

54. It is within this perspective of Social Change that we attempt to obtain a glimpse of the future possibilities of Bhoomi Sena. The junglepatti area and its surroundings is a pre-capitalist one dominated by a mercantile bourgeois class (sawkars), which to all intents and purposes constitutes the 'power' there. Their principal mode of exploitation is through interest and commercial profit, and only secondarily through the surplus extracted from wage-labour. While a middle peasant class engaged in petty commodity production is widespread throughout the area, its disintegration has already commenced, and the tendency towards agrarian capitalism is already manifest. The two classes which have emerged as a result of this tendency are the rich peasant class (kunbis), whose principal mode of exploitation is through the surplus extracted from wage-labour and only secondarily through interest, and the proletariat consisting of the landless and land-poor peasant labourers.

55. The future of this area will depend not only on the internal class relationships and struggles, but also on the relationship of this peripheral area to the capitalist center. As mentioned earlier a deepening of the internal market through the development of the rural productive forces has not become a matter of prime concern to the Indian bourgeoisie. It is this concern that will largely influence the relationship between the center and the periphery.

56. The central question, therefore, is what is the class that can develop the productive forces in the junglepatti area, and under what conditions could it do so? The sawkar class is totally incapable of doing this; on the contrary, the development of productive forces requires the elimination of the political, economic and cultural dominance of this pre-capitalist exploiting class of non-producers. In this area there are only two classes capable of playing this role, the rich peasant class consisting mainly of kunbis and the proletariat consisting mainly of adivasis. The kunbis, at present, are a weak and vacillating class with one foot in capitalism and the other in pre-capitalism. The utilization of their surplus is divided between capitalist accumulation, conspicuous consumption and pre-capitalist forms of investment. They are only very slowly and painfully modernising and
intensifying agricultural production. Although they are a class for others, they are still not fully conscious of being a class for themselves. They will need a tremendous push from outside if they are to emerge as a full-fledged rural capitalist class. The Indian bourgeoisie will have to divert considerable resources to this area to make capitalists out of the kumbis. The building of the physical and social infrastructure necessary for capitalism in this 'primitive', tribal area will tax the bourgeoisie heavily. It is not a path that they will lightly take.

57. The other producer class capable of developing the productive forces in this area is the proletariat. This class is organizing itself through the Bhoomi Sena movement, and emerging as a countervailing power in the junglepatti area. It is taking the lead in the struggle to destroy pre-capitalism and has achieved a significant measure of success. By this success, it is creating the political and economic space necessary for the development of the productive forces under new and higher relations of production. But this space today is largely an unfilled vacuum, even though the kumbis have crept into a little bit of it and sown the seeds of capitalist relations of production. Bhoomi Sena, so far, has done very little with regard to the utilization of this space for the development of productive forces, and whatever little productive activities have been initiated by the Tarun Mandal are mainly within the framework of capitalist production relations. At present, though the Bhoomi Sena method and style of work is fundamentally different to that of the left parties and their trade union movements, in terms of the content of its activities Bhoomi Sena still remains essentially within the traditional mould. But its unique method and style of work could provide it with an opportunity to break out of this mould and chart an equally unique path for itself. This path is not merely one of mobilizing and raising the consciousness of people through political and economic struggle. It is one of fully utilizing the space created through these struggles to develop the productive forces, not under capitalist, but under new collectivist relations of production, thereby sowing the seeds of a new social order, and emerging as a countervailing power antagonistic to kunbi power, with the full consciousness of becoming the dominant power in the area.

58. The objective conditions for such a transition from pre-capitalism do not appear to be unfavourable. Firstly, although Bhoomi Sena has not yet taken this path, the sharpening of the contradictions arising out of the slow growth of capitalism and the rapid development of Bhoomi Sena
power and class consciousness among the adivasis, may make this path appear as the most obvious and natural one to take. If that were to happen, the infrastructure that has already been laid in terms of mobilization and organization could facilitate and speed up the movement towards collectivist relations of production.

Secondly, 'State Capitalism' in India, through partial land reform, State marketing networks, processing facilities, nationalised financial institutions, etc. has provided some economic space for the development of rural productive forces. That this space still remains largely unutilised in the area is a further commentary on the weakness of the kuni class, which has been, unable to fill it by developing the productive forces under capitalist relations of production. However, at present, this space is neutral with respect to the specific character of the relations of production, and there seems to be no barrier at all to Bhoomi Sena utilising this space to develop productive forces under collectivist relations of production. An illustration of this is the state milk collecting center in the area, which today is inoperative because there is no milk to collect. On the other hand, the adivasi labourers are cutting grass for contractors who sell it to dairies outside the area. It would be very difficult to eliminate the contractor because the private grass marketing chain is a very tight one. However, the adivasis could by-pass this entire private marketing network, and engage in collective milk production which could be fed into the Bombay market through the State milk collecting center.

As in the case of the Indian bourgeoisie, the options before Bhoomi Sena are more than one. What actually will happen remains unpredictable, not only because the preferred option of the bourgeoisie is unknown but also because the method of Bhoomi Sena, if the past is any guide, is to advance through learning derived from spontaneous ground level initiatives rather than on the basis of a centrally conceived grand design.

For indepth studies on Bhoomi Sena Movement please write to G.V.S. de Silva et al, c/o Dag Hammarskjöld Foundation.

Pour d'autres études sur le mouvement Bhoomi Sena s'adresser à G.V.S. de Silva et al, c/o Fondation Dag Hammarskjöld

Otros informes sobre el movimiento Bhoomi Sena pueden pedirse a G.V.S. de Silva et al, c/o Fundación Dag Hammarskjöld
Abstract: The many imperfections, distortions and dilutions in the implementation of rural development programmes in India substantiate the argument that in order to implement such programmes, policy makers need to understand three basic issues. The prevailing objective conditions in the rural area, the goals and objectives of rural development programmes. And, in the light of past experiences, how, when, what kind and by whom should rural development programmes be implemented in different situations to achieve the goals and objectives. The strategies adopted are crucial.

The following discussion of rural development programmes in India reviews that country's past experiences and recommends alternative strategies, based upon structural implementation for action at the micro level.

STRATEGIES DE MISE EN OEUVRE DES PROGRAMMES DE DEVELOPPEMENT RURAL EN INDE

Résumé
Les nombreux défauts, distortions et dilutions observables dans la mise en œuvre des programmes de développement rural en Inde conduisent à la conclusion que ceux qui prennent les décisions doivent mieux comprendre trois problèmes essentiels: les conditions objectives dans les régions rurales; les objectifs des programmes de développement rural; et, à la lumière de l'expérience, comment, quand, et quelle sorte de programmes doivent être mis en œuvre, dans des situations diverses, pour atteindre les objectifs fixés. Les stratégies ainsi adoptées sont un élément décisif.

L'article qui suit examine l'expérience de l'Inde et recommande des stratégies alternatives sur la base d'une structure de mise en œuvre au niveau local.

Traducción en Español en la página 16
T.K. Moulik
STRATEGIES OF IMPLEMENTATION OF RURAL DEVELOPMENT PROGRAMMES
IN INDIA

The impact of a rural development programme (RDP) depends entirely on how well it is implemented. The strategies of implementation are not only crucial, but complex, encompassing a number of functionaries, organisations and beneficiaries in a variety of situations.

I Three Basic Issues for Policy Makers

In order to implement RDP, the policy makers need to understand three basic issues:

a) The prevailing objective conditions in the rural area.

b) The goals and objectives of RDP.

c) In the light of past experiences, how, when, what kind and by whom should RDP be implemented in different situations to achieve the goals and objectives.

The issues mentioned above may seem too simplistic to merit mention here. That is why, perhaps, these issues are very often overlooked or not seriously considered by the policy makers. The many imperfections, distortions and dilutions in the implementation of RDP in India amply substantiate the argument. However, this does not mean that the policy makers in India are unaware of the reasons for the poor implementation - if they were continuously aware of the importance of these simple issues, the implementation strategy planning would not be so biased.

II Goals of RDP in India

RDP may have several connotations but it is essentially dependent on the objective socio-economic conditions of the rural areas. The objective conditions prevailing in rural India are characterized by extreme poverty brought on by the imbalance of the socio-economic structure. In rural areas today, for example 50 per cent of the people at the very bottom own only two per cent of the land, thirty per cent at the top eighty two per cent and the middle thirty per cent in between own sixteen per cent. About fifty per cent of the rural population in India is below the officially recognised line of Absolute Poverty (i.e. earning an income of Rs 25-50 per month). The problem of poverty is compounded manifold by the traditional caste-system; generally the low-caste groups or the untouchables do not own the most important and perhaps the only available means of production - land.
The control over the vital means of production by a few land-rich people has led to an extremely unequal distribution of income, wealth and power in rural India. The social, economic and political power of the land-rich has given rise to strong vested interests directly or indirectly exploiting the land poor or the landless building extreme forms of dominance/dependence relationships. This exploitation not only keeps millions of rural people poor and starving, but also prevents benefits of development programmes from reaching the rural poor.

Recognising the conditions and structural implications of rural poverty is not new. Over a period, there has emerged a consensus on the goals of RDP. Broadly, RDP aims at removing rural poverty and enriching the quality of life for all sections of the rural population, with primary focus on the rural poor. The World Bank defines it as:

...... a strategy designed to improve the economic and social conditions of life of a specific group of people - the rural poor. It involves extending the benefits of development to the poorest, among those who seek a livelihood in the rural areas."

Operationally, the goals of RDP in India can be defined as a process of asset creation and asset distribution through:

1. Increasing productivity of not only agricultural and related enterprises, but also through secondary and tertiary economic activities.

2. Facilitating access, control and distribution of productive resources (e.g. land, capital, technological know-how and socio-economic power) in a more equitable manner with particular reference to the upliftment of the rural poor above the poverty level.

3. Generating opportunity for gainful employment for the rural poor, particularly the landless labourers.

III Past Strategies of RDP in India

In order to realise the goals of RDP, a mixture of strategies has been employed since Independence. One can find all the three development strategies identified by Griffin2 - 'technocratic', 'reformist' and 'radical' - with varying emphases.

In practice, however, two viewpoints influenced policy makers in India:
the one suggesting structural changes (radical), particularly land reforms, and the other recommending application of modern technologies to increase productivity (technocratic). Depending on the prevailing political climate and food situation, there have been shifts in the emphasis of the strategies. Even the 'radical' strategy of structural change has been diluted into a 'reformist' one by merely instituting supportive measures in the system to effect equitable distribution, without drastic change in the structure.

Nevertheless, several approaches have been used in India in order to operationalise the strategies of RDP. Starting from 'community development, cooperatives and panchayats' in the fifties, the operational approach has shifted to 'intensive agricultural development programmes (IADP) and high yielding varieties programme (HYV)' in the sixties and finally in the seventies to the 'integrated rural development' approach with a package of special programmes directly aimed at the welfare of the deprived sections of the rural community - small and marginal farmers, agricultural labourers, village artisans and tribal and rural poor in drought-prone areas. Thus, over the three decades the attempts at RDP in India have progressed from the 'sectoral approach' with emphasis on agricultural development, to the 'area planning approach' and finally to the 'target group-oriented approach'. But in reality, except on rare occasions, sectoral considerations, with emphasis on agriculture have dominated RDPs because of the overwhelming pre-occupation of the policy makers with food problems and politico-administrative expediencies.

There have been attempts to change the basic strategies and approaches over a period of time, but, interestingly enough, the strategies of implementation of RDP in India remain unchanged. Essentially, the actual implementation of RDPs has been the responsibility of the government-run, bureaucratically structured, public administration agencies. The rigid hierarchical structure of the bureaucratic system making the required flexible approach according to varying field situations almost impossible, the emphases on accountability, control and a time-bound physical target-oriented appraisal system, all render the official functionaries at the implementation level ineffective for people-oriented development programmes. On the one hand, the long chain of command in the bureaucratic system, and its multiplicity, hampers co-ordination and co-operation between the sectoral departments. On the other hand, the concern over the increasing marginal costs of reaching the dispersed and unorganised rural poor makes it convenient to push a standardised 'blue-print' of quantitative tasks for a broadly categorised target group, rather than treating situations independently. Added to these inherent limitations, there has been misguided over-reliance on the 'percolation theory' about the flow of benefits of
development programmes from a few to larger masses of the rural population.

These and similar influences have alienated the government functionaries from the masses, particularly the rural poor. The action plans and projects are centrally planned and removed from the local situations, while in the 'top-down' process of development the field level functionaries find it easier to contact the rural-rich in order to fulfill the targets assigned to them. As a result, a collusive alignment has developed between the rural vested interests and the implementing functionaries, who, in most cases, also represent the similar class-interests, attitudes, and concerns as the rural-rich. To the rural poor, therefore, the bureaucratic implementing machineries have remained a remote, insensitive and inflexible system which has been totally blind to the needs and aspirations of the poor in a purely 'giver-receiver' relationship. Even when there have been limited attempts to involve the poor in planning and implementation of development programmes through the panchayati raj system, the interests of the poor have been totally neglected by the same collusions between the vested interests and the bureaucracy. Similarly, the legislative and administrative measures on land reforms have been swindled by the land-owning classes, with the connivance of the government officials.

This is not to suggest that there has been no impact of RDP efforts in India - it has contributed a great deal to the National Growth. India, for example, produced nearly 126 million tonnes of food grains in 1977-78 and is likely to harvest an equally large crop in the current year. Further, the 50 per cent rise in fertiliser consumption in the last two years, after five years of stagnation indicates the second wind of Green Revolution. But this increasing growth rate has not helped the land-poor and landless categories. The overall impact of the RDP efforts has not altered, but reinforced the pattern of distribution which steadily polarizes the rich and the poor. All those in the rural areas who either own no land, or do not produce enough to meet their needs (e.g., small and marginal farmers) have been steadily impoverished, while the vested interests, comprising of the land-rich and the traders, profited from RDP, strengthening their socio-political power base. Consequently, in spite of increasing national Growth rates, the wave of disenchantment and distress among the rural poor leading to a crescendo of violence and unrest is observed.

Partly in response to the continuing failures and negative trends in implementing poverty-oriented development programmes, a number of interesting and innovative micro-experiments on RDP have sprung up over the country outside the government bureaucratic systems. Included in these experiments are the efforts of a large number of voluntary agencies. Some of these experiments have made some 'success' in the
right direction and provide useful learning experiences. But, so far these experiments have been restricted to a limited geographical area. Many of them are either merely an extension of sterile ideologies, or utterly dependent on the government or foreign financial aids and therefore subject to control; or they aim at partial interventions without confronting the complex structural problems, or tend to perpetuate their existence in their micro-areas of operations considering themselves indispensable. All these and other constraints of these micro-experiments have thus far failed to generate the minimum level of 'push' to facilitate the implementation of poor-oriented HDP.

IV Alternative Strategies of Implementation of RDP

It may be argued that the patterns of objective conditions (briefly delineated above) are too subtle for the average rural poor to grasp. But this is far from true - it is not difficult to understand that the failure of the poverty-oriented RDP in India is due to the fundamental conflict in the structure of economic relations in the village society. What is absolutely clear, therefore, is the urgency for alternate strategies of RDP which call for a radical re-designing of institutions and processes in many respects.

Fundamental Policy Parameters

The evolution of alternative strategies of RDP must be based on fundamental policy parameters which have implications both at macro and micro levels of the implementation structure:

1. Whether through the processes of asset creation or asset distribution, the aim of distributive justice for the rural poor is to be the criteria by which the effectiveness of RDP should be judged. Since the existing power structure in the village society comprising of a privileged few totally vitiate this primary aim of RDP by siphoning off the benefits intended for the large masses of rural poor, it is logical that RDP should first attack the very structure. This means attacking the existing property relations and transferring of productive resources in order to shift the socio-political power towards the rural poor. Any policy designed to bypass the basic structural barriers rather than confront them is bound to fail.

2. Since no power structure would voluntarily liquidate their power-base themselves, RDP as a process of social change is bound to evoke conflicts and resistance from
the existing power structure. At a policy level, therefore, it must be accepted that the aim of RDP cannot be achieved painlessly - rather it has to pass through a dialectical process of struggling against a powerful resistance which may, in certain circumstances, lead to revolutionary situations.

3. Whether they be 'radical', 'reformist' or 'technocratic' strategies, the existing bureaucratic government machinery is completely inadequate, even dysfunctional in many instances, to implement poor-oriented RDP. It is also pointless thinking that through lecturing or preaching the existing system of bureaucratic functionaries can be reorganised and reoriented to inculcate proper commitments and attitudes towards the rural poor. Either RDP should be implemented by ideologically committed party cadre supported by the government in power (as in China) or by intervening non-government-systems with non-binding but working linkage with the government system.

4. Since the bureaucratic government machinery - the prime actor of RDP in India - is closely identified with the village power foci resulting in total loss of its credibility to the rural poor, and since rural development programmes are very rarely generated spontaneously, the importance of an ideologically committed group of outside intervenors is clear. Essentially the role of outside intervenors is to develop the rural poor into self-reliant and self-generating groups to uplift themselves from degeneration and deprivation.

5. It is evident that the policies should evolve a strategy to ensure wider participation of the rural poor in the processes of RDP. In the democratic set up in India today, this is possible only by mobilizing the rural poor to organise themselves in a viable and self-reliant organisation of their own. The role of the outside intervenors is, therefore, to initiate mobilisation through RDP activities by utilising or creating opportunities on a continuing basis with a view to becoming dispensable at the earliest.

6. Since the basic objective of RDP is not only to achieve distributive economic justice for the poor, but to stimulate their creative urges in productive and meaningful ways, the policy framework cannot be restricted to time-bound quantitative targets. It has to emphasize development of creative faculty of the suppressed rural poor, leading to a collective consciousness about their rights and aspirations as a group.
Structural changes and socio-economic activities initiated through RDP should then be used as a means to achieve the qualitative transformation of the rural poor into a collective consciousness, consolidating their actions.

7. As a policy, RDP has to be specific target-group-oriented, and for India, the target group is rural poor. An undifferentiated RDP strategy is bound to perpetuate the 'old order', unless preceded by a firmly established egalitarian system. Because the rural poor are extremely disorganised, dispersed and heterogeneous, with asymmetric interests and dependency/dominance relationships, the focus of actions have to be specific - a village or a small cluster of linked villages rather than to a district or a taluka.

8. Lastly, considering the magnitude and complexity of the problems of the rural poor, the policy framework of RDP has to be designed in a scale so as to generate a critical minimum country-wide 'push'. For however well-intentioned RDP may be, a gradually incremental and partial intervention in micro-situations can at best be of some value as learning experience, but tends to be exploited ultimately by the larger force of the vested interests.

Implementation Structure

Having discussed some of the broad policy issues, it is now possible to objectively evolve a suitable implementation structure for RDP in India. (See Diagram 1). The implementation structure proposed in the paper is essentially based on our understanding and experiences from the study of a score of ongoing micro-experiments on RDP in India.

The crucial element in the proposed implementation structure is the outside intervention system (CIS) outside the government system, but with supporting linkages with both government and non-government institutions. While the supporting systems usually have functions at various administrative levels (e.g., national, state, district, taluka/block and village), proposed CIS is provided with an umbrella federal structure at the national level, named the Rural Development Foundation (RDF).

The RDF is an autonomous corporate body administered by a Board of Trustees with the Executive Director who may be nominated by the
Board of Trustees every five years. The members of the Board of Trustees, including the Executive Director, should be drawn from various organisations and institutions in India interested and committed to the alternative strategies of NDP.

Below the federal structure, the RDF will have a State Level Coordinating Body and an army of Independent Volunteer Cadres (IVC) spread over a state in districts and talukas/blocks. While the State Level Coordinating Body may be a small-scale RDF, IVCs are to be recruited jointly by the RDF and the State Level Coordinating Body. The IVCs will be mostly fresh graduates - both men and women. The essential qualification of the IVCs should not be the degree or subject of specialization but the willingness and motivation to live and work in the villages among the poor for a two year minimum. Given the prevailing rate of educated unemployment and frustrations with the formal education system, it is not difficult to attract sufficient numbers of IVC in India for the challenging experience of working on NDPs.

Apart from recruiting IVCs, the functions of the proposed corporate bodies at the national and state levels (RDF and State level Coordinating Body) would be to: (a) raise finance to provide minimum living stipends to the IVCs, and other administrative expenses; (b) legitimize the existence and functions of the CTS with the government and non-government organizations/institutions at various levels and so establish supporting linkages; (c) act as an umbrella organisation for facilitating, coordinating and protecting (legally and politically as and when necessary) independent actions and initiatives of the IVCs at the village level; and (d) brief and orient the IVCs in the broad philosophy and purpose of the alternative strategies of NDP, and to provide a forum for sharing experiences.

The area of action on NDP in order to mobilize rural poor will lie on the IVCs depending on the local village situations. Since the focus of action on NDP is the village, each of the IVCs should be based in a village in the area to be covered by him/her. With the supporting linkages developed, 3 to 4 IVCs should be adequate to cover a taluka/block. This means, for 5000 blocks in the country about 15,000 to 20,000 IVCs would be needed to cover at any point of time.

The IVCs are the initiators and activists for the poor-oriented NDP at the micro-level. Over a period of time, a lot of micro-level actions/movements are likely to develop in the country. However, these micro movements cannot by themselves survive or be sustained unless
they are coalesced into a macro movement—a long drawn process given the widely differing situational responses. It is therefore necessarily expedient, for sheer survival of the micro movements, to be initially (if not on a continuing basis) linked with macro level organisations and policies as a supporting system. This is basically a compromise in order to evolve a wider national alternative out of a large number of micro movements, keeping in view the time constraints and facilitating factors for entry and survival of micro actions at the village level.

It is on the basis of the compromise that the proposed implementation structure builds the supporting linkages with the macro and micro level government and non-government organisations and institutions, a process which supports and makes legitimate the initial entry and action by the IVCs at village level. Also, such linkages may provide a legitimate base for initiating micro actions parallel to the radical policy measures and programmes already undertaken at the macro level by the government due to political and other expediencies. In fact, some of the macro changes set into motion by the national and state governments in India (e.g., land reforms and land-ceiling acts along with loop-holes, laws against moneylenders and bonded labour, investment allocation for creating social and economic facilities in the rural areas, budgetary allocation creating employment, various schemes directed at small/marginal farmers/landless agricultural labourers, drought-prone areas, and tribal areas, and bank credit facilities in favourable terms to the poor etc.) can be used by the IVCs to gain time, credibility and legal protection, which will firmly establish micro movements on a sound footing before they become coalesced into a nationwide movement. On the other hand, as the micro movements become stronger on a nationwide scale, they are likely to generate sufficient pressure on the existing macro system (government and non-government) to force a qualitative change in the planning and policy priorities in favour of the rural poor.

**Strategies for Micro Level Action**

It is clear from the proposed implementation structure that the success of the alternative strategies of HDP is dependent solely on the success of the IVCs in initiating micro movements. The crucial question is, therefore: how do the IVCs initiate micro movements? Obviously, the *modus operandi* have to be flexible to respond to varying local situations. This does not mean that planning for a common model of micro level project design is meaningless. What it means is that while the specifics of the micro action have to be devised individually in
response to the local situations, some generalised guiding principles can be planned on the basis of our learning from various attempts on RDP.

What is proposed here as a *modus operandi* for micro level action is essentially based on 'conflict model' of development. The basic assumption here is that the rural poor can be mobilised when they are sufficiently discontented and excited about any concrete event/situation arousing conflict, such as property relations (e.g. land tenure), inequitable distribution of productive assets, corruption and exploitation, discriminating social structure, inequalities in income-earning opportunities and so on. But merely identifying existing conflict situations cannot mobilize the rural poor. The approach is to plan a strategy of interventions on the existing conflict situations, to ensure some tangible benefits in the shortest possible time and at minimum risk. To the rural poor, the most important benefit is necessarily economic - income-earning opportunity. Thus, the intervention strategies aimed at removing existing conflicts or contradictions should be seen by the poor as measures which would help them essentially achieve concrete economic benefits.

In implementing the 'conflict model' of RDP, the IVCs need to follow a logical pattern. As an outside intervenor, the IVC is likely to face stiff resistance and distrust from the villagers, apart from constant fear of the disastrous consequences of failure in involving themselves in the process of structural interventions. The IVC, therefore, has to build his credibility by proving his trustworthiness and dedication to the cause of the rural poor. The only way to achieve this is to live in the villages and establish an intimate dialogue with the villagers through meetings and discussions about the existing situations and the possible remedial actions which could be initiated by them. Also, it is important as an entry strategy for the IVC to be uninvolved with existing official and non-official organisations/functionaries beyond the stage of legitimising his presence, and certainly not at the stage of establishing dialogue or implementation of interventions.

It is during the strenuous and most difficult process of establishing credibility that the IVC will acquire sufficient understanding of the prevailing conflict in the village and be able to identify specific cases for initiating action which can generate immediate economic benefits to the poor. The IVC will be able, in the process, to identify the actual target group, i.e., the rural poor.

It must be noted here that in order to understand the prevailing conflict and to identify the actual target group, IVC should never
attempt any formal academic surveys/research, which are not only dys-
functional, but also are a wastage of money and time. However, for his
personal record, understanding and reference, he may document his views
and facts gathered in the dialogues with the villagers.

Having grasped the nature of the existing conflict situations in rela-
tion to an identifiable target group, the IVCs should decide an entry
point in terms of a viable village project. In deciding the entry
point, the IVC needs to consider two basic issues: firstly, the project
must bring immediate economic benefit to the target group simply because
the material incentive is the most important, and perhaps the only moti-
vating force for the rural poor to organise themselves, also it provides
the essential economic staying power against the exploitative system.
This does not necessarily mean that other entry points like health or
education should not be used in specific situations. The IVCs' most
important consideration in deciding the entry point is gaining rapid
acceptance and credibility in the eyes of the target group. That is,
therefore, emphasized here is the fact that even if the initial entry
point is non-economic, which essentially lacks the strength in motivat-
ing the rural poor, it soon has to move towards economic activities
benefitting the target group.

Secondly, as a tactic and evolutionary strategy, it may be necessary to
choose the initial entry point which most unlikely to arouse hostile
opposition from the village power foci, so that the project and the IVC
can have some breathing space to establish themselves for higher order
interventions later. Again, tactically it may need, in certain circum-
cstances, some collaboration with the existing vested interests to the
extent it is necessary, to use their resources for the initial success
of the entry project, which may create problems later in achieving the
objectives of the IVC.

Given these two considerations it is better to choose an economic ac-
tivity as an entry point, which seemingly looks innocuous enough, to
threaten the village power foci. This economic activity should naturally
be, to start with, a process of asset creation rather than asset distri-
bution. This process can be initiated either by introducing new
technology in the existing production process, by financing the trad-
tional economic activities, by organising better marketing facilities or
by combinations of the three basic functions of economic activity (e.g.,
technology, capital and marketing). Whatever may be the economic
functions emphasized at the entry point, the target group would need and
depend on re-assurances from the outside intervenors, i.e., the IVCs to
start with - the more complex the functions of the economic activity,
the higher the dependence.
The CIS or the IVCs should provide re-assurances to the extent needed in the situation. These would essentially be in the form of assured economic-benefits, which in turn would be tied to technological/financial/marketing aids. In the absence of internal resources for such re-assuring aids, the CIS or the IVCs should take advantage of the existing government schemes or other semi-governmental or non-governmental institutional schemes through the supporting linkages, which are legitimised and developed by the CIS. Thus, the entry project starts within the existing legal, political and administrative framework without creating immediate hostility from the old power foci of the village. This does not mean that the entry project need always be started with the aim of not arousing hostile opposition from the vested interests. There could be situations, for example, where the target group is already organised and conscientised sufficiently for implementing a radical programme of asset distribution, like, land reform, stopping official and non-official corruptions, or laws against the exploitation of moneylenders and traders. There also could be situations where such radical programmes are currently being implemented by the government administrative machineries. It would be worthwhile for the IVCs to involve themselves rightaway in these programmes in spite of potential opposition to build their credibility and trustworthiness. In either situation, the entry project would remain within the legal and administrative framework, but directly confronting the vested interests of the village power foci.

The entry project as well as the subsequent interventions must be planned and implemented by the target group themselves rather than be imposed by the IVCs. The role of the IVCs is to initiate and stimulate discussions among the members of the target group through creating suitable forums. Through intensive dialogue with target group both individually and in groups (weekly or fortnightly meetings), the IVCs are to stimulate ideas about the possible action projects and its implementation strategies from among the target group itself.

Planning and implementation of action projects in the village by the target group provides a basis of training and education in the principles and utility of collective action leading to viable organisation of the rural poor. While no particular form of collective action or organisation is imposed or prescribed, the necessity for effective functioning of the project will lead the target group to evolve the norms for group work and functioning, which ultimately may take the shape of a formal structure according to the requirements and desire of the target group.
It should be understood that the process of evolution of a somewhat
structured form of an organisation of the target group requires patience
and persistence of the IVCs. There will certainly be a lot of hesita-
tion, apprehension, distrust and conflicting claims among the members
of the target group, which the IVCs have to get resolved in a dialogical
process by the target group themselves. It is in this process that
economic activities pose certain limitations, particularly, if these
activities are new in the situation. Given the initial amount of re-
assurances and dependency, there will be greater oscillation in
learning self-reliance and self-generating group work according to the
levels of success and failure of the economic activities, as compared
to non-economic activities, like, health and education. On the one
hand, when the economic activity succeeds to the extent that there is
continuous flow of economic benefits, then there is likely to be
complacency among the target group in learning to be self-reliant.
On the other hand, learning tends to become negative if the economic
activity is a failure in the sense that there is no flow of economic
benefits for a long time. The only way the IVCs could tackle the
situation is to deliberately involve the members of the target group
in all the major functions of the economic activities (finance, market-
ing and technology) as a learning mechanism in order to make them
aware of the limitations and thereby evolve suitable norms of group
functioning. There cannot be any readymade formula for tackling such
situations - only a strategy of creative maneuvering by judiciously
balancing the amount of re-assurances and withdrawal of supporting
interventions by the IVCs.

It is precisely the constraints of the economic activities alone in
sustaining mobilization of the rural poor that necessitates direct
structural interventions. As soon as there evolves a basic but tenuous
collective spirit around economic activities initiated as entry projects,
the focus should shift to the larger socio-economic system in the form
of structural interventions through a series of escalating confronta-
tions with the basic conflict situations. An inordinate delay in
escalating the process beyond the entry project (economic activity)
may cause stagnation submerging the dynamic potential for continuous
mobilization of the target group. On the other hand, conscientisation
of the target group in their rights and powers as a collective body in
bringing about the structural shifts in its favour can be a dynamic
strategic factor to mobilize them continuously.

By structural shifts, it does not mean here only land reform and land
re-distribution, which certainly are the most important structural
relationships to be radically corrected. Perhaps, land reform could
be the beginning of structural interventions, followed by interventions in relation to the moneylenders/traders/intermediaries, corrupt officials and non-officials, social discrimination due to caste and religion, wage structure and re-distribution of productive assets other than land (e.g. cattle, agricultural machinery, etc.) As it progresses, there should be a deliberate strategy to escalate the structural interventions for qualitatively higher order collective consciousness in relation to enforcing more budgetary allocations for rural development programmes from government and non-government sources, collective management of landholdings and other production/marketing related activities, building physical infrastructures, such as, roads, irrigation/drainage, and other public utilities and so on.

It should be noted that while the series of structural interventions are planned and implemented by the target group in an escalating manner over a period of time, they should be within the existing legal and administrative framework to start with, which eventually may force required changes in the macro policies. But, in order to create sufficient amount of pressure for required changes in the macro policies, the individual micro movements should be strong and coalesced into a national movement. This can happen within the framework of the OIS suggested in the paper. As a starting point, for example, the IVCs initiate the micro-movements as discussed above in a village or two in a taluka/block and then spread over the whole taluka/block, based on the experiences learnt in the initial villages. By using the volunteers from the target groups in the initiating villages, action projects can be multiplied and extended in several villages in the taluka, for which a strong sense of class-identity and unity need to be developed within the target group. Such a process can never be a time-bound quantitative target oriented programme, but an intensive dialogue aimed to qualitatively change the people, i.e. the disadvantaged rural poor in order to help them be self-reliant and organised for improving their lives.

Once a sufficiently large number of micro movements gain strength in relation to the qualitative changes mentioned above, they can be coalesced into regional and federal structures for organising the minimum critical 'push' for required changes in the policy framework at the state and national levels.
NOTES:


3. As many as 20 different ongoing micro-experiments on RDP in India are closely observed and studied by the author, of which two are summarised and reported to IFDA as supporting materials for this paper. The author himself has been actively involved in these two micro-experiments. Interested readers may contact IFDA for reports referred to here.

4. The sources of financial aid should be used very judiciously and cautiously, in the sense that it should not lead to bureaucratic control and unnecessary rigid rules and procedures, and proliferation of reporting system.

5. The total cost of stipends for maintaining 15,000 to 20,000 IVCs @ Rs 600 per month would be only Rs 0.9 to 1.2 million per year. Apart from the stipends, the other administrative costs for the entire Outside Intervenor System (OIS) will be minimal.


ESTRATEGIAS PARA LA EJECUCIÓN DE PROGRAMAS DE DESARROLLO RURAL EN LA INDIA

Resumen

Este informe analiza los programas de desarrollo rural en la India y concluye que las imperfecciones, tergiversaciones y diluciones en la ejecución de estos programas justifican el argumento que mantiene que para bien poner en ejecución tales programas, aquellos que forman la política tienen que tener un entendimiento fundamental de tres puntos: (1) las condiciones objectivas que predominan en la región rural, (2) los fines y propósitos del desarrollo rural, y (3) con la ayuda de experimentos pasados, determinar cuándo, cómo, por quién y qué clase de proyecto de desarrollo rural es propio a estos fines y propósitos. Las estrategias que se emplean son decisivas.

La siguiente presentación de programas de desarrollo rural en India repasa los experimentos pasados de este país y recomienda estrategias alternativas basadas sobre una ejecución estructural para acción al nivel local.
CHOIX ENERGETIQUES ET CHOIX DE SOCIETE : MYTHES ET REALITES DES SENTIERS ENERGETIQUES DOUX

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Langue originale: Français

Résumé: La prolifération de travaux sur des sentiers énergétiques doux est un symptôme dans le domaine scientifique des refus nucléaires comme avenir nécessaire des systèmes énergétiques. Ces études ont le mérite réel d'ouvrir le champ des possibles en concluant à des niveaux très bas de consommation d'énergie par tête. Elles négligent cependant l'ampleur des retombées sur la forme même de la société des solutions "apparemment techniques" préconisées et sous-estiment les inerties sociales.

Ce texte, écrit en octobre 1978, résume les principales conclusions de la recherche effectuée au CIRED, avec la collaboration de Laurent Dartois, Dominique Gourmelon et Nina Kousnetzoff, avec les conseils de M. Louis Puiseux. Il s'appuie sur des analyses critiques (qui seront publiées dans la revue Futuribles) de certains scénarios. (Voir la liste à la page 2)

CHOICE OF ENERGY AND SOCIETAL CHOICES : MYTHS AND REALITIES OF SOFT ENERGY PATHS

Abstract: The proliferation of studies on soft energy paths is a symptom, within the scientific world, of the refusal to accept the inevitability of nuclear energy. These studies have the merit of widening options for arriving at very low levels of per caput energy consumption. However, in putting forward apparently technical solutions, they neglect the full impact of these on the organization of society and they underestimate the opposition to change arising from social inertia.

This paper, written in October 1978, is a summary of the principal conclusions of a research project undertaken by the author at CIRED, with the assistance of Laurent Dartois, Dominique Gourmelon and Nina Kousnetzoff, and the advice of Louis Puiseux. The analyses of specific scenarios on which it is based are to be published in Futuribles. (For a list of these scenarios, see page 2)

Traducción en Español en la página 16
Scénarios analysés


A time to choose Scenario ZEG (Zero Energy Growth), project of the Ford Foundation, Ballinger Publish 1977.


Projet ALTER Etude d'un avenir énergétique pour la France axé sur le potentiel renouvelable, Esquisse d'une régime à long terme tout solaire par le Groupe de Bellevue.

1. Le statut des "sentiers énergétiques doux" : quelques précautions de méthode

Le développement récent de travaux visant à démontrer la possibilité d'une stabilisation à long terme du niveau de consommation énergétique par tête dans les pays industriels avancés s'explique par trois motivations principales :
- la certitude sinon d'un épuisement, du moins d'un renchérissement à long terme, des ressources d'énergie fossile;
- une grande prudence envers le nucléaire, et surtout des surrégénérateurs, comme relai définitif à ces énergies, à cause de ses implications écologiques et sociales. Ceci exclut le retour à une longue période de pléthore d'énergie à bas coût;
- la volonté de promouvoir des systèmes d'approvisionnement fondés sur des énergies renouvelables, supposées "douces" quant à leurs impacts sur les grands équilibres naturels, en tout cas moins que le bilan thermique ou radioactif de la planète. Cela suppose que la demande reste à un niveau modéré, inférieur aux flux d'énergies récupérables qui, inépuisables à long terme, sont limitées par unités de temps et d'espaces.

Il s'agit donc de stratégies de minimisation des risques à long terme devant la croissance cumulative des dangers d'une poursuite des styles énergétiques actuels, les incertitudes des technologies alternatives (nucléaire, fusion) et la montée de la compétition mondiale pour les ressources. On se trouve en présence de travaux à même finalité, inspirés par une philosophie implicite qui n'est autre que le répondant, au sein du monde scientifique, des motivations du mouvement écologique. C'est pourquoi il importe de les distinguer d'autres études, que nous utiliserons dans ce texte comme point de référence (1,2), qui s'en distinguent par :
- l'absence de vision "a priori" explicite pour le régime à long terme;
- un horizon temporel généralement plus court et donc des marges de libertés plus faibles;
- une réelle prudence quant à des ruptures profondes sur le modèle de développement;
- la prise en compte de contraintes économiques.

Les "sentiers énergétiques doux" constituent une tentative pour cerner une des bornes de l'univers des possibles en prenant le contrepied des prospectives énergétiques développées avant 1973, encore dominantes aujourd'hui, et qui reposent sur l'hypothèse d'une liaison mécanique énergie/PNB. Ces approches conduisaient soit à une croissance exponentielle de la demande, soit

entre autres chez Frémonr Félix (1), à un plafonnement au niveau de 20 à 25 tec/hab., c'est-à-dire deux fois le niveau nord-américain actuel et 4 à 5 fois le niveau européen.

Toute rupture méthodologique en matière de prospective d'action énergétique consiste à considérer l'élasticité énergie/PNB comme une variable d'action et non comme un paramètre technique, puis à s'interroger sur les possibilités de modulation de cette variable (2). Au plan théorique, on doit distinguer :

1.1. La réduction de l'élasticité énergie utile/PNB

Elle peut venir :
- des économies d'énergie proprement dites, ensemble de solutions techniques qui visent à diminuer l'énergie réellement utile pour un bien ou un service donné (climatisation, amélioration des rendements des appareils...). Domaine généralement bien connu et exploré, il donne lieu à des accords assez larges, le seul débat se situant au niveau des processus institutionnels permettant de les réaliser;
- de la structure même du PNB qui dépend de :
  . la structure de la demande finale de biens et services, ce qui renvoie au modèle de croissance;
  . la structure du commerce intérieur qui détermine celle de l'activité industrielle du pays et son degré de spécialisation.

1.2. L'efficacité globale du système énergétique

Elle détermine l'écart entre la quantité d'énergies utiles et les besoins en énergie primaire. Chaque transformation d'une forme d'énergie en une autre donne en effet lieu à des pertes, en particulier pour celles passant par des moteurs thermiques (toute la thermoélectricité qu'elle soit d'origine fossile, nucléaire ou solaire) à cause des rendements de Carnot. La variable centrale est ici la structure des énergies secondaires qui détermine en grande partie le rendement du passage énergie primaire/énergie utile. Cela devrait conduire, d'après Amory Lovins, à revoir la place de l'électricité qu'il est énergétiquement coûteux d'utiliser pour les besoins de chaleur qui représentent environ la moitié des besoins d'énergie.

L'ensemble des études analysées font intervenir chacun de ces trois éléments mais pas toujours de façon suffisamment explicite pour isoler les effets respectifs de chacun d'entre eux. Une telle insuffisance est surtout due à l'impossibilité pratique, aujourd'hui, de mener avec suffisamment de précision l'étude des différentes variables de modulation de la demande.

(3) LOVINS (Amory R.).- L'économie énergétique dans la région de la CEP, problèmes nouveaux à moyen et à long terme, ECE (XXXIII).
En effet, on ne dispose pas aujourd'hui :
- d'un cadre comptable permettant de décontracter suffisamment l'analyse de la demande d'énergie dans la mesure où, comme le montre P. Ramain (1), les comptabilités énergétiques actuelles ont été élaborées du point de vue des producteurs. L'un des obstacles majeurs est la mauvaise qualité des données statistiques sur l'énergie utile. Même chez A. Lovins, qui plaide vigoureusement en faveur d'une meilleure prise en compte de la deuxième loi de la thermodynamique, l'analyse s'arrête en fait à la demande finale (en termes d'énergies secondaires délivrées au consommateur), ce qui, nous le verrons, entache ses conclusions sur la part de l'électricité dans le bilan global;
- d'outils d'analyse permettant de tester la cohérence de modèles de société alternatifs, manque qui se fait surtout sentir pour le secteur industriel où on est réduit à projeter des taux de croissance tendant vers zéro sur le long terme, et, à un degré moindre, pour le secteur transport.

C'est pourquoi il paraît important de souligner qu'en l'état, ces scénarios doivent être utilisés comme des outils d'analyse permettant de cerner les enjeux d'une prémice normative et ne permettent en aucun cas de démontrer le caractère souhaitable, voire même réalisable, de l'évolution illustrée. Le Groupe de Bellevue a le mérite de bien souligner que "l'étude reste faite à un niveau rudimentaire d'évaluations numériques" et que le parti adopté vise à "éclairer le champ des possibilités du point de vue physique en préjugant le moins possible des caractéristiques socio-politiques de l'avenir. Toutefois, il est clair que le régime énergétique envisagé à long terme s'inscrit davantage dans la perspective d'une société "déconcentrée" et valorisant l'autosubsistance que dans celle d'une hyper-spécialisation. Ainsi, bien que les hypothèses retenues n'impliquent pas un projet de société au sens politique usuel du terme, ce travail peut apporter un certain éclairage sur les limites physiques d'un tel projet."

2. Analyse comparative des résultats (2)

Le tableau 1 fait apparaître une convergence réelle des niveaux de stabilisation des besoins d'énergie sur le long terme (de 3.1. tec/hab. à 3 tec/hab. pour l'énergie finale délivrée (3)) si on s'en tient aux versions les plus basses des scénarios pré-


(2) Il est très hasardeux de mettre sous forme comparative des études effectuées pour des pays différents quant à leurs caractéristiques climatiques, géographiques, économiques et réalisées selon des méthodologies parfois insuffisamment explicites. En particulier, des comptabilités énergétiques différentes ne peuvent pas toujours être traduites "sans risques" dans un système comptable homogène. On passera ici par dessus ces réserves puisque ce sont seulement les ordres de grandeur qui nous importent.

(3) tec/hab : tonne équivalent charbon par habitant.
sentés pour chaque pays. Cette convergence confère une certaine crédibilité aux niveaux proposés, crédibilité renforcée par le fait qu'ils rejoignent l'ordre de grandeur de la consommation par tête de l'Europe des Neuf aujourd'hui (4.28 tec/hab).

Contrairement au scénario ZEG (USA) (1), qui conduit à une dissociation totale entre l'énergie et la croissance énergétique, cette stabilisation n'est atteinte que grâce à un plafonnement (ou une très faible croissance) du produit matériel net par tête à long terme, une fois épuisées toutes les possibilités d'accroître l'efficacité générale des systèmes énergétiques. On peut en fait penser que le scénario ZEG, qui plafonne à 15 tec/hab, se situe dans un horizon temporel à moyen terme où on joue à plein sur ces possibilités mais que, sur le long terme, il conduirait certes avec une faible élasticité énergie/PNB, à une reprise de la croissance énergétique. Il est fort difficile de juger des niveaux de développement atteints puisque la plupart des autres exercices ne font pas référence à un taux de croissance économique explicite qui, projeté sur cinquante ans et recouvrant une restructuration totale des appareils de production et des modes de vie, n'aurait aucune signification. La production matérielle (industrielle et agricole) donnant le seul indicateur quelque peu significatif et une base de comparaison, fait apparaître une stabilisation de la production matérielle (industrielle et agricole par tête) dans une fourchette comprise entre 0.75 et 2 fois le niveau de la France en 1975. Dans la mesure où chacun des auteurs introduit des hypothèses différentes sur la durabilité des biens, cela conduirait à un niveau de vie matériel (en termes de valeur d'usage) compris entre 1.5 et 3 fois le niveau "France 1975", bien loin, pour reprendre une expression de A. Lovins, d'une civilisation "troglodytique" et qui caractériserait une société stable post-industrielle.

En fait, une fois admise la limitation à long terme du produit matériel, la stabilisation de la consommation d'énergie devient immédiate, le doublement de l'efficacité moyenne des systèmes énergétiques par rapport aux niveaux européens actuels n'étant certainement pas techniquement irréaliste si on raisonne sur le très long terme. L'énergie n'est en définitive que la matière première des matières premières mais l'axe du débat doit alors être déplacé. La question décisive devient celle des niveaux du produit matériel, des hypothèses socio-économiques qui la sous-tendent et leur cohérence avec un mode de vie "confortable" pour tous. Elle peut être éclairée par une discussion postée par poste des déterminants sociétaux des sentiers énergétiques doux.

(1) Pour ne pas alourdir le texte, nous désignerons chaque scénario par une abréviation ou le nom de l'auteur, suivi entre parenthèses du sigle du pays étudié. Nous donnerons les références au fur et à mesure des citations. ZEG (USA) : Zero Energy Growth, A time to choose, op. cit.
Tableau comparatif

Structures de demande énergétique pour quelques sentiers énergétiques doux (tec/hab.)

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Energie primaire</td>
<td>4.78</td>
<td>15.09</td>
<td>3.9</td>
<td>4.32</td>
<td>3.45</td>
<td>(6.36)</td>
<td>(5.22)</td>
<td>4.43</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energie finale délivrée</td>
<td>4.28</td>
<td>12.78</td>
<td>3.5</td>
<td>3.88</td>
<td>5.9</td>
<td>3.2</td>
<td>3.1</td>
<td>5.63</td>
<td>3.1</td>
<td>3.84</td>
</tr>
<tr>
<td>Résidentiel</td>
<td>1.7</td>
<td>2.07</td>
<td>1.16</td>
<td>0.74</td>
<td>1.08</td>
<td>1.08</td>
<td>0.69</td>
<td>0.49</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>2.29</td>
<td>0.38</td>
<td>0.54</td>
<td>0.46</td>
<td>0.14</td>
<td></td>
<td>0.49</td>
<td>0.46</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>0.68</td>
<td>2.06</td>
<td>0.51</td>
<td>0.7</td>
<td>1.45</td>
<td>1.1</td>
<td>0.5</td>
<td>2.15</td>
<td>0.97</td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>1.9</td>
<td>5.71</td>
<td>0.15</td>
<td>1.89</td>
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<td>0.88</td>
<td>0.28</td>
<td>0.15</td>
<td>0.17</td>
<td></td>
</tr>
<tr>
<td>Industrie</td>
<td>1.49</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.07</td>
<td>2.15</td>
<td>1.05</td>
</tr>
</tbody>
</table>
2.1. Les besoins domestiques

La stabilisation à long terme des besoins domestiques d'énergie pose, à notre sens, moins de problèmes de principe que pour d'autres secteurs, dans la mesure où on peut mettre en lumière des facteurs de limitation pour les deux principaux postes qui sont le chauffage eau chaude et l'électro-ménager :
- la surface des logements qui détermine les besoins de chauffage ne saurait être définie. Les 100 m² retenus par Alter (FR) (1) pour un ménage moyen de trois personnes ou les 120 m² de Sorensen (DN) (2) correspondent effectivement à un espace confortable pour chaque foyer;
- le parc électro-ménager commence à être saturé dans les pays industrialisés. Les 2 200 Kwh/an retenus par Alter permettent d'approvisionner un appareillage complet, cuisinière exclue mais y compris machine à laver la vaisselle et congélateur. Même le développement éventuel de la petite informatique individuelle ou la "robotisation" accrue des tâches ménagères ne paraissent pas susceptibles de dépasser de beaucoup l'ordre de grandeur ci-dessus dans la mesure où ces technologies, fondées sur le traitement de l'information, seront faiblement consommatrices d'énergie. De plus, on doit remarquer que toute accroissement de l'utilisation de l'électroménager amène un abaissement des besoins de chauffage puisque l'essentiel de l'énergie absorbée par chaque appareil est restitué sous forme de chaleur, d'énergie "dégradée".

Sur cette base, l'amélioration des rendements dans l'électro-ménager mais surtout la réduction des besoins en énergie utile pour le chauffage entrainée par une bonne isolation, devraient permettre de contenir les besoins autour de 1/tec/h pour un climat tempéré. Les gains obtenus sur ce poste sont bien sûr particulièrement impressionnants pour les pays actuellement très gaspillateurs : 65.2 % aux USA (IES - Wisconsin) (3), entre 66 et 90 % au Canada (CS et STF) (4).

(1) Groupe de Bellevue : Projet ALTER : Etude d'un avenir énergétique pour la France axé sur le potentiel renouvelable; Esquisse d'un régime à long terme tout solaire.

(2) SORENSEN (Bent).- "Energy and Resources", A plan for Denmark according to which solar and wind energy would supply Denmark's need by the year 2050, Science, vol. 189, n° 4199, 25 July 1975.


Quelques interrogations

La réalité des gains à attendre de solutions techniques comme une meilleure isolation, la régulation thermique, les pompes à chaleur, voire de nouvelles conceptions architecturales, ne peuvent sérieusement être mis en question. Théoriquement même, on peut envisager des coefficients G voisins de zéro (1). Mais le choix de la valeur de G dépend d'un arbitrage économique entre l'investissement additionnel exigé et la valeur actualisée des économies d'énergie. Or, rien ne nous est dit sur le niveau approximatif des prix de l'énergie ou l'anticipation de la hausse qui rendrait le choix des coefficients G retenus. Même si on admet qu'à l'horizon envisagé les prix de l'énergie connaîtront des relèvements de grande ampleur, la transition vers une norme moyenne de 1 tec/h/an ne sera réalisée que si ces relèvements sont anticipés lors de la construction pour qu'à la fois le constructeur et l'acheteur soient prêts à en payer le prix. Cette anticipation peut être obtenue à travers des mesures purement réglementaires.

Plus généralement, on peut dire que, dans l'habitat, la stabilisation à long terme des besoins paraît possible et souhaitable mais que l'inertie physique du secteur, le développement de tendances récentes comme la prolifération des résidences secondaires, les comportements des acheteurs et des constructeurs, empêchent de dire quant à quel niveau réel cette stabilisation se ferait. Alter (FR) et IES Wisconsin (USA) ont le mérite d'insister sur une utilisation rationnelle du cadre bâti : logements inhabités dans les centres des grandes villes américaines, limitations ou aménagement rationnel des résidences secondaires. Mais ceci renvoie à des variables totalement extra-énergétiques que nous discuterons à nouveau quand nous aborderons le secteur transport.

2.2. Le secteur commercial

Sur le plan strictement énergétique, les problèmes du secteur commercial sont tout à fait comparables à ceux de l'habitat puisque l'essentiel des besoins est constitué de besoins de chauffage, les deux autres postes étant les appareillages de manutention et le traitement de l'information.

L'ensemble des travaux analysés repose sur une stagnation voire même une forte baisse (CS Canada) de la surface commerciale. Le principal facteur de limitation des besoins commerciaux est bien entendu celui de la croissance du produit matériel. Mais pour un niveau donné d'activité, les différents auteurs fournissent un ensemble de variables permettant de réduire les besoins commerciaux :
- suppression des diversifications superflues des produits (Auckland NZLG) (2)
- augmentation de la durabilité des biens qui permet de réduire les flux et les actes commerciaux pour une valeur d'usage donnée (Sorensen (DN));
- commande individuelle grâce à un "dispatching" vidéo relié à un ordinateur qui assure l'approvisionnement à moindre coût.

(1) G : coefficient de déperdition de chaleur
- structure du cadre bâti permettant de réduire l'éloignement lieux de production et lieux d'habitation pour rendre super-flux toute une partie de la chaîne des intermédiaires commerciaux (IES Wisconsin USA).

Cette limitation de l'activité du secteur commercial ne pose d'autre problème de principe que celui du rôle joué par le petit commerce dans l'animation des cités ou les marchés comme lieu de vie collective. Ceci ne doit pas suffire à remettre en cause les ordres de grandeurs proposés mais il est important de souligner l'impossibilité de raisonner ici en termes purement fonctionnels si on veut augmenter et non réduire les lieux de communication entre les hommes.

2.3. Le transport

C'est, en dehors de l'industrie, le grand secteur où la croissance énergétique zéro pose un problème de principe et non plus de simple "factabilité". En effet, la justification d'une rupture par rapport aux tendances passées d'accumulation indéfinie de biens matériels serait le développement d'une société "conviviale" et donc un accroissement des relations des hommes entre eux en dehors de toute considération professionnelle ou commerciale.

Le seul obstacle réel à un développement infini des transports de personnes ne peut être perçu qu'à travers l'analyse des budgets-temps où le temps de transport est retranché du temps libre disponible. Or, chaque fois qu'ils sont explicités, les niveaux retenus dans les scénarios doux apparaissent très faibles (cf. tableau 3). En effet, la croissance envisagée des déplacements est trompeuse dans la mesure où elle porte sur des moyennes alors que la demande de transports est aujourd'hui très inégalement répartie. Dès aujourd'hui les déplacements individuels des classes moyennes atteignent des niveaux nettement supérieurs. La conséquence est que, dans Alter (FR) par exemple, la quasi-stagnation proposée pour l'avion se traduit en fait par le non accès de la majeure partie de la population aux transports aériens.

On retiendra par contre comme objectif le concept de maximum d'accessibilité proposé par IES Wisconsin, à la place de celui de maximum de mobilité, ce qui permet de poser le principe d'une maximisation des contacts pour une quantité de transport déterminée. Cela renvoie à des transformations extrêmement lourdes qui portent à la fois sur le système de transport, la répartition des hommes et des activités sur le territoire et le style d'urbanisation. Dans le cadre des USA, cela implique d'après IES Wisconsin :
- la stabilisation de la population rurale à travers un "National Homestead Lease Act" qui permettrait la location de terrains publics (terres inutilisées et bases militaires abandonnées);
- la dépopolisation des mégapôles;
- la limitation des grandes villes à 200 000 hab.;
- la croissance du nombre des villes de 50 000 à 100 000 hab.

Sur cette base, c'est bien sûr une nouvelle géographie industrielle qui doit être redessinée pour permettre, à travers une
production très décentralisée et diversifiée à l'échelon local, une minimisation des transports de marchandises.

Tableau 2
Objectifs proposés pour les besoins de transport en Km/hab/an

<table>
<thead>
<tr>
<th></th>
<th>France 1975</th>
<th>Alter (FR)</th>
<th>IES Wisconsin (USA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transports intra-</td>
<td>1000</td>
<td>2000</td>
<td>800</td>
</tr>
<tr>
<td>urbains (transports en commun, deux roues...)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automobiles</td>
<td>3700</td>
<td>2700</td>
<td>4800</td>
</tr>
<tr>
<td>Transports aériens</td>
<td>370</td>
<td>400</td>
<td>1200</td>
</tr>
<tr>
<td>Chemins de fer</td>
<td>850</td>
<td>3000</td>
<td>800</td>
</tr>
<tr>
<td></td>
<td>5820</td>
<td>8100</td>
<td>7600</td>
</tr>
</tbody>
</table>

L'arbitrage entre les différents moyens de transport en fonction de la quantité d'énergie par passager/km ou par t/km conduit à favoriser le transport ferroviaire et les transports fluviaux, voire même, en se référant à l'exemple de Rotterdam, à repenser le rôle des deux roues pour les transports intra-urbains de personnes. Si la suppression des transports aériens sur moyenne distance (500 km environ) parait facile à réaliser, il n'en est pas de même pour la transformation du rôle de l'automobile individuelle. Celui-ci dépend en effet du comportement des usagers qui ne se modifiera que très lentement si on compte sur la seule existence de transports collectifs alternatifs. Ne se servir de sa voiture que pour les moyennes distances suppose une réduction de la perception de l'automobile à un simple outil sans autre valeur que celle du rapport rapidité/temps. Le seul facteur réellement dissuasif serait de faire supporter par l'automobiliste l'intégralité des coûts de l'automobile pour la collectivité en termes de coûts d'encombrement.

On remarquera enfin que la structure de l'habitat joue un rôle déterminant dans le recours spontané au transport collectif ou à la voiture individuelle, les premiers étant privilégiés dans le cas d'habitats collectifs assez denses. Il est prouvé dans des enquêtes qu'au-delà d'un indice d'occupation des sols dépassant 1.5 à 2, il est pratiquement impossible de faire régresser l'usage de la voiture individuelle.

2.4. La demande industrielle

De façon assez curieuse, les études sur les "sentiers doux" ne mettent l'accent que sur la récupération de la vapeur et font peu de place à la transformation des procédés technologiques qui permettraient une réduction massive de l'énergie nécessaire. À titre d'exemple, on peut citer parmi les principaux dossiers :
la clinkérisation du ciment par micro-ondes (à 300°C au lieu de 1200 °C), ferrailles et minéraux pré-réduits traités à l'arc électrique, laminage continu pour l'acier, production biologique par bactéries des engrais azotés...

Au delà des aspects strictement techniques, le contrôle de la demande industrielle résulte de deux facteurs :
- la réduction de la demande à l'industrie par la transformation du modèle de consommation, la croissance de la durabilité des biens et le recyclage;
- un insertion différente dans la division internationale du travail.

2.4.1. La transformation du modèle de consommation est considérée au niveau le plus aisément quantifiable, celui de l'allongement de la durabilité des biens. Une approche plus globale, certes aujourd'hui impraticable en termes chiffrés, devrait inclure des paramètres aussi importants que l'arbitrage temps libre/biens matériels dans l'affectation du surplus et l'aménagement corrélatif de l'espace, le partage consommation privée/collective...

L'allongement de la durabilité des biens doit permettre une augmentation corrélative des valeurs d'usage pour un quantum donné de produit matériel. Ce facteur est renforcé par un recyclage systématique des matériaux de base et la récupération. Si on reprend l'évaluation de B. Sorensen pour le Danemark, on peut prévoir, à très long terme, une structure industrielle stabilisée avec un secteur recyclage/récupération représentant la moitié de la production.

On doit cependant noter la contradiction possible entre un doublement ou un triplement de la durabilité et le maintien d'une souplesse et d'une réversibilité suffisante des choix de production et de consommation. Deux écueils sont en effet à éviter :
- le fait de transformer toute décision en décision lourde (1) et donc de multiplier les dangers encourus par des choix dont les conséquences réelles ne peuvent être perçues que sur le long terme et alors qu'ils sont très largement irréversibles;
- le fait de conduire à une société non seulement stable quant au volume global de la production matérielle mais aussi stationnaire, ne faisant pas place à des innovations en matière de mode de vie, ce qui suppose une rotation minimale des produits et des techniques.

2.4.2. La structure du commerce extérieur et l'insertion dans la division internationale du travail. L'essentiel de la demande industrielle d'énergie provient en effet de quelques secteurs (sidérurgie, chimie, métaux non ferreux) dont le contenu énergétique par unité de valeur ajoutée est de 4 à 5 fois supérieur à la moyenne et qui sont susceptibles d'être "redéployés" dans les pays du Tiers Monde fortement dotés en énergie et ma-

(1) Voir la discussion du concept de décision lourde par P. LAGADEC : "L'étude d'impact : instrument d'évaluation des décisions lourdes", Futuribles, n° 9, hiver 1977.
tières premières et disposant de capacités de financement. Or, s'il est vrai qu'un partage industriel plus équilibré à l'échelle mondiale est nécessaire, un redéploiement massif dans le sens Nord-Sud qui porterait sur les maillons amont des industries lourdes, maillons généralement les plus intensifs en énergie mais aussi en capital et faiblement rémunérateurs, ne correspondrait pas à un développement équilibré du Tiers Monde (l). On notera d'ailleurs que les perspectives de production décentralisée en relative autarcie, délibérément adoptées dans certains scénarios (Alter,(FR), IES-Wisconsin (USA)) supposent le maintien d'un tissu industriel complet sur le sol national, ce que ne semble pas voir l'IES quand il reprend à son compte les perspectives du scénario ZEG de la fondation FORD.

2.5. La place de l'électricité dans la structure des énergies secondaires

Par rapport à la thèse de A. Lovins selon laquelle il est nécessaire de réduire la part de l'électricité aux usages strictement spécifiques (5 à 10 % du total), les résultats de divers scénarios ne manquent pas de surprendre. Les parts de l'électricité dans la structure des énergies secondaires est de 30 % pour Alter, 33 % pour Sorensen, 25 % pour IES Wisconsin...

Un tel résultat s'explique pour deux raisons :
- s'il est vrai qu'il y a une grande déperdition entre l'énergie thermique fournie par une centrale et l'équivalent calorique des Kwh produits, il faut tenir compte d'un second rendement entre l'énergie livrée au consommateur et l'énergie utile. Or ce deuxième rendement est très généralement à l'avantage de l'électricité. Dès lors, les rapports des rendements énergie primaire/énergie utile entre l'électricité d'une part et l'utilisation directe d'hydrocarbures d'autre part se resserrent : pour la production de chaleur par exemple elles passent de 3 à 1,6 environ. Si on tient compte de la souplesse d'utilisation de l'électricité, de la non divisibilité parfaite des investissements qui empêche une diversification totale des vecteurs, la réduction de l'électricité par rapport aux perspectives officielles ne saurait être aussi drastique que celle suggérée par Lovins;
- le raisonnement de Lovins ne porte que sur la thermoélectricité d'origine fossile. En effet, la notion de rendement global sur une ressource inépuisable qui n'a pas d'autre usage possible qu'à travers une transformation en électricité n'a pas de sens réel. Que ce soit pour l'hydroélectricité ou l'éolienne, il est arbitraire de comparer le contenu calorifique des Kwh fournis à l'énergie mécanique nécessaire à les produire. On sera d'accord avec P. Ramain (2) pour considérer cette électricité comme de l'énergie


(2) RAMAIN (Patrice).- Réflexions critiques sur les bilans énergétiques, op. cit.
primaire. Or parmi les énergies nouvelles, l'hydraulique, l'éolienne et une partie du solaire (pour usages autres que thermiques ou mécanique fixe) ne sont utilisables que par une transformation électrique.

S'il est donc clair que, dans un scénario énergétique doux, l'électricité ne doit pas devenir le vecteur dominant, son niveau réel se stabiliserait bien au-dessus de ceux envisagés par Lovins pour deux raisons :
- supériorité pour les forces motrices fixes et mobiles
- mise en valeur de sources d'énergies renouvelables autrement inexploitable.

On remarquera enfin que le modèle social impliqué par un sentier doux passe par le développement de télécommunications, d'électronique, d'appareillages fins de régulation et de techniques nouvelles électriques... toutes activités qui entraînent une augmentation des usages spécifiques de l'électricité.

3. Les problèmes de la transition : quelques obstacles socio-politiques

Plutôt que la discussion purement technique sur l'optimisme de tel ou tel coefficient d'économie adopté ou du jugement qu'on peut porter sur tel objectif adopté en matière de mode de vie, la priorité nous semble devoir être donnée à l'analyse du passage entre la situation actuelle et le régime à long terme. Un certain nombre de travaux donne quelque éclairage sur ce point (Alter, scénario suédois) mais force est de reconnaître que la remontée de l'image à long terme vers l'image de départ est rarement effectuée. C'est pourquoi nous présenterons surtout une série d'interrogations sur des "non dits" qui nous paraissent décisifs dès lors qu'on passe aux politiques concrètes d'application.

3.1. Les présupposés économiques des sentiers doux : le problème des contraintes extérieures

Même s'il est totalement non pertinent d'utiliser une analyse économique traditionnelle pour raisonner sur le très long terme, on ne saurait, comme le fait A. Lovins, justifier l'absence de tout recours aux prix de l'énergie. En effet, toute stratégie de réduction de la demande d'énergie ne peut se justifier que par rapport à un niveau donné des prix implicites sauf à perdre toute critère de cohérence. Une isolation totale des bâtiments (G = 0) est théoriquement possible si on admet des coûts d'investissement illimités. L'exercice effectué par le CONAES montre par exemple que des niveaux voisins de ceux envisagés par A. Lovins pour les USA deviennent économiquement justifiés sur la base d'un quadruplement des prix de l'énergie entre 1975 et 2000.

Les deux critères sous-jacents à tous les "sentiers doux" sont :
- un taux d'actualisation bas significatif d'une meilleure prise en compte du long terme pour accepter de supporter des surcoûts d'investissement, que ce soit au niveau des appareils utilisateurs ou dans la sélection de l'offre d'énergie;
- une hausse tendancielle des prix de l'énergie et une politique systématique d'anticipation de cette hausse.

Ces deux critères doivent permettre d'orienter l'économie vers des investissements massifs dans le secteur énergétique (production et économies d'énergie) pendant une longue durée. Mais, même s'il, à long terme, les investissements exigés sont plus faibles que dans le cas d'une stratégie acceptant le dérapage de la demande, le risque existe, pour tout pays qui prendrait le premier la décision de relever ses prix intérieurs, de grever la compétitivité de son économie sur les marchés internationaux.

Par rapport à cette contradiction, deux types de solutions sont envisageables :
- le premier (Alter (FR), Auckland(NZ), IES Wisconsin (USA)) est la réalisation progressive d'une économie tendant à l'autarcie et où la nécessité d'exporter est réduite au maximum. Une telle solution n'est pas à exclure a priori mais on peut douter de sa cohérence pratique en termes de "systèmes industriel complet" dans un espace national en l'état actuel du développement actuel et prévisible des techniques. Il conviendrait donc de faire l'hypothèse d'un modèle technologique permettant de revenir sur les économies d'échelles, c'est-à-dire de réaliser des petites et moyennes industries à forte productivité mais n'exigeant pas des marchés importants pour se rentabiliser;
- le deuxième se place dans l'acceptation d'une interdépendance entre les économies nationales mais suppose, à l'échelle mondiale, l'adoption d'un accord pour anticiper la croissance des coûts énergétiques. Cette question décisive est d'autant plus délicate que :
  . les situations de chaque pays quant aux dotations énergétiques sont très inégales;
  . on ne voit pas de raison théorique d'imposer des prix directeurs mondiaux de l'énergie sans imposer de la même manière une harmonisation de la rémunération des autres facteurs de production où il y a de fait mondialisation du marché.

3.2. Le problème du progrès technique

Un sentier énergétique doux n'est probablement pas une stratégie à bas profil technologique, au contraire. Elle repose entre autres sur le développement des moyens de traitement de l'information et de télé-information comme le souligne le CONAES. On doit par contre être plus prudent quant à l'idée d'une substitution automatique entre le capital et le travail d'une part, l'énergie d'autre part et éviter de reproduire à ce niveau l'erreur des courbes d'isoproduction de l'économie néoclassique qui postule l'indépendance et la substituabilité des facteurs de production. S'il est vrai par exemple que la climatisation, l'augmentation de la durabilité des biens, le recyclage entraîneront la croissance d'activités de main d'œuvre, le développement des télécommunications, la croissance du rail, la stabilisation du secteur commercial vont dans le sens inverse. De même, la nature du progrès technologique mis en œuvre ne se traduit pas automatiquement par un surcoût en biens de capitaux.
3.3. Le cadre institutionnel à l'échelon national

Comme l'a montré l'analyse par poste, les "sentiers énergétiques doux" ne peuvent s'envisager que dans le cadre de choix sociétaux de grande ampleur : transformation du cadre bâti, structure des transports, localisation des activités dans l'espace national, choix industriels, sans compter ce que nous venons d'évoquer concernant la stratégie internationale. L'ambiguïté n'est pas levée dans certains travaux de savoir si "la force contraignante du marché" serait suffisante pour enclencher les transformations structurelles nécessaires. En fait, la majorité des auteurs plaident pour une politique planifiée en fonction d'objectifs pré-établis qui permette de coordonner l'évolution de domaines aussi divers. Mais se pose alors la question de la contradiction entre le contenu et le rythme de ces transformations et la participation de la population à ces changements. En clair, un certain rythme de transformation nécessaire pour atteindre les objectifs énergétiques peut être contradictoire avec l'idée même de décentralisation, de convivialité, d'autonomie. Il est donc nécessaire de donner une priorité à la réflexion sur l'articulation entre les choix d'État, la transformation des modes de vie, et les initiatives individuelles ou collectives.

SELECCIÓN DE ENERGÍA, SELECCIÓN DE SOCIEDAD: MITOS

Resumen

La proliferación de estudios en los senderos de la energía suave, es un índice que en el dominio científico, se niega acceptar la inevitabilidad de la energía nuclear. Estos estudios tienen el mérito de ensanchar el campo de opciones para resultar en un nivel muy bajo del uso per capita de energía. Sin embargo, al proponer soluciones "aparentemente técnicas" desatienden el impacto total de estas sobre la organización de la sociedad y desestiman la oposición a cambio que resulta de la inercia social.

Este informe, escrito en octubre de 1978, es un resumen de las conclusiones principales de investigaciones llevadas a cabo por el autor (en el CIRED) en colaboración con Laurent Dartois, Dominique Gourmelon y Nina Kousnetzoff, y con el consejo de Louis Puiseux. El informe se apoya en los análisis críticos de escenarios específicos que serán publicados en Futuribles. (Para la lista de estos escenarios consultese la lista en la pagina 2).
Abstract: The neo-classical economic prescriptions of the IMF would lead to the continued dominance of the present industrialized world. The Third World countries, apart from a few enclaves, are incapable within the deflationary conditions created by the asymmetrical interventions of the IMF to establish a thriving industrial capacity. The Group of 24 critique of the IMF is made within the same neo-classical paradigm and is, in effect, a demand for increased credits from the IMF, ignoring the inequality in the power structure which is at the root of the structural problems of world economy. An alternative to IMF policies is to create a more autonomous and inwardly oriented system in Third World countries using local entrepreneurs and local capital and the use of appropriate technology. This would mean the creation of an institution providing financial aid oriented towards developing productive capacity of the local economy and with no intention of financing the exports of the surplus metropolitan economies which had generated the funds provided by the credit in the first instance.

There are inherent dangers for socialist countries which resort to IMS resources. However, the IMF and the World Bank appear to be willing to extend assistance to socialist countries without demanding a corresponding increase in privatisation of ownership and the free market. To the extent the IMF is confronted by a country in which economic life is securely under national control, there are no strong private groups inside the country which see a convergence of their own interests with IMF policy prescriptions.
LE FMI, LE SYSTEME MONETAIRE INTERNATIONAL ET LA PERIPHERIE

Résumé

Les prescriptions du Fonds monétaire international (FMI) conduisent à la prédominance continue des pays actuellement industrialisés. Les pays du Tiers Monde, à l'exception de quelques enclaves, ne seront en effet pas en mesure, dans les conditions déflationnistes résultant des interventions asymétriques du FMI, de mettre sur pied une capacité industrielle vigoureuse. Les critiques du Groupe des 24 adoptent le même paradigme néo-clasique et ne constituent en fait qu'une demande de crédits accrus; elles ignorent l'inégalité, incorporée dans la structure du pouvoir, qui est à la base des problèmes structurels de l'économie mondiale. Une alternative aux politiques du FMI serait de créer dans le Tiers Monde un système plus autonome et auto-centré qui utiliserait entrepreneurs et capital locaux, aussi bien que techniques appropriées. Cela impliquerait la création d'une institution fournissant une aide financière destinée à développer la capacité de production de l'économie locale, et non au financement des exportations des économies excédentaires du centre, même si elles ont fourni les fonds alimentant le crédit.

Les pays à option socialiste qui ont recours au FMI courent certains dangers; cependant, le FMI et le BIRD semblent disposés à coopérer avec ces pays sans insister sur la propriété privée et le marché libre. Dans la mesure où le FMI se trouve face à un pays dont l'économie obéit à la volonté nationale, on peut éviter que des groupes locaux privés ne fassent converger leurs intérêts parti-culiers avec les prescriptions du FMI.

EL FMI, EL SISTEMA MONETARIO INTERNACIONAL Y LA PERIFERIA

Resumen

Las prescripciones económicas del Fondo Monetario Internacional (FMI) resultan en la prolongación de la dominación de los países actualmente industrializados. Los países del Tercer Mundo, con raras excepciones, no podrán establecer capacidades industriales vigorosas dentro de las condiciones de desinflación que resultan de las intervenciones asimétricas del FMI. La crítica del FMI hecha por el Grupo de los 24 se hace dentro del mismo paradigma neoclásico y no es más que una demanda de aumento de créditos sin tener cuenta de la desigualdad inherente en la estructura del poder que está en la base de los problemas estructurales de la economía mundial. Una alternativa a la política del FMI sería la creación de un sistema más autonómo en los países del Tercer Mundo, auto-centrado en ellos, usando iniciativas y capital local, bien como tecnología apropiada. Esto significaría la creación de una institución proveedora de ayuda financiera destinada al desarrollo de la capacidad de producción de las economías locales y no a financiar la exportación de los excedentes de las economías del Centro, aún cuando sean ellas que provean los fondos para los créditos.

Hay peligros inherentes para países socialistas que recurran al FMI. Sin embargo, el FMI y el Banco Mundial parecen estar dispuestos a cooperar con los países socialistas sin insistir sobre la propiedad privada y el libre mercado. En la medida en que el FMI se enfrenta con un país en que la economía obedece a la voluntad nacional, es posible evitar que grupos privados locales hagan converger sus intereses propios con las prescripciones del FMI.
E.A. Brett


The crisis of the mid-seventies has affected the economies of the periphery, and more specifically those of the poorest, particularly severely. Despite some brief improvements in certain commodity prices, their balance of payments position has worsened consistently since the beginning of the decade leading to a reduction in investment programmes or, in the wealthier areas, to escalating levels of indebtedness. Indeed, it can be shown that some poorer countries have had to adjust through severe cuts in the levels of consumption of the poorer sections of their populations - for example in Sri Lanka, mortality rates actually increased in 1974-75. Here the necessary 'adjustments' have had to be made in the most extreme 'malthusian' form, and, of course, involve a direct contradiction with any possible commitment to basic needs.

The optimism implicit in the projections for the second development decade and for the New International Economic Order has disappeared. With international demand stagnating, surplus capacity exists throughout the world economy leading to intensified competition for all available markets and to growing protectionism, much of it directed by the industrialized world against the industrialized exports of the periphery. The instability now endemic in the international monetary system, and especially the continuous decline of the dollar, subjects the economies of the periphery to further uncontrolled fluctuations in the value of their trade and of their reserves, and the inability of the OECD countries to resolve their own problems suggests that even worse conditions could still emerge. In these circumstances it is unlikely that there can be any long-term increase in commodity prices and it is much more likely that they should move sharply downwards if the recession should continue. It may be possible to improve the prices of some commodities in the short term through commodity agreements, but these have always been very difficult to sustain and can never entirely offset the deflationary effects of a decline in international demand as the significant decline in the real value of oil over the last three years demonstrates.

Over the past five years the heavy international borrowing by the periphery has exerted a counter-cyclical effect on the world economy by sustaining its imports and thereby the level of economic activity in the metropolitan economies. But these loans will have to be repaid through a growth in exports from, or a decrease in imports to the periphery, thereby further threatening the international revival. If they cannot be repaid because of the failure of particular countries to meet the stringent economic and political requirements of the present situation, then the viability of the international banking system - increasingly over-exposed through its lending to potentially unstable peripheral economies - will be seriously threatened and with it that of much of the rest of the contemporary international economic order.

For the periphery the crisis increasingly manifested itself through its relationship to the international monetary system. Much of this problem relates to the general inability of the system created at Bretton Woods to perform adequately in a context where the former hegemony of the US economy has been undermined but not replaced by any equivalent economic bloc capable of exerting the expansionary
influence on international production which stemmed from America in the
fifties and sixties. In the present context the relative weakness of the
American economy manifests itself in the growing dollar deficit and in
an inflationary pressure on the whole of the world economy; the most recent
increase in the price of oil can only worsen the situation, despite the fact
that it does not even fully compensate the OPEC countries for the recent
decline in its real value. In this context the escalation in the periphery's
balance of payments deficit - now expected to reach $32 billion in 1978 -
has drawn more and more countries into what amounts to bankruptcy and forced
them to go to IMF for assistance. The IMF, in turn, has provided them with
limited amounts of financial assistance, but with a great deal of economic advice,
both on the basis of the resources and the intellectual capital developed
during the decades of prosperity when a 'fundamental desequilibrium' was regarded
as an exceptional phenomenon, and when it was assumed that it would always be
possible to bring a country into a condition of equilibrium through the intro-
duction of appropriate policies which would have a limited or negligible effect
on growth.

It no longer seems possible to accept these optimistic assumptions, nor the
implications of the policies to which they gave rise, since current condi-
tions make it difficult to envisage a relatively painless return to equilibrium
without a significant reduction in growth rates. Even the newly industrialized
peripheral countries like Taiwan and South Korea are only likely to be able to
expand significantly in this context by invading external markets, threatening
established producers, and generating further pressures towards protectionism.
Instead, it now seems likely that the overall effect of IMF interventions must
be to worsen the situation for both the individual countries affected and for
the system as a whole. In these circumstances it is essential that the whole
theoretical basis of the operation of the system be re-evaluated to provide us
with some means of deciding whether it is essential that the periphery continue
along its present path, at whatever cost in lost growth and increased inequality,
or whether some real alternative does exist for it within the harsh conditions
of the contemporary crisis.

This paper constitutes a brief and schematic attempt to deal with these problems.
Given the influence exerted by the IMF's conception of the problem at present,
and the importance of its interventions for the overall stability of the system,
it will be necessary to begin with a critique of what it is now doing and then
of the reforms which it is now considering. It will then be possible to look
at the 'structural' adjustments which, in our view, are essential if the per-
iphery is to escape from a situation of increasing dependence into one of
controlled and autonomous growth.

1. IMF Interventions: The Burden of Adjustment

Any peripheral country confronts a potential crisis when its balance of payments
deficit has drawn down its reserves to the point where it can no longer be
certain of its ability to sustain its essential imports and especially those
required to keep its productive capital in operation. At this point it is forced
to look to external sources for credit and this normally involves them in coming
to the IMF for a small loan and a policy package before being cleared for much
more substantial assistance from the international banking system operating
the Euro-currency market. The 'conditionality' imposed on the borrowers by the Fund therefore serves as the guarantee of its long-term credit worthiness and therefore of its ability to continue to trade internationally. The fundamental objective of the exercise is to bring the balance of payments back into surplus in the short term, thereby guaranteeing the generation of the foreign exchange required to repay the debts acquired during the 'adjustment' process. What we have to consider, therefore, are the implications of this process for the periphery in the current situation where balance of payments deficits are escalating and the gap between the industrial and the peripheral economies is constantly widening.

Access to the higher credit tranches in the IMF is only obtained at the cost of the effective elimination of the economic independence of the borrowing country. This is as true for an industrialized country like Britain as it is for a peripheral country like Mauritius; in both cases internally determined economic priorities must give way to those established by the need to bring the balance of payments into equilibrium and to repay international credit when it falls due. When the IMF was established its founders, and especially the USA, then a strong creditor country in the international system, saw it as an essentially monetary institution with quite different objectives than those of the World Bank which was established alongside to deal with development problems. It is, in fact, extremely difficult to make a viable theoretical distinction between monetary and development questions, since the viability of any national monetary system depends so directly upon the development of productive capacity, and in the periphery, especially on export production. But the distinction has in fact made a significant difference to the way in which the Fund has had to operate, since it has forced them to place the major emphasis on measures which will produce an immediate impact upon the balance of payments in their policy recommendations. Given that export production must inevitably respond more slowly than import consumption to policy changes, the necessity for rapid results forces the organization to emphasise the latter at the expense of the former.

Further, its own inability to lend for productive investment over the long term as Keynes originally recommended when the Fund was set up - makes it impossible for an IMF mission to produce a package which will make it possible for an economy to 'grow' its way out of the crisis by increasing exports rather than contracting by reducing imports. This fundamental bias in its organizational structure means that its interventions impart a necessarily deflationary pressure on the operation of the local economy each time they intervene. When their interventions become general - as is now coming to be the case - they are likely to impart an equally deflationary pressure on the system as a whole.

This tendency becomes even more evident when we consider the content of a typical IMF package designed to justify a stand-by credit. Because of its sensitivity to the growing political hostility which its presence generates, the Fund will generally attempt to influence overall economic aggregates rather than the allocation of resources to specific activities or sectors. Here it will insist on a credit squeeze, a reduction in state spending and especially on subsidies which 'distort' the market pricing of consumer goods, some form of wage policy, and, in all probability, a devaluation of the currency. These changes are intended to reduce the consumption of imports which are thought to vary directly with changes in these variables; there will also be some attempt to divert productive resources from import to export production and from less to more
efficient economic units. Changes here would include the elimination of
tariff or exchange-rate regulations involving substantial subsidies to import
substitution as against export promotion, a greater emphasis on the market
than the state in allocating resources overall, and the acceptance of the need
for additional inducements for private foreign investment and for higher profits
for the private sector as a whole. The assumption is that the 'discipline'
involved in the reduction in consumption will have an immediate effect on the
balance of payments, and that the increased efficiency of the economy engendered
by increased competition and higher profits will generate a long-term export-
led return to 'normal' conditions of growth.

It is not difficult to demonstrate that these policies must have negative
implications for the distribution of income and for growth in the short term.

It can also be argued - very forcibly, for example, by Peyer recently* - that it
will also have the effect of undermining indigenous industrialization and restore
the neo-colonial trade pattern based on the exchange of raw materials for
manufactured products. In their own defence Fund officials argue that without
the access to credit generated by their efforts the deflationary tendency would
be even more intense since no country can afford to live beyond its international
means over the long term. There is no doubt some truth in this assertion, although
it cannot serve to distract attention from the possibility of creating a system
in which less pressure came to be exerted against the deficit countries and
more against those in surplus. What we have to consider in this context is the
likely overall effect of these interventions, and of the possible alternatives
which could be devised without going outside the essentially liberal paradigm
being advanced by the leading international agencies and the dominant tendency
in current international economic theory.

However rational and inescapable IMF prescriptions might seem when looked at
in the context of the problem facing particular countries - and more especially
those like Zaire or Argentina which have suffered from gross mismanagement - they
become much less so when looked at in the context of the operation of the intern-
ational economic system as a whole. At present balance of payment deficits are
not exceptional but, to use IMF terminology, 'fundamental' for the bulk of the
periphery and, so far as we can see, for the USA as well. Equally the surpluses
of Germany and Japan in particular appear to be equally 'fundamental'. Neo-
classical theory assumes that an effective policy package must have the long-
term effect of reversing these tendencies. Thus, the IMF's imposition of
deflation on deficit countries is accompanied by strong advice (and this is all
that its structure allows it to offer, given that the Scarce Currency clause in
the Articles of Agreement has never been used) to the surplus countries to reflate
their economies and, thereby, reduce their propensity to export. Here we can
identify the first problem in the structure. The pressure on the deficit coun-
tries to deflate is overwhelming, that on the surplus countries to reflate is
marginal and strongly offset by their own desire to avoid the inflationary
effects which a rapid increase in government or private spending would certainly
generate in current conditions. But we can also identify a second problem in
the same context, perhaps more significant than the first and much less common-
ly discussed. At present the OECD economies, with the exception of the USA

* See C. Peyer, The Debt Trap, (Harmondsworth, Penguin, 1974)
are operating at anything from 9% to 20% below their existing productive capacity. Should the surplus countries reflate there is little doubt that the bulk of the new demand would be absorbed through an increase in the output of domestic capacity rather than through imports. This would, of course, also induce some real increase in their imports - especially of raw materials given the poor resource endowments of Germany and Japan - but this tendency to improve economic activity in deficit countries would tend to be offset in the longer term by the effects on unit costs of the expansion in the scale of activity of the German and Japanese producers. This would further reduce these costs relative to those of their competitors in the more depressed regions of the world economy with a corresponding increase in their competitiveness. At present the only defence left to the weaker regions faced with the rising tide of German and Japanese exports is a depreciation of their currency, but this is coming to have less and less effect given the fundamental difference in the productive power of the strong as against the weak parts of the system. Given these tendencies, it can be seen that the deflationary side of IMF's package is likely to simply weaken demand for local industry in the local market, thereby increasing its unit costs, while doing nothing to stem the ability of the strong industries in the metropolitan countries to continue to expand their exports and with them the surpluses of the countries within which they are located.

If we now turn to the effect of the policies designed to increase the competitiveness of their export industries we can see that these, too, are likely to be highly contradictory. The Fund relies heavily in this regard upon the body of essentially neo-classical development theory developed in the late sixties as a critique of the then predominant 'import-substitution' school developed by writers like Prebish and Balogh. The new theory supports freedom of trade, market and not state regulation, 'financial liberalisation', and equality of treatment for export and import-substituting activities as the basis for an efficient, competitive and non-corrupt economic order. Its present strength depends very heavily upon the success of the small Asian economies like Taiwan and South Korea which have practiced these policies and which have sustained rapid rates of growth based upon increasing manufactured exports, high rates of labour absorption, and relatively favourable patterns of income distribution.* It is not possible here to question the long-term viability of this strategy for these particular countries; what we must do, however, is to consider whether it could be applied successfully to the whole of the periphery with equal success. Here we must consider two sets of problems - the first relating to the generation of markets for a rapid growth in industrial output in the periphery, the second to the nature of the technological change which would be involved in this process and its impact upon the social and economic structure of the societies which generated it.

The expansion of the small Asian centres has been based on favourable relations with metropolitan centres - notably the US and the UK - mainly generated by

* For an excellent summary see I.M.D. Little, "Import controls and and exports in developing countries", Finance and Development (15(3), 1978)
strategic considerations related to the containment of Communism in the region. This has provided foreign and local capitalists with favourable market opportunities which they were quick to exploit and on the basis of which they have now established a powerful hold on the western markets for industrial goods which have been opened to the periphery, and on the markets which do exist in a wide range of other peripheral countries. The possibility of a substantial number of other peripheral countries - and especially the very large ones like India or Pakistan - following this route, however, are very remote since it is impossible to conceive of their being allowed to generate a proportional increase in investment through industrial exports to the metropolitan countries where this would immediately, generate strong protectionistic retaliation.

Secondly, liberal theory presupposes that the new investment should be based simply on market criteria, and that the bulk of it would come from foreign multinationals. While the Asian experience occurred during conditions of buoyant demand and before the most recent developments in productive technology, any new growth must occur in conditions of depressed demand where capital intensive technology can give a decisive competitive advantage to the manufacturer in a position to use it.* This must have serious structural consequences for any economy which attempts to allow this process to operate in an uncontrolled way. Firstly, the growth in capital intensive production must worsen the already critical employment problem and intensify the inequalities which exist between those employed in this sector and those forced to work in the increasingly marginalized 'informal' sector. Secondly, the increased output of the relatively cheap capital intensive sector will further reduce the markets for the informal sector and hence its capacity for self-sustained growth. Thirdly, the preponderance of foreign capital in this process will generate substantial outflows of capital and generate an increasing demand for imported inputs and consumer goods. This tendency will be greatly intensified if existing levels of monetary and tariff protection are reduced as the new theorists strongly recommend. Fourthly, the process will generate increasing competition between countries in the provision of 'incentives' to foreign capital and in the attempt to penetrate each other's markets. This will simultaneously increase the amount of surplus which foreign capital will be able to extract and intensify the already serious hostilities existing between many peripheral countries.

This strategy could, in fact, be successfully practiced by a few countries or more likely, by a few favoured regions within them. But it could not be generalised to the mass of the world's population, precisely because the success of these regions would be based upon their ability to subordinate the markets of the rest to the domination of their more advanced productive capacity. This has been the process through which the global dominance of the industrialized world has been generated and sustained over two centuries, all that the periphery can expect by following the neo-classical prescription is that a few enclaves within their midst will be able to have the dubious privilege of sharing in the advantages which their dominance has secured to them. For the rest it must be more austerity, fewer social services, less favourable employment opportunities and greater inequalities for as far ahead as anyone can hope to predict. This is what the

IMF is already imposing upon many countries - what we have now to ask is whether their own recent discussions have produced any serious alternative to the short-term policies that they have had to enforce up to now.

2. The Proposals of the Group of 24: A Critique

The Group of 24 representing the Group of 77 - the Third World - has been somewhat active these last few years in formulating their own proposals for the international monetary system. The G-24 summarised its views at the last Annual Meeting and it seems likely that these represented the most significant alternative to the present system now being discussed. They therefore merit careful consideration, having been summarised in the IMF Survey of the 2nd October 1978.

The communique makes clear their concern with the present situation and with the inadequacy of the measures being taken to ease it. Their own views fall into three categories - those relating to the implications of the present adjustment process, those concerned with possible increases in financial flows, and those related to commodity prices. The second of these is by far the most important and will be given most attention here.

The G-24 recognises the 'asymmetry' in the international adjustment process which places virtually the whole burden upon the non-reserve currency deficit countries and leads to a situation which leaves the problem of 'absolute poverty' untouched. But they totally ignore the extent to which the 'asymmetry' in underlying economic power which has generated this problem is the direct outcome of the operation of the system itself, and assume that it can be moderated by voluntaristic policy interventions engendered by the IMF itself. They therefore suggest that the Fund intensify its 'surveillance' of the industrialized surplus countries to persuade them to 'increase their domestic activity and capital outflows'. Here they simply ignore the overwhelming power position of these countries within the IMF created by their special voting rights and, much more significantly, by the dependence of the organization on them for all of the funds which it uses. They also ignore the fact that these countries, too, are involved in an intense international struggle for markets and cannot afford to sacrifice their present economic superiority even in the short run. The assumption that capital outflows will improve the situation also ignores their tendency to generate a payments surplus for the exporting country in the long term.

The bulk of their recommendations relate to improvements in the means of facilitating financial flows to the periphery. Here they emphasise the need for the IMF to increase the amount it provides and decrease the severity of its conditionality by an increase in quotas, a new allocation of SDRs, and an expansion of the supplementary and compensatory financing facilities, and the Fund has in fact, made significant concessions in all three areas. Secondly, they want increased aid, and particularly, concessional aid provided by the World Bank. Thirdly, increased flows of 'private capital on commercial terms at longer maturities." These recommendations, too, flow from the basic neo-classical paradigm, and presuppose that it must always be possible to invest new financial assets in productive capacity which will generate a sufficient growth in export production to cover the long-term foreign exchange costs which they necessarily generate. There is no space here to deal with the details of their proposals, only with the doubtful validity of this general assumption.
It is no doubt true that the poorest countries benefit from the concessional aid provided through bilateral and multilateral channels, though it is also possible to argue that even this can inflict unfortunate distortions onto the local social and economic structures. But our main focus cannot be on concessional aid, but upon credit that will ultimately have to be repaid at something close to the average rate of interest, since it would be wrong to assume that the periphery can develop in the long run on the basis of charity from the west. When we look at these flows the crucial question must always be the adequacy of the investment opportunities in the countries to which they are moving. Unless this money is invested productively it must be dissipated in increased consumption and the resulting indebtedness will constitute a permanent drain on the future productive resources of the community. Further, the new investment must be in areas where it will generate exports or reduce imports, since the money must ultimately be repaid in foreign exchange. It must therefore be made on the basis of internationally competitive costs, or on the basis of a level of protection which does not reduce the competitiveness of existing export industries. Thus this route to development implies an ever-increasing level of integration into the international economy and a greatly reduced emphasis on the generation of an integrated and relatively autonomous indigenous productive structure. Given the essential need for increased export markets to sustain the growing output that such finance would have to generate, one would expect to see some examination of where these are to be found among the recommendations for the expansion in credit. Yet no serious consideration appears to have been given to this question, or even to the nature of the present uses to which existing borrowing is being put. If the problem was considered seriously, however, the results would almost certainly be very disturbing, since in present conditions of depressed demand and widely distributed surplus capacity it is almost impossible to imagine where the demand could be generated to justify the scale of the flows involved. At the moment it seems highly likely that existing borrowing is being used predominantly to recycle existing loans, to sustain unproductive (and often parasitic) governmental expenditure, and to increase personal consumption. By doing this it is having a limited counter-cyclical effect by sustaining demand for mainly western export industries, but it is greatly intensifying the long-term problem. If the money is to be repaid (and if it is not the viability of the international banking system will be threatened) peripheral imports will have to decline much further and/or their exports will have to grow much faster. Either way there will be a significant increase in the pressure exerted on the western economies and in the threat to the stability of the international economic order as a whole.

In fact, it is possible to argue that the IMF's stress on improved credit is almost entirely misplaced with the exception of the need for concessional aid for the poorest countries. Private credit is now available on very favourable terms since the international banks are chronically over-supplied with funds. But it can only be used in countries where austerity programmes have curtailed the local market and where export opportunities are closed off by the superior power of better placed competitors. Where everyone is attempting to create an export-led boom all markets will be chronically over-supplied and only the strongest will ultimately succeed. The fate of the periphery in this enterprise can be seen in the expansion of its deficit from US$ 22 billion in 1977 to US$ 32 billion in 1978, and in the effective elimination of the OPEC surplus prior to the most recent price rise. In these circumstances it is
difficult to see what the increased credit provided by the IMF and the other agencies could do to alleviate the general problem, which cannot already be done through access to what the international banks are so anxious to provide.

Finally, the G-24 refers to the need to create better conditions for primary commodity exports, though it, perhaps significantly, says nothing about what some would consider the even more important problem of peripheral industrial exports.

3. Structural Change and the Reform of the IMF

The recommendations for improving the availability of IMF financing to peripheral countries embodied in earlier UNCTAD and OAS recommendations, and now put forward by the Group of 24, all presuppose the maintenance of a relatively open trading system, the free flow of capital in both directions, and a relatively limited role for the state in controlling economic activity. The major emphasis here is on increasing the flow of foreign credit and on improving the terms on which it is to be made available but the contribution which changes in this area can actually make in conditions of economic recession is limited. What we have now to ask is whether an IMF contribution could be significant within the context of a much stronger policy package.

(i) Restructuring the Mixed Economy

Our starting point when rejecting the liberal internationalism of the IMF, must be with the need to move from an almost total dependence on western initiatives for the generation of economic change, to the creation of a far more autonomous and inwardly oriented system. This involves a greatly increased degree of state intervention to control the economy and especially to control financial and other flows with the outside world. The starting point must be with the existing levels of productive capacity in the hands of the mass of the population and with the means of improving these without generating the immense structural dislocations which the present externally oriented strategy automatically produces. The basis for an autonomous process of this kind must be the attempt to bring local productive capacity into line with the consumption requirements of the mass of the population by eliminating the structural dislocations engendered by free competition where monopoly capitalist firms are inevitably going to win out at the expense of the small producer. By so doing, of course, they invariably destroy the purchasing power of the small consumer, since what the liberal theorists always fail to see is that people can only be consumers to the extent that they are effective producers. Thus any policy which fails to sustain local production in the interest of cheap prices for the 'consumer' must actually destroy the very purchasing power it is intended to protect. This is not to argue that the periphery should only use backward technology, only that its technological choice should be determined by the need to maintain an effective balance between levels of employment, levels of output and the necessity for the production of items of mass consumption. A balance between imported and local technology would also have to be struck, and this too, would have to be determined by the need to maintain employment and mass consumption and not to achieve the highest rate of profit as the liberal theorists believe should be the case. What are the implications of this general objective and how far can we anticipate a positive role for a reformed IMF in achieving it?
The underlying assumption here is the necessity to eliminate free access to foreign competition on the grounds that this, given the inequality in the resource endowments of the two sides, must necessarily intensify the inequalities which already limit the possibilities of equal exchange between centre and periphery and constantly undermine the effects of any policy which attempts to produce a realignment within the framework of comparative advantage. If this is essential, we have to ask whether an organization like the IMF can be expected to play any role in a system specifically designed to produce a fundamental realignment between the economic position of the dominant industrial countries which have always controlled its policy and that of the periphery. On the face of it the answer to this question must be no - traditionally the regimes which have attempted to use even a limited version of the policy package outlined above have been subjected to heavy pressure by the dominant countries, and especially the United States. Although this fact cannot be exclusively blamed for the failure of these regimes, it has certainly not been an insignificant factor in bringing them down, and there is little doubt that the IMF and the World Bank have allowed themselves to be used in the same way. This may be because of the close links between the two agencies and the American government, especially important in the fifties and sixties, it may be because of the consistently liberal perspectives which they have developed which inevitably point in the direction of providing assistance for countries which adopt 'appropriate' policies and of limiting it for others. Since both agencies rely for their resources upon the surpluses generated by the surplus countries, it is only to be expected that they should adopt the free trade ideology which has always been the natural viewpoint of the dominant countries in international trade. If there is no possibility of changing this and of enabling the agencies to provide resources for countries which, initially at least, are going to discriminate very strongly against the international penetration of their economies, it is certainly the case that they will have to be dispensed with since their influence will always be in the direction of intensifying external dependence and internal imbalances.

Yet it is also important to point to the costs of programmes like the one outlined here if it led to a complete withdrawal of all forms of external assistance. Although peripheral countries could benefit very substantially through the elimination of open and hidden exports of capital, they would be able to develop an autonomous base more rapidly and with less repression if they were still able to obtain access to international credit on favourable terms. To serve the purpose of the countries concerned these funds would have to be made available free of conditions relating to overall trade policy and especially free of conditions as to the goods on which they were to be spent. This would mean the creation of an institution providing financial aid oriented wholly towards developing the productive capacity of the local economy and with no intention of financing the exports of the surplus metropolitan economies which had generated the funds provided by the credit in the first instance. Given close control over the local economy it would always be possible to find local investment opportunities since local entrepreneurs - whether private, employed by the state or by co-operatives - would be shielded from the effects of international competition which now makes such investment impossible except in very limited and backward spheres. This would stimulate an indigenous growth process which would eventually result in expanded intern-
ational trade and hence in larger markets for overseas producers. But there would be no guarantee that the country providing the finances would benefit directly from it, and there would probably be relatively little external trade generated in the short run given the fundamental orientation towards generating an autonomous and internally oriented growth process rather than one dominated by the need to produce for the world market. The real possibility of the dominant industrialised countries agreeing to an operation of this kind in the present crisis ridden world situation is obviously remote. As things now stand these countries are very much more likely to use their very considerable international power to attempt to 'destabilize' any regime which attempted such a strategy by imposing overt or covert sanctions of one sort or another designed to discredit the regime and strengthen internal forces opposed to an autonomous policy because of their own dependence on external economic forces.

What are equally important in the context of these policies are the very great political difficulties necessarily involved in maintaining the alliance between national capital and national labour when the local capitalist class is very underdeveloped and large fractions of it have been created in response to needs of metropolitan capital for distribution outlets, marketing agencies and the like. Even more significantly would be the problems involved where substantial amounts of the land are controlled by backward landlords oriented towards export production using super-exploited labour forces. Given the control which both these strata would attempt to exert over the state, the possibility of a national alliance capable of bringing it under control and using its leverage to force a transition to an inwardly oriented economy, is indeed difficult to anticipate especially given the likelihood of hostile external intervention. Yet the prospects of the present situation are equally frustrating, since we can only envisage increasing levels of exploitation, coinciding with rising living standards for the dependent national bourgeoisie alongside increasing marginalization among all of those elements which traditionally serviced the import-substitution sector. Unless some means can be found of making a political structure which is capable of enforcing an autonomous economic programme the situation now confronting the government and peoples of Iran and Nicaragua will spread to many more countries and the cost in human suffering and wasted resources will be unimaginable. In making their decisions about the transfer of 'real resources' to the periphery the dominant elements in the metropolitan countries would do well to bear this grim prospect in mind.

(ii) The IMF and Socialism

Given the present tendency towards intensified deflation and repression in the periphery, and the difficulties involved in creating an autonomous economic strategy of the kind outlined above, we can expect a substantial escalation of revolutionary political struggle in many regions over the next decade. Given the incorporation of most of the indigenous ruling strata in the system of exploitation, these struggles will have to be organized around the interests of the oppressed majorities - whether in the lower levels of wage employment, in the poor peasantry, or in the manifold marginal occupations which make up the so-called 'informal sector'. These movements will therefore have to operate within an essentially marxist theoretical framework, thus following in the footsteps of their predecessors in China, Cuba, North East Asia, Angola
and Mozambique. Should they choose to do this - and the short-term costs are going to be enormously high - then they will necessarily have in mind an economic strategy oriented towards planning and autonomy, since a society controlled by the working class is hardly likely to accept the possibility of its productive capacity being externally owned and controlled. It is impossible here to go into the details of such a programme, except to say that it appears to us to hold out the most serious prospects for solving the problems of 'redistribution with growth' since it eliminates the fundamental contraction between both capital and labour and, more especially in the context of this analysis, of external versus internal control over the economy. The elimination of private ownership and accumulation also eliminates the problem of contradiction between private and social advantage which is the fundamental obstacle to planning in a capitalist system and this creates the possibility (though not the inevitability) of a sustained process of equitable and balanced growth.

In the context of this study we have to ask whether those concerned with a socialist strategy - whether as members of a government like that of Vietnam, or as members of a political movement still in opposition - should involve themselves in the facilities offered by the IMF. The problem is a complex one which cannot be answered with any certainty since Vietnam and Guinea Bissau are the first socialist countries of the periphery to join the organization and their experience has been very limited. Many doctrinaire marxists would no doubt argue that association with an essentially capitalist organization must necessarily involve a threat to the revolutionary principles of the regime especially given the record of the Fund in dealing with the periphery hitherto. Its officials are bound to take their essentially liberal presopositions with them when they deal with these countries, and are highly unlikely to understand the principles of planning in a context where the generation of needs and of the productive capacity to meet them is a function of an essentially political process. To the extent that these countries come to rely upon financing provided to them by the IMF, and more especially the associated Euro-currency banks, they are therefore likely to be drawn into a form of economic calculation which will replace socialist planning with a disguised form of capitalist rationality. It can be argued that the present transition in China from an autonomous strategy which placed 'politics in command' to one far more externally oriented which placed technical rationality at the forefront must have negative implications for equality and political cohesion in the long term. And in this regard it is evident that the availability of generous sources of foreign credit have been very significant in enabling the new regime to make a transition of this kind.

There seems to us to be considerable strength in these arguments, yet it is also possible to argue that they depend to a considerable degree on the viability of the internatal economic and political structures in the country concerned. The IMF and World Bank appear to be willing to extend assistance to socialist countries without demanding a corresponding increase in privatization of ownership and free market competition. The crucial weakness of the capitalistically oriented countries influenced by these agencies lies in the fact that the new policies are clearly in the interest of the private interests inside the country which are tied into the international capitalist system. These groups have a vested interest in the sorts of policies advocated by these
agencies, and they have the productive capacity capable of benefiting from the technology which can be made available to them through metropolitan loans. It is their control over both production and political life which gives them the capacity to use IMF and other international credits for purposes which constantly deepen dependence and inequalities. To the extent that the IMF is now confronted by a local state in which economic life is securely under indigenous control, and trading relationships are not determined by the vagaries of the market, the possibility of its being used in this way should be much smaller. It might then become a source for international borrowing which might make it possible for such countries to obtain access to capital goods required for a programme of mass mobilization with less stress than would otherwise be the case. But this could only occur where the level of internal control was so secure that this access to external resources could not be exploited by those concerned to re-establish a system in which dependence on western technology served as an alternative to the generation of an autonomous system based primarily upon raising the technical level of the mass of the population through the development of effective forms of collectivised labour. National independence is not precluded by trade with or by the importation of capital goods from the outside world; it is undermined by a system of exchange which systematically subordinates the indigenous economy to the imperatives of a system of production developed externally to meet different needs and to serve different interests. For as long as the financing can be provided on terms which did not include such inequality - and it would essentially be up to Agencies to prove that it could be - then the maintenance of an arm's length relationship would no doubt be of real use once a viable system of internal economic organization had been established.
Abstract: The aim of the Third World in reforming the IMF should be to make it a factor that promotes its autonomy rather than its continued dependence. The IMF has to be more concerned with Third World priorities such as the provision of basic needs and increased economic co-operation within Third World countries and to this end the Third World should make use of the IMF gold stock worth US$ 24 billion at present prices. Rather than agree to its gradual erosion, the Third World should make use of the IMF gold stock (1) to create a basic needs facility to provide funds to countries prepared to channel funds for the relief of absolute poverty, and (2) to provide 100 percent gold cover to a new currency unit to promote economic transactions within the Third World.
L'OR, LE FONDS MONETAIRE INTERNATIONAL ET LE TIERS MONDE

Résumé

L'objectif du Tiers Monde, en ce qui concerne la réforme du FMI, devrait être de le faire contribuer à favoriser son autonomie plutôt que sa dépendance. Le FMI devrait accorder plus d'attention aux priorités du Tiers Monde, comme par exemple la satisfaction des besoins humains fondamentaux ou la coopération entre pays du Tiers Monde. A cet effet, le Tiers Monde devrait faire usage d'or du FMI, dont la valeur est actuellement de 24 milliards de dollars des États-Unis. Plutôt que d'accepter son érosion progressive, le Tiers Monde pourrait utiliser cette réserve (1) pour créer un instrument pour les besoins fondamentaux qui fournirait des ressources aux pays disposés à les utiliser pour l'éradication de la pauvreté absolue, et (2) pour assurer une couverture-or à 100% à une nouvelle monnaie qui faciliterait les échanges à l'intérieur du Tiers Monde.

EL ORO, EL FONDO MONETARIO INTERNACIONAL Y EL TERCER MUNDO

Resumen

El propósito del Tercer Mundo en reformar el FMI debe consistir en hacer del FMI un factor que promueva la autonomía y no la dependencia continua del Tercer Mundo. El FMI tiene que preocuparse más con las prioridades del Tercer Mundo, tales como el aprovisionamiento de necesidades básicas y el aumento de cooperación económica entre países del Tercer Mundo. Para alcanzar estos fines el Tercer Mundo debe utilizar la reserva de oro del FMI que vale más de US$ 24 billones a precios actuales. En vez de estar de acuerdo con su erosión gradual, el Tercer Mundo debe insistir para que el inventario del oro del FMI sea usado para (1) crear un vehículo de necesidades básicas que provea fondos para países dispuestos a canalizar recursos para el alivio de la miseria, y (2) proveer la cobertura oro a 100% de una nueva unidad de divisas para promover transacciones económicas dentro del Tercer Mundo.
Leelananda de Silva

GOLD, THE INTERNATIONAL MONETARY FUND AND THE THIRD WORLD

There is an important school of thought which ascribes the shortcomings of the IMF to the rejection of the Keynes proposals at Bretton Woods. The acceptance of the Keynes proposals would doubtless have improved the prospects of the debtor countries and introduced a greater symmetry in the adjustment process. But that would not have made the IMF a more appropriate institution for the present concerns of the Third World. In seeking a new orientation within the IMF the Third World should not demand a return to Keynes and the enlargement of the credit lines within the present system of rules. What it needs is a qualitative improvement of the IMF system which only would enable the Third World to be an increasingly autonomous rather than an increasingly dependent factor in the World economy. The IMF might do worse than to examine Third World concerns and priorities and assess its own capacity and scope for greater flexibility in meeting those needs.

Third World priorities

Basic needs are now accorded very high priority among the objectives of development efforts, both at national and international level. This would continue to be so for the rest of this century as the elimination of absolute poverty provides the most urgent and practical area for co-operative action of both North and South. The implications for donor countries and international agencies in the adoption of a basic needs strategy have been the subject of considerable study. It is in this context somewhat surprising that inadequate attention has so far been focused on the future impact of IMF policies on the provision of basic human needs in Third World countries.

It need in fact to be argued that the concern should even be broader, encompassing not only basic needs but the direction of IMF policies in relation to concepts such as greater self-reliance, technology issues and greater trade within the Third World. Collective self-reliance is an accepted axiom of international policy and the extent to which the IMF is even implicitly committed to this principle needs analysis. It is possible that such an analysis would indicate that the present policies of the IMF work in a contrary direction. Criticism of the IMF and its policy prescriptions is not uncommon. IMF policies are attributed as a cause in the rise and fall of governments, civil commotion and such other traumatic experiences with the possible exception of natural calamities. There is no doubt that IMF policies call for less state intervention in national economies and therefore for less public expenditures, less taxes on the investing classes and generally, for the free and unregulated operation of market forces. Price "distortions" are anathema to the IMF and welfare expenditures, e.g. food subsidies, are not the most favoured instruments of government policy in the IMF rule book. Mr. Witteveen as Managing Director of the Fund made the point that "the Fund avoids taking a view on the appropriate distribution of the burden of adjustment as between various sections of society/." Though as a statement of the formal position

1/ IMF Survey, 22 May 1978
it is true, the IMF's proposals for remedial action leave little choice for governments in determining the incidence of their impact.

A distinction has to be drawn between the social welfare expenditures of governments and those that are directed towards the alleviation of absolute poverty. The consequences of a cutback in welfare expenditures conditioned on IMF credits need not necessarily be to the detriment of basic human needs. But a proper question at a time when there is general acceptance of the validity of a basic human needs strategy is whether there is no positive obligation on the part of IMF to ensure that basic human needs are not adversely affected as a result of the implementation of its recommendations. The IMF would have to be more concerned with the structure of growth rates rather than with their mere magnitude.

IMF conditionality has been a critical factor in the Organization's relationships with member countries. There are those who argue against stipulation of any conditions as impinging on the sovereignty of nation states. There are others who see no objection to conditionality clauses provided they are the right ones from their own particular angle. The provision of basic human needs as a central objective of development would probably qualify for incorporation as an "appropriate" conditionality clause from most points of view. It could therefore be for the IMF to monitor the impact of its prescriptions on the achievement of basic human needs. "Moral Suasion" is a desirable central banking practice which could be usefully adopted by the IMF.

Since the comparatively recent expression of universal concern on environmental issues, agencies like the IBRD tend to build into their projects safeguard elements to prevent abuses of the environment. Similarly, the provision of basic human needs in the Third World could be ensured only if progress in that direction is not retarded at frequent intervals due to constant changes in economic policy. Basic human needs have to be looked upon as a first claim on the resources of both the national and the international community. The IMF has an overriding obligation in view of its tremendous political and financial leverage, particularly in those countries which could do very much more to provide for the basic needs of their peoples, if their efforts at economic growth were tempered with a greater concern for the re-distributive aspects of that growth.

The IMF remit (and also that of GATT) is such that its primary concern is with the external sector of Third World economies - exports and imports, consumption of imported and exportable goods, the level of external debt, private foreign investment and commercial bank credit, and the general health of the balance of payments. The IMF concern in domestic economic management is essentially geared to improvements in these and related directions based on an appropriate range of indicators. Financial probity and paying one's way in the world are supreme objectives of the IMF mandate. It is this excessive concern with rates of economic growth and balance in foreign exchanges, and its relative unconcern with the worst aspects of poverty within the Third World that makes one question the IMF's interest in basic human needs. The external sector of most Third World economies is still of the 'enclave' type, more closely integrated with the international economy rather than with its own domestic
An important task for the external sector of these economies is to strengthen their backward linkages rather than the IMF's implied emphasis on forward linkages. An export-oriented strategy is not necessarily detrimental to Basic Human Needs strategies in poor countries provided the benefit of value accruals remains within these countries and mechanisms are established for the wider distribution of such values - through greater labour intensity, more appropriate forms of technology, and so on. The IMF's concern with greater access to markets for increased exports of Third World countries could be reconciled with such strategies if the IMF were to provide more opportunities for trade within the Third World. The Compensatory Financing Facility is too limited in scope to provide for some of these structural changes in export regimes required in the foreign trade of Third World countries, and the IMF could think in terms of new facilities to promote such changes within the overall IMF objectives of trade creation. ECDC is not a concept for UNCTAD only, and its realization depends on financial institutions like the IMF.

The foregoing considerations assume even increased validity in the light of the IMF's growing emergence as an international central bank. Its task is no longer confined to the supervision of a fixed exchange rate regime. It is concerned with international economic management and the "firm surveillance" of economies of member countries and the onus is now cast on these countries for regular consultations. Over and above the traditional credit tranches the IMF has now an array of instruments for re-cycling of financial surpluses, swap arrangements like the General Agreements to Borrow, and informal consultative systems with a network of the most powerful banking institutions in the world. It is therefore right and proper that the IMF moves also in the direction of working with the Third World countries in their own particular concerns on issues like increased intra-trade within the Third World, the creation of jobs for the massive unemployed labour forces and so on. The Trust Fund of the IMF is a step in the right direction, but it is too restricted in its scope. It is the contention of this paper that the IMF uses its gold stock as an initial step in the direction of the achievement of these new objectives. A brief examination of the present arrangement for gold is in order in view of the proposals set out below.

The IMF Gold Stock

The arrangements with regard to the present role of gold in the international monetary system are derived from agreements reached by the Interim Committee of the Board of Governors of the IMF. At its meeting in Jamaica in January 1976, various aspects of the implementation of the arrangements were worked out in detail. The effective outcome of these decisions was to abolish the official price of gold and the obligation of Fund members to use gold as part of their quota subscription. Under the agreements, one-third of the Fund's gold stock would be disposed of, of which one-half would be 'restituted' to IMF members in accordance with their quotas, and one-half sold for the benefit of the Third World countries.

2/ See a very good article by Anthony Scaperlanda on "The IMF: An Emerging Central Bank" Kyklos (Vol. 31-1978: 4), pp. 679-690
The reasons for these decisions, and the rationale for phasing out gold as a central reserve asset of the international monetary system need not concern us here, except to the extent of their direct effects on the economic well-being of the Third World countries. In the context of the arrangements made for the phasing out of gold as an international reserve asset, it was agreed that the poor countries should receive some part of the benefits that might be generated by the abolition of the official price of gold. The gold stock of the IMF amounted to 150 million ounces and at the official price of 35 SDR per ounce (US$ 42) the stock was valued at US$ 6.7 billion. At the then prevailing market price of US$ 140 per ounce, the gold stock was 3.3 times the value determined at the official price, and the total stock could be valued at US$ 22 billion.

The IMF gold stock, however, is only a fraction of the total international monetary reserves held in gold. As of May 1975, the official gold holdings of the various member countries of the IMF at the official price of 35 SDR per ounce were worth US$ 44 billion. This enormous accumulation of gold benefited immediately from the abolition of the official price and the re-evaluation which subsequently occurred in terms of market prices. Not all member countries of the IMF had significant gold reserves on their own account and the inequity of these arrangements for the Third World should be seen in this light. The Group of Ten, plus Switzerland, had over US$ 37 billion of gold valued at the official price, while all the remaining nations in the IMF owned US$ 7 billion worth. The latter group, in view of the convertibility of the currencies of the Group of Ten, plus Switzerland, held nearly 90 percent of their international monetary reserves in the form of convertible currencies (i.e. mainly the currencies of the Group of Ten, plus Switzerland). The figures are, while the Group of Ten, plus Switzerland, held US$ 70 billion in foreign exchange, all the remaining countries had an almost equal amount, i.e. US$ 68 billion in foreign exchange. This contrasts with the US$ 7 billion held in gold. These figures prove that the gold price boom really benefited those who held the gold while those who held foreign exchange in convertible currencies were abruptly told that their claims for gold at 35 SDR per ounce were no longer to be honoured. No wonder that the former Secretary of Treasury of the U.S.A., Mr. Henry H. Fowler expressed his grave apprehension in no uncertain manner: "To assent to any arrangement that would work a grievous inequity on those central banks who hold our dollars resulting from US balance of payment deficits rather than present them to the Federale Reserve window in exchange for gold is not worthy of a great nation. This is particularly true when the United States would itself stand to reap the greatest monetary profit from this inequitable arrangement since its gold reserves are the largest."3/

The international monetary system is probably the thoughest nut for the Third World to crack in the NIEO negotiations. The Group of Ten calls the tune.

3/ The IMF Gold Agreement - Hearing before the Subcommittee on International Economies of the Joint Economic Committee - Congress of the United States (US Government Printing Office, Washington, 1976). I have relied on this document for the figures contained in this section and for extracts from statements of Mr. Fowler and Prof. Machlup. This document is essential reading for evidence of the extent to which Third World interests were overlooked in the 1975/1976 monetary negotiations.
and the Group of 24 obtains a few crumbs to keep their economies alive. On 30 August 1975, the Group of 24 representing the Third World issued its own communique calling for "policies designed to ensure the gradual reduction of the role of gold in the international monetary system and the strengthening of the role of the SDR." Ministers also affirmed that no arrangements with regard to gold would be acceptable to the Third World unless they met the above principles and also unless,

"a) they were designed to raise substantially the flow of financial resources to the developing countries without imposing a loss on any individual developing country;

"b) they did not accentuate the already inequitable distribution of international liquidity."

"In this context, Ministers agreed that there was a need to expedite the study of a gold substitution account."

The G 24 Communique of three years later, issued on 22 September 1978, makes no mention of gold or the gold substitution account though the problems associated with the phasing out of gold could still be central to the development process. The reasons for ignoring the issue - probably the concession to create 12 billion SDRs over three years - are not self-evident from the Communique.4/

The Third World in recognition of their acquiescence with the 1975/1976 arrangements leading to the Second Amendment of the IMF Articles was allowed the profits from the sale of one-sixth (25 million ounces) of the IMF gold stock, disbursed through the Trust Fund administered by the IMF over a period of four years. In May 1978, the Fund passed the mid-point in its four years gold sales program and during the period of two years since these sales started 12.5 million ounces were sold for the benefit of Third World countries. The profits totalled US$ 1,306 billion. Of this amount $ 362.6 million were distributed directly to 104 eligible Third World member countries, and the balance amount of a little more than US$ 1 billion was distributed through the Trust Fund on concessional terms to 43 of the poorest IMF members (the number of eligible members over the second two year period of the gold sales program number 59).5/ . It would be pertinent at this point to inquire into the actual movement of the market price of gold since the above decisions were taken, as even greater disadvantages continue to accumulate for the Third World. The open market price of gold has moved continuously upwards and at the time of writing one ounce is quoted at over US$ 240. This contrasts with the average sale price of the IMF gold sales programme in the first two years of US$ 150. It is to be expected that the second phase would bring in profits for Trust Fund loan disbursements of well over the figure of US$ 1 billion of

4/ See issues of IMF Survey for Communiques of the Group of 24

5/ See issues of IMF Survey for progress of gold sales program and Trust Fund operations
phase I. In the meantime, in addition to the massive profits generated by the rich countries on their own national monetary authority gold holdings, nearly 10 million of the 12.5 million ounces sold by the IMF at the former official price would also have accrued to these countries and an equal quantity is expected to pass on to their hands over the next two years. At present market prices, and over the full four years, the national gain of these few countries would be nearly US$ 4 billion by the transfer of one-sixth of the IMF gold stock in accordance with quotas of member countries. The beneficiaries of even the gold sales program of the IMF are not the Third World countries but the rich member countries of the IMF. Prof. Fritz Machlup, an eminent American monetary economist, in 1975 itself commented on the grave injustice of these arrangements:

"The gold holdings of the 14 most-developed countries amount to US$ 36 billion at the present official valuation. Hence, the gain accruing to these 14 countries would be about US$ 83 billion calculated on the basis of last week's market price of gold of US$ 140 per ounce. To the US$ 83 billion we may have to add the value of these countries' share in the 25 million ounces of gold to be restituted. Hence, counting only the share going to the industrial countries about US$ 3 billion, we may put the increment in the gold holdings of these 14 countries at US$ 86 billion. If the same market price of US$ 140 can be attained for the other 25 million ounces to be sold by the Fund 'for the benefit of developing countries' the cash proceeds would be of US$ 3.5 billion and the profit less than US$ 2.5 billion. This sum allotted to developing countries compares with the gain of US$ 86 billion going to the 14 individual countries. These 14 countries would pocket, therefore, more than 34 times the profit distributed to the developing countries."

Contrary to the above forecast, the reality has been even worse for the Third World. The present price of gold at US$ 240 an ounce would indicate that the 14 highly developed countries are more than 50 times better off rather than 34 times. Countries like Italy have raised loans with gold as collateral valued at the inflated market prices and France values its gold at the market price. No longer is the benefit of the gold price increase a notional one.

It is not the purpose of this paper to assess the attempts made so far, and of their success or failure to phase out gold as a principal reserve asset. What is conclusive from the foregoing analysis is that the abolition of the official price of gold and the arrangements made to phase out gold have resulted in a major distribution of gains in favour of the rich countries, and in particular, a handful of them. It is imperative that the Third World and the IMF evaluate once again the present arrangements and offer a set of more equitable proposals for the disposal of the 100 million ounces of gold which would remain with the IMF in 1980 after the disposal of one-third of the gold stock. At present market prices, this residual gold stock could be worth US$ 24 billion. We are not concerned in this context with the proposals for a gold substitution account for conversion of officially held gold of IMF member countries into SDRs. However, it should not be forgotten that the Third World countries should have a share in the capital gains of that
situation too. But the proposition that the IMF gold stock should be solely utilised in the interest of and for the exclusive benefit of the Third World, and in particular, the lower-income countries has greater validity than ever before.

Recent developments strengthen the moral as well as the political and economic claims of the Third World to be sole beneficiary of the residual 100 million ounces of gold with the IMF. The Third World should consider this stock as an asset which must be utilised to achieve some of its primary demands within the framework of an NIEO. The circumstances in which this gold stock has so far been utilised have led to an erosion of its potential strength. Rather than run it down by ad hoc disbursements based on ill-defined formulae, the Third World must consider its sustenance and continuation as an instrument for the greater control of the international economic environment.

Proposals for Action

It has been pointed out that, "as far as gold is concerned, the consensus reached by the IMF Interim Committee in August 1975 and confirmed in Jamaica in January 1976, provides a highly ingenious and acceptable compromise between very different and legitimate, national and international concerns and objectives." Three years later the ingenuity of the authors of the Agreement is open to doubt by the Third World. There is now talk of "the gold revival" and "not so heavily disguised, it is now slipping in through the back door. Many central banks are revaluing their gold reserves and a few are actively buying and selling the stuff. Most significant of all, when the European Monetary System (EMS) is eventually born, it will have a gilded spoon in its mouth." The IMF is presumed to dislike these new trends but they are the political and economic reality. The European Currency Unit (ECU) will be backed up by gold and the apparent acceptance of the French position in revaluing gold for this purpose at nearly market prices would mean the remonetization of gold ... The 1975 IMF Gold Agreement was a compromise reconciling US and French positions and the Third World did not come out of it satisfactorily. New French moves and the major gains that have accrued to the rich nations demand an urgent re-appraisal and a new design for gold.

6/ See Angelos Th. Angelopoulos, For a New Policy of International Development (New York: Praeger, 1977) for recent proposals for use of gold held by central banks, rather than IMF gold holdings. Angelopoulos has been a consistent advocate over a long period of utilising the increased value of monetary gold held by national central banks in the interests of the Third World. He disagrees with the present policy of IMF gold sales and suggests that "the Third World countries should demand a halt to these sales, to safeguard their interests."

7/ See Duncan Ndegwa and Robert Triffin, The International Monetary Order in Reshaping the International Order (RIO): A Report to the Club of Rome (1976)

For the Third World, benefits from demonetization of gold have been restricted to relatively small disbursements (US$ 1 billion in two years) from the Trust Fund. Even in the basis of principles accepted in 1975, the Third World countries, particularly those with an income of SDR 300 per capita in 1973 had an entitlement to nearly half the IMF gold stock. There is overwhelming justification to use not half but the entire IMF gold stock for the benefit of Third World countries in view of recent developments. This question is a matter for international monetary diplomacy but its political feasibility need not be that remote if there is some equity in the bargaining process. Though amendments might be required to the IMF Articles, there is no direct cost to the rich nations in an exercise of this nature, and there could in fact be considerable gains if once again the 'ingenuity' of reformers is matched by an equal commitment to international economic stability in the medium term.

The IMF residual gold stock of 100 million ounces is worth, at current market price, US$ 240 billion. (Prices do fluctuate, but it is assumed that the money value of the gold stock would remain at least at this level over the next decade). This paper proposes that the gold stock be used for two major purposes:

1. The establishment of a new credit facility in the IMF with access to it for the low-income countries that presently have access to the Trust Fund. Half of the gold stock could be used for this purpose. Basic human needs conditionality would have to be met for access to this facility.

2. The creation of a new Currency Unit backed 100 percent by gold, which would be available for payment within the Third World only. The initial disbursement would be to the low-income countries, eligible according to Trust Fund criteria.

A New IMF Credit Facility

Basic human needs in the Third World is a central issue in development over the next decade but present IMF policies are not exactly conducive to its achievement. There is a positive correlation between economic growth and basic needs, but it is necessary to establish closer linkages between investment for growth and investment for the relief of poverty. The distinction between investment and recurrent expenditures is blurred when the objective is growth in, for example, the informal sector.

The strains of the foreign exchange of countries pursuing a basic human needs strategy have to be relieved by access to credits without conditionality, and in low-income countries which are presently averse to a basic human needs strategy, access to credit conditioned on such purpose would promote its acceptance. For the Third World as a whole, and for the specific provision of basic human needs, the IMF could have exemption clauses on the existing facilities related to indicators it works on (public expenditure targets could exempt those items directed at the most poor and food subsidies could be considered an acceptable measure for those living an absolute poverty and so on).
It is proposed that the Basic human needs facility could be US$ 12 billion or half of the value of the gold stock. It could be started with less, but increased very rapidly to its maximum limit. If US$ 12 billion, this would probably mean a nearly 100% increase over present levels of access to IMF credits for the low-income countries. These arrangements raise a major question: How would the gold stock be converted into some acceptable form of currency to provide these credits? This could be done in several ways, among which the following: (1) negotiating with the rich nations, 'swap' facilities between their currencies and gold, (2) the sale of gold when market prices are really favourable, unlike the present gold sales program and (3) borrowing from the commercial banks with gold as collateral. In the latter case an interest subsidy account might have to be considered dependent on the extent of concessionality of the required lending. There are features in this proposed arrangement which make it somewhat identical to the Trust Fund. The major differences would be in its magnitude, and the generation of resources other than through gold sales. The impact within a 10-year development strategy would be that much greater.

A Currency Unit for the Third World

Third World countries have little control over the world trade and payments system. Special Drawing Rights are issued in a manner that three-fourths go to the rich countries. In the last three years the Third World position has steadily declined as the rich nations financed their deficits by inflationary issues of their national currencies. The European Currency Unit is to be created backed by gold adding further to international liquidity.

The Third World for reasons we shall not analyse here would wish to increase their trade among themselves, and greater access to Third World countries into each others' markets, might relieve emerging problems for the industrialized countries. Third World currency to promote trade within the Third World has been proposed elsewhere. The proposal is to create a little over US$ 2.5 billion of New Currency Units as a proportion of the total value of the trade in manufactures within the Third World. The use of the currency was to be restricted to purchases of manufactures. The proposal now presented contains features that should make it more attractive as an international currency, which was a substantial obstacle in the earlier proposal.

Half of the gold stock of the IMF, valued at US$ 12 billion could provide the gold backing for the new currency in 10 years time (or a suitable medium-term time span) by which time it is expected the new unit would have emerged as an acceptable currency in international tender. With 100 percent gold backing the new currency issue would be restricted to US$ 12 billion. It would be issued to the low-income countries (as defined for Trust Fund purposes) in the first instance. To that extent there would be an initial transfer of resources to those countries. Thereafter the currency could be available for use by any Third World country and its validity need not be restricted to manufactures, though certain commodities could be excluded. As one of the

9/ Frances and Michael Stewart, Trade Between Developing Countries: Proposal for a New Currency (UNCTAD, Mimeo)
major objectives of a new currency is to promote trade within the Third World, the transactions to which it is applied should be carefully worked out. To illustrate, payments for shipping services may be a relevant item, thereby assisting in the increase of merchant shipping capacity within the Third World. The more industrialized countries within the Third World should find the currency an attractive instrument to increase their trade specifically in the context of underutilized industrial capacity.

The IMF would be the issuing authority for the currency. This alone would ensure its ready acceptance and it should be in a position to earn interest like any other reserve currency. It need not be a requirement that it should be used only by central banks, like SDRs and the proposed ECU, in the different context of the Third World, with its mainly non-convertible currencies and exchange restrictions.

The IMF would have its reservations on the use of gold to create a new currency. But gold has particular attraction as a midwife at the birth of new currencies. However, the use of gold would be for a limited duration of ten years. It would also not be a freely convertible currency, being a currency for use only within the Third World. The IMF has not actively opposed the ECU and this would therefore constitute an appropriate precedent. The objectives to be achieved from the new currency are consistent with IMF principles and policies for the expansion of international trade. The IMF has been too closely associated in its operations with the interests of the rich nations and their banking sector, particularly in recent years. The implementation of a proposal of the nature outlines above would probably improve its image in the Third World as a truly international organization and offset any inherent bias in the existing system.

It must be stressed, in conclusion, that the proposals made above are tentative and in outline, and their implications have to be worked out in more detail. But the main thrust of the contention should be in no doubt. There is an IMF gold stock of US$ 24 billion lying idle and which could be used in the 1980's to benefit the Third World. Even if conventional mechanisms are used, resources could be raised from the banking system, with gold as collateral, for transfer to poorer countries through existing institutions like the World Bank, Regional Banks and IFAD. The way the gold stock is administered at present leads only to a mere trickle of such resources reaching the poor countries. The Third World should set its targets higher and exploit the latent potential in the IMF gold stock within a more comprehensive programme.
The Agenda of your Conference is very long; it deals with very important matters. Many technical questions are involved, in which details and percentages can mean the difference between the usefulness or otherwise of a proposal or suggested negotiating position. And these details are the reality of working for a New International Economic Order; unless careful attention is given to them (especially by those entrusted with negotiating power) the Third World demands are mere rhetoric.

But there is also a danger in details. When a Third World negotiator has, after exhausting hours of argument, pushed the other side of the table from 30% to 45% he will feel a sense of achievement, and urge acceptance upon his colleagues. We should all sympathise! I am not a military man. But I am told that an Army Commander looks at a platoon’s advance in the light of its effect on the total battle front. If that advance can be held without cost, or can be used to harrass the opposing forces—fine! But if it exposes his troops pointlessly, or weakens the general strategy, then he congratulates the Platoon Commander and his men, and tells them to withdraw again.

1/ Address by President Julius K. Nyerere to the Ministerial Conference of the Group of 77 - Arusha, 12 February 1979
At this Conference you will be looking at the details of past and present negotiations in relation to the aim of securing fundamental changes in the present International Economic Order. I do not propose to comment! The delegates here are much better equipped than I am to assess the negotiations about a Common Fund, changes in the power structure of world financial institutions, tariff and other restrictions on Third World trade, and so on. All that I intend to do is to share with you some thoughts about the future.

Our need for one voice:

The Group of 77 developed out of a felt need for the Third World to speak with one voice at UNCTAD Conferences and other meetings concerned with world economic matters. It was our separate weakness which impelled us towards multilateral consultations, and which has caused forty more nations to join Group of 77 Meetings since Algiers in 1967. Whatever the economic philosophy of our nations, we had all found that individual efforts to develop our own national economy kept running into a solid wall of power—the power of the rich nations and the rich transnational corporations.

Newly de-colonised nations, and the older countries of Latin America, had all inherited the same idea from the dominant Euro-American culture: work hard and you will become prosperous. Gradually we all discovered that hard work and prosperity were not cause and effect; something external to ourselves always seemed to break the reputed connection! The so-called neutrality of the world market place turned out to be a neutrality between the exploiter and the exploited, between a bird of prey and its victim. If in our effort to find resources for survival—let alone development—we carried out the textbook procedures for raising capital, we always seemed to end up under the virtual control of the transnational corporations or subject to I.M.F. deflationary policies—or both. We did not achieve progress; we simply moved from the frying pan into the deep-freezer! Even if we tried to do nothing
except sell our traditional exports and buy our traditional imports, we found that we could buy less and less with more and more of our hard work.

So we came together in order to negotiate with the industrialised states for changes in the laws and practices of world exchange and finance. The present system has been developed by the industrialised states to serve their purposes. This is a matter of historical fact, not a moral judgement! The result is that the group of industrialised nations—which do act as a group when dealing with outsiders—control the levers of international exchange and finance, and also control the wealth accumulated through centuries of colonialism, gun-boat diplomacy, and an initial advantage in mass production techniques. Once again I am stating facts, not making moral judgements. If morality enters into the matter—as I believe it does—it refers to the future. For we, the Third World, are now demanding that the systems which make the rich richer and the poor poorer must be changed to keep pace with other changes in the world—the ending of colonialism, the advance of technology, and mankind’s new consciousness of human equality and human dignity.

We make this demand, as the Third World, in full awareness of certain basic facts, and because of them. 70% of the world’s population—the Third World—commands together no more than 12% of the Gross World Product. 80% of the world’s trade and investment, 93% of its industry, and almost 100% of its research is controlled—in the words of Barbara Ward—by the industrial rich. The income gap is getting wider, even between the industrialised and the so-called ‘higher-income’ Third World countries. The Third World still does most of its trade with the developed nations; its transport links are predominantly with the developed world; the technology it uses is technology developed by and for the developed world—which also controls its use.

A Unity of Nationalisms:

In other words, the Third World nations did not shape the world’s institutions of production and exchange and have virtually no say in them. But we are dominated by them.
It is this domination by forces over which we have no control that each one of us has rejected. And our coming together in the Group of 77 has the purpose of enabling us to deal on terms of greater equality with an existing Centre of Power. Ours is basically a unity of opposition. And it is a unity of nationalisms.

For it was our separate nationalisms which caused us to come together, not the ideals of human brotherhood, or human equality, or love for each other. The immediate reason for each nation joining the Group of 77 depended on the point at which it had experienced the economic frustrations of power external to itself. Whether it wanted to “be developed”, or “be industrialised”, or “to overcome poverty”, or even just to be able to operate as an independent nation, it wanted to do that thing while remaining African, Latin American, or Asian—and within those groups, Tanzanian, Argentinian or Malaysian. It was practical experience of the fact that legal independence did not mean economic freedom which made most of us think in terms of co-operating with others similarly placed.

I stress the fact that it was our nationalism which has forced us together because we have to understand ourselves in order to achieve our purposes. The Group of 77 does not share an ideology. Some of us are avowedly “Scientific” Socialists, some just plain socialist, some capitalist, some theocratic, and some fascist! We are not necessarily friendly with each other—some countries represented here are currently engaged in a war with each other. Our National Income per head varies from about $100 a year to $2,000 a year. Some of us have minerals, some do not; some of us are landlocked and others are isolated in huge oceans. The Group of 77 cannot be defined by any of these or any other economic, social, or ideological categories—membership cuts across them all.

The immediate interests, and the negotiating priorities, of different Group of 77 members are therefore very different. Consequently, there is a tendency for sub-groups to develop within the Group of 77. We have OPEC, the Most Seri-
ously Affected, the Least Developed, the Newly Industrialised Countries, the Landlocked, and so on; sometimes these classifications are made by us and sometimes by others but accepted by us for working purposes. For this kind of sub-division of the Group of 77 can be useful; it enables us to carry on particular detailed negotiations with the industrialised countries, and it also helps us to ensure that all interests within the Group of 77 are covered in the working out of our general strategy.

But this kind of sub-division is also very dangerous. Sub-groups inevitably develop their own internal accommodations and their own sense of unity—which can become a unity against the other sub-groups rather than with them against the existing world order. When this happens it becomes difficult to use a negotiating advantage in one area to make a break-through in an area where the advantage is with the other side of the table. “Divide and Rule” is an old technique of domination; the developed nations are not unaware of its usefulness.

The unity in our diversity:

But our diversity exists in the context of one common and over-riding experience. What we have in common is that we are all, in relation to the developed world, dependent—not interdependent—nations. Each of our economies has developed as a by-product and a subsidiary of development in the industrialised North, and is externally oriented. We are not the prime movers of our own destiny. We are ashamed to admit it; but economically we are dependencies—semi-colonies at best—not sovereign states.

This is true for every one of us represented here. The members of OPEC united and set the price of oil in 1973. This historic action shook the world, greatly improved the bargaining power of the oil exporting countries and encouraged other primary producers. But since then OPEC has learned, and we have all learned once again, that however powerful it is, a single trade union which only
covers one section of a total enterprise cannot change the fundamental relationship between Employers and Employees.

Then there are the Third World giants—India, Indonesia and Brazil. If these three countries, representing about 900 million people, were to separate themselves from other Third World countries and speak as one, they would still not be able to escape from the reality of domination by the group of developed countries—at best they could get marginal and temporary concessions. For the reality is that the unity of even the most powerful of the sub-groups within the Third World is not sufficient to allow its members to become full actors, rather than reactors, in the world economic system. The unity of the entire Third World is necessary for the achievement of fundamental change in the present world economic arrangements.

Yet the pressures towards disunity are strong. The more advantageously placed among the Group of 77 are being flattered and wooed and offered concessions in this or that matter which is of immediate interest to them. And there are forces within every sub-group—from OPEC to the Least Privileged—which are inclined to take offers of special treatment, or special representation, and then—instead of using these as a base for further Third World advance—to lose interest in the wider struggle. Those forces have not yet won within any country, but it would be stupid to pretend that they do not exist. For they will not just disappear. We are all feeling the cold winds of a European recession, and in our desperation there is a strong temptation to look inwards to ourselves as individual nations rather than inwards to our group as a whole.

Your Excellencies: I have been saying out loud some of the things which are being said privately. I have done so because a danger can be dealt with only when it is acknowledged. And disunity would be a terrible set-back to the prospects of all of us, and would mean discarding a great potential source of power. For the diversity
within the Third World could be our strength rather than our weakness if we can hold to our political decision for unity in negotiation and in action.

The choice is not either/or:

Sometimes we politicians talk as if change in the present world economic order has to come either through Dialogue, or through Confrontation with the rich nations. I have done this myself when talking in developed countries. For it is a kind of shorthand—a quick way of pointing out that what is true within countries is also true between countries. If there is not planned change in the old order then confrontation is inevitable, nationally and internationally. But we have gone on from there, and talked as if the Third World had to make a strategic choice between negotiating and declaring all-out economic war on the rich states. On that basis we have become very apologetic—to our own people and to others. When participating in Dialogue we become apologetic, as if to negotiate is somehow to surrender or to soften about the objective. And if Dialogue gets us no-where we become apologetic about confrontation, as if we were being unreasonable—even irrational—and provoking an all-out economic war which we cannot win.

I do not believe that is the kind of choice we face. We do not have to chose between Dialogue and Confrontation with the rich; there is no reason why we should be apologetic about negotiating, or about refusing to go on with a particular discussion and resorting to direct action. Ours is a kind of Trade Union of the Poor. Sometimes—perhaps most of the time—we will negotiate about different aspects of the demand for a New International Economic Order and settle for the best compromise we can reach at that time. Sometimes, however, we may be forced to call a strike in order to show that certain things are no longer acceptable!

But a Trade Union is strong in proportion to its unity. And when deciding upon the acceptability or otherwise of any potential compromise we have to recognise political realities—in our case all 117 of them. For the Third World
does not have a strike fund, and hunger strikes are not the weapon of the starving. Asking countries like Zambia and Chile to stop exporting copper to the industrialised nations, for example, is asking them to commit suicide. Their Governments will naturally not agree to do that, and asking them to do so would therefore be equivalent to breaking the unity of the Third World. This weakness of ours can be exaggerated. But our conditions are well known to the developed nations; threatening talk of confrontation as an alternative to dialogue does not frighten them.

But it is also true that the kind of dialogue we have been conducting—at UNCTAD, Paris, Geneva, New York and everywhere else—has brought no fundamental changes in the world economic order. This is not to say that it has been useless. There are now groups of people, and even small nations, in the industrialised world which have realised that the present inequities cannot be allowed to continue, and that planned change is necessary in their own interests as well as ours. That is a helpful movement. But the problem remains: we have not succeeded in changing the structure of power. The world order still works against the interests of the poor.

I believe this unsatisfactory result from our efforts is because we have been making the mistake of acting as if negotiation is exclusively a matter of reason and morality, which has nothing to do with the strength of the participants. The truth is that we need power to negotiate, just as we need power to go on strike. So far we have been negotiating as noisy and importunate supplicants. We need to negotiate from a position of steadily increasing power.

**What can we do?**

The basic question we should be asking ourselves now, after years of hard talking and little progress, is this. What can we do, among ourselves, to strengthen our position in future negotiations?

My first answer is just what I have been saying until now. We must maintain and strengthen our unity. We must ensure that we continue to speak with one voice and that
none of us makes a separate bilateral or multilateral deal which weakens the overall Third World bargaining position. This will not get easier as time goes on.

In all our countries there are groups which identify themselves with the powerful and privileged of the world and who aim only to join them—regardless of the poor in their own nation and elsewhere. In all our countries there are those who have no patience with international negotiations or agreements. In Governments, and as Oppositions, the Third World has reactionaries and radicals of different gradations. If we are to maintain Third World unity we all have to work together when operating within non-Third World organisations for Third World objectives.

I do not believe this means that we must never protest about brutality, tyranny, and racism within the Third World; that would be intolerable—and it would not serve the interests of our peoples. It does mean, however, that we may have to co-operate functionally with governments which we intensely dislike and disapprove of. For the object is to complete the liberation of the Third World countries from external domination. That is the basic meaning of the New International Economic Order. And unity is our instrument—our only instrument—of liberation.

But we have to do more than stand united when negotiating as the Group of 77. We have to work together; our nations have to co-operate economically. This is where the diversity of the Third World can be our strength also.

We have to build up trade among ourselves, and we have to do this quite deliberately. For it will not happen through the workings of laissez faire. We each have to search out the possibilities of purchase from other Third World nations, or sale to other Third World nations.

We have to co-operate in establishing Third World Multinational Corporations, owned by us and controlled by us, to serve our purposes and to remain independent of the great Transnational Corporations which now dominate
the world economic scene. We need Third World Shipping Lines to carry our goods, to open new links between us—and to break the strangle monopoly of the Conference Lines. We need Third World international insurance; it is absurd that our reinsurance premiums should provide capital for the industrialised world. We need to have institutions of research and development directed at serving our needs and developing our resources. We need to plan jointly-owned industries when our separate markets are too small for the economic viability of certain production processes. And it may be that we should be considering the idea of having our own Third World financial clearing institutions instead of paying each other through London, New York, or Paris.

All these things are possible on three conditions. That there is, on balance, equal benefit for all the participating Third World countries in each package of co-operation. That we treat obligations—financial or commercial—to each other as seriously as we treat those to the rich and powerful nations, or even more seriously. And that we should all give preference to Third World institutions when these compete with those of the industrialised world.

Building up Third World self-reliance, nationally and collectively, is not a miraculous answer to our problems. It will take time—a long time. And it will be very difficult. Certainly Tanzania is not the one to underestimate the difficulties of this prescription: East Africa is an example of a tragic failure in Third World co-operation. There have been other failures, and there may be more in the future. Yet every successful effort at co-operation strengthens the whole Third World in its dealings with the developed world. We must all keep trying. And we must all encourage and give what help we can to every attempt which is made, whether it is functional or general, neighbourly, regional, or inter-continental. All that we should ask before giving our backing, is that it is a truly Third World co-operative effort, and that it is designed to strengthen the independence and the economy of Third World countries.
This question is on your Agenda. Economic Co-operation among Developing Countries is Item 18! Yet this position on the Agenda need not matter too much; co-operation among ourselves can be a feature of the discussion on almost any subject if the approach is always “what can we do among ourselves, for ourselves?”. And there are corridors in this building!

**Preparation for Negotiations:**

The final point I wish to mention is not on your Agenda at all. But I am sometimes appalled by the handicap under which Third World negotiators enter into important meetings—either among ourselves or with others. We in Tanzania take these questions fairly seriously, yet our delegates have very little help. They get, from Tanzanian economists who have very heavy domestic responsibilities, a short Paper commenting on the major issues; they read articles in international journals; and they have the Papers which UNCTAD staffs present to us all. I believe a similar situation exists for most, if not all, Third World delegations to U.N. or North/South meetings. And with this kind of support they go to meet highly experienced people, armed with all the preparatory material done by sophisticated domestic and O.E.C.D. staffs and their computers!

Many dedicated Third World experts work for UNCTAD, and other staff members see the need for changes in the international system of exchange and finance. But UNCTAD is, by definition, a world organization. One job of its staff is to help meetings to reach agreement. It is the job of the Third World to develop and state its own position.

The same lack of technical preparation may be hindering our efforts to expand economic co-operation among ourselves. It is at present no-one’s job to search out potential areas of co-operation and present them to our overworked Ministers, and then follow up an interest. Once again, UNCTAD and other United Nations servants are helpful; we owe a lot to them. But some members of the U.N. appear to have their own feelings about U.N. secretariats serving the interests of one side—even the weaker side—in a world negotiation!
There is considerable suspicion about international bureaucracies and new institutions—I am not immune myself! They tend to be very expensive, especially if the staffs are paid at what are called “international standards”—which usually means the highest wages anywhere! But it may be that the Group of 77 should be looking again at this question of whether it needs its own full-time economists and other professional people as a technical aid to the policy-makers and negotiators. I would only add that, if we decide this to be the case, then we must pay for that technical office ourselves. He who pays the piper calls the tune!

**Change is a Process:**

Your Excellencies. As I understand it, our purpose in the Group of 77 is to try to secure changes in the world’s economic arrangements because we see these as unfair, detrimental to our interests, and indeed contrary to the interests of world stability and progress. Our goal is economic liberation, and on that goal there can be no compromise. But during the process of liberation it may sometimes be necessary to compromise; we have no desire to contract out of the world in which we live.

I have been arguing that to achieve our purposes we need to maintain and even strengthen our unity in the Group of 77, and to expand functional co-operation among ourselves. Nothing I have said is new. It can only be a reminder of well-known truths as you embark upon your labours.

For there are no miraculous answers to our problems. Changing the world order is a Process. It can be speeded; it can be directed; and it can be made less turbulent. But it will remain a process. The next UNCTAD Conference—for which you are preparing yourselves—is an event along the way. Your preparations for it should also be preparations for later stages in the process we are trying to influence.
TOWARDS A NEW INTERNATIONAL ECONOMIC ORDER THROUGH COLLECTIVE SELF-RELIANCE AND A STRATEGY OF NEGOTIATION AND CONFRONTATION

Arusha is the birthplace of Tanzania's Declaration on Socialism and Self-Reliance.

Third World countries, members of the Group of 77, meeting in Arusha twelve years later did not exactly set the Third World on the path to socialism and self-reliance. No one could have expected this either, even if the Third World has no other path for development of their peoples.

For, as President Julius Nyerere put it in his opening address to the fourth Ministerial Meeting of the Group of 77: "Some of us are avowedly 'scientific socialists', some just plain socialists, some capitalist, some theocratic and some fascist." The common bond within the Group is no more than separate nationalisms, from diverse cultures, religions and historical and social backgrounds, coming together because of their common status of dependency in relation to the industrialized world.

The Group of 77, after eleven days of deliberations, five days at Ministerial level, gave no declaration to the Third World - in deference to the host country and the need not to create confusion with the Arusha Declaration.

The Group adopted the "Arusha programme for collective self-reliance and framework for negotiations" - a programme of action for the Third World to move towards new international economic order, through the instrument of economic co-operation among Third World countries, and if possible through negotiations with the industrialized world, for a globally restructured economy and international economic relations.

This was no mean achievement, for the South is currently facing a situation where the industrialized countries, specially of the West, are determined to resist structural changes to end the economic dependency of the Third World. And, in the words of President Nyerere again, the Group had to become a trade union of the poor, pursue the path of dialogue AND confrontation, show sufficient maturity and wisdom to negotiate and compromise, and sometimes 'call a strike', if need be to show things were no longer acceptable.

Prognosticators of doom, experts and agents of North seeking to induce atomic fission of the South, were not wanting at Arusha.

Transnational media throughout the conference, and even to the last day, played up the differences and forecast the inevitability of splits - one transnational on the final day reporting, a few hours before the final meeting,
that too many differences remained within the Group and allotted to UNCTAD the role of harmonising and issuing a final document.

To add to the problems of 77, there were the invited 'observers' from the international organisations, each lobbying the 77 and its various groups (rather than the 77 lobbying them) to maintain and expand their and their executives' empires, and the 'gatecrashers' - observers from some industrialized countries and their organizations allowed as 'observers' by the host country to attend public sessions but wandering and lobbying in the corridors.

Despite all these handicaps, the participants, often quarrelling over words and procedural legalisms (that translucently showed up their differing individual and group interests), and strategies and tactics, emerged from Arusha with a sense of solidarity, with a clearer and more concrete programme of action for mutual co-operation, and with negotiating and fallback positions that if translated sincerely and firmly, both individually and collectively, in various bilateral and multilateral negotiations, could take the Third World a step forward on the road to a new international economic order.

The Group could not take a decision on "the future activities and organization for the 77". No common position emerged from the varying proposals ranging from a Third World Secretariat for co-ordinating the activities of the 77 to a small technical support team to help the Group in the negotiations and promote ECDC. The Group set up an Ad Hoc Committee of seven members each from the three regions to 'Study the desirability or otherwise of the creation of a technical support machinery to provide adequate backup for the Group of 77 in their negotiations with other groups on the programme for the new international economic order and in programmes for mutual co-operation among them'. The Study and its report is to be completed and circulated in time for consideration and appropriate decision by the Ministerial Meeting of the 77 to be convened in New York during the Thirtyfourth Session of the United Nations General Assembly this Fall.

Resisting pressures from industrialized countries and intergovernmental organizations for sectoral negotiations without any overall view as now, a situation that has contributed to present lack of cohesion on interconnected issues and objectives and end products, the Group of 77 clearly identified UNCTAD as the key instrument for North-South dialogue and negotiations and sought the strengthening of the institution, and enhancement of its capabilities through human and material sources.

In its perspective and analysis of the global economic situation, the Group agreed that the present malaise could be remedied only through structural changes in industrialized countries and in international economic relationships, development of the Third World, and changes in international institutional frameworks including a bigger voice for the Third World in global economic decision-making.

The elements of such a new international framework, needed to support and promote structural changes include: the common fund and international commodity agreements under the integrated programme on commodities, evolution of principles and policies to promote long-term structural industrial adjustments in industrialized countries, reform of the international monetary system
and an effective system for international financial co-operation for development, the code of conduct on transfer of technology, and principles and rules on restrictive business practices.

The decisions of the Group on ECDC were perhaps the major outcome of Arusha. The Group clearly saw ECDC as a measure of collective self-reliance for Third World development and as a programme of collective strategy for negotiations. A 'short medium-term action plan for global priorities' on ECDC was adopted. A number of practical steps and measures in the fields of trade, including a global system of preferential trading and tariffs among Third World countries and in the fields of monetary and finance sectors and transfers of technology were identified for furthering co-operation. The Group also called for studies in specified fields by intergovernmental experts of Third World countries to concretise the steps for co-operation including multinational trading and production enterprises that would provide the counterweight for the Third World against the giant transnational system in the global economy.

Programmes of ECDC should be undertaken through bilateral, sub-regional, regional and inter-regional projects, through interested countries coming together on selected projects agreed among themselves and promoted through such mechanisms as action committees. This has the added merit of ECDC not having to wait for overall agreement of all Third World countries but enabling those interested and willing to go ahead, allowing others to join later if they choose. The sectoral expert studies and programmes are to be periodically reviewed and further decisions taken and directives given by Ministerial Meetings of the Group of 77 that would serve as the institutional framework for ECDC.

While seeking the co-operation of industrialized countries and of United Nations organizations and agencies to further ECDC, the Group made clear that ECDC is a matter that 'chiefly concerns developing countries, and it should be formulated and implemented by them at sub-regional, regional, inter-regional and global levels'.

On integrated programme of commodities and the common fund, the Group called for political will by industrialized countries in the resumed negotiations in UNCTAD, to create a viable fund to improve the commodity economies of Third World countries through international commodity agreements for stocking and stabilising the markets, and through operations to finance research and development of production, diversification and processing of commodities in the Third World, for market research and diversification. The financial viability of the common fund should be ensured by mandatory direct government contributions to the capital of the fund, and with a minimum equal share by members of one million US dollars each, and additional contributions through an appropriate UN scale of contributions.

The Group also called for a complementary financing facility to compensate Third World countries for shortfalls in earnings on each commodity.

On technology, the Group reaffirmed the objective of a universal and legally binding instrument of code of conduct on international transfers of technology, but gave sufficient flexibility to Third World negotiators to work to reach this objective in the shortest possible time. The code should bring
within its scope and application all international transfers of technology transactions, either when parties are from different countries, or when they are located in an acquiring country if one of the parties is owned or controlled by a foreign entity, and applicable in transactions or arrangements between parent enterprises and their subsidiaries in the acquiring country or between subsidiaries and or affiliates of the same enterprise wherever they are located.

The Group also took decisions on the need to have in the code elimination of restrictive trade practices adversely affecting social and economic development of countries, specially Third World countries. The applicable law on transfer of technology transactions must be the code and law of acquiring country, particularly with issues of public policy. Such issues should be determined by national courts and tribunals of the acquiring state. Disputes could be settled by arbitration if the selection of arbitrators and procedures are fair and if the applicable law is the code and the national law of the acquiring state.

On trade issues, the Group came out strongly against the growing protectionist trends in the industrialized countries and backed the Group of 77 position in the MTN negotiations in GATT against protectionism and various tariff and non-tariff measures obstructing Third World exports, and against various non-tariff codes specially those relating to safeguards and subsidies.

The Group called for fundamental changes in the international monetary and financial institutions, for greater say for Third World in such institutions, for balance-of-payments support for development of Third World countries, for export credit guarantee facility, for improving and liberalising the IMF's compensatory financing facility, and for strengthening and increasing capacity of these institutions to help the Third World.

The Group called for a massive transfer of resources from the North to the South, on a scale comparable to the postwar reconstruction efforts in Europe, as the only way for pulling industrialized economies out of their present malaise, and at the same time promoting development in the South.

The United States, West Germany and Japan were mentioned for their failure to reach the official development assistance targets of 0.7 per cent of GNP and the Netherlands and Norway and Sweden for achieving the target and aiming to exceed it.

The Socialist countries too were asked to increase assistance and achieve the official development assistance targets.

A programme of action for helping the development of the "least developed", landlocked and island Third World countries was also called for, with special and non-reciprocal preferential treatment and measures for their development, but without detriment to interests of other Third World countries or allowing industrialized countries to pick and choose beneficiaries.

Improved economic and other relations between the Third World and the Socialist groups of countries was seen as a new dimension in the establishment of new international economic order. The Group called for increasing economic relations between the two groups of countries and linking it with efforts to establish a new international economic order.
Human beings have many needs which, all together, conform a human needs system. The insatisfaction of any one of them is due to a poverty, a scarcity of the satisfiers which satisfy it.

The way of determining humanity's main poverties is by looking at a human needs system and finding out which needs insatisfaction produces the worst and most diffused diseases.

After making this determination, I have concluded that there are two main categories of interrelated poverties:

- poverty of subsistence
- poverty of dignity

all of which have psychosomatic, psychosocial and psychoecological components.

Human beings not only need to have more but also to be more. Poverty of subsistence is mainly related to poverty of "having" and poverty of dignity is mainly related to poverty of "being".

Most of humanity suffers from poverty of subsistence: part of humanity, mainly the Third World, since many of its inhabitants are dying because of extreme poverty of maintenance. The other part, mainly the so-called developed world, because all of its inhabitants may die tomorrow in a nuclear and/or biological war due to an extreme poverty of protection.

Practically all the inhabitants of the world are suffering poverty of dignity. The reason is that most all of them are treated as mere numbers or objects, not as human beings. This is the autonomous participation component of the dignity poverty. Women are the most affected by it. The other component of the dignity poverty is the poverty of understanding. The illiterate are the most affected by it.

The following table summarizes the main problems of production and demand of satisfiers related to these four poverties:

* For further detailed consideration of this theme see: "Humanities Main Problems and the North-South Round Table", C.A. Mallmann, Synergic Developments, group associated with Fundación Bariloche, Bariloche 8400, Argentina.

Carlos Mallmann is President of the Bariloche Foundation and a member of the IFDA Council.
<table>
<thead>
<tr>
<th>Kind of poverty</th>
<th>Problem of production</th>
<th>Problem of demand</th>
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<tbody>
<tr>
<td>Maintenance</td>
<td>- insufficient in Third World countries</td>
<td>- inadequate national and international income distribution</td>
</tr>
<tr>
<td>Subsistence</td>
<td>- slowing down in food producing countries</td>
<td>- too low job generation &amp; hence demand in Third World countries</td>
</tr>
<tr>
<td>Protection</td>
<td>- too large, particularly in industrialized countries</td>
<td>- the users' need and demand does not exist</td>
</tr>
<tr>
<td></td>
<td>- 400 billion dollars in arms every year</td>
<td>- generated by the authoritarian military-scientific-industrial complex</td>
</tr>
<tr>
<td>Autonomous Participation</td>
<td>- low, because the structure of society is authoritarian and paternalistic</td>
<td>- low, because the character traits we acquire as children, starting at the family level, are of the dominance-dependence type</td>
</tr>
<tr>
<td>Esteem</td>
<td>- insufficient and maldistributed</td>
<td>- large need, because it is seen as a means for social progress</td>
</tr>
<tr>
<td></td>
<td>- repetitive and self-estranging</td>
<td></td>
</tr>
<tr>
<td>Understanding</td>
<td>- paternalistic and authoritarian</td>
<td>- low demand because of its inaccessibility</td>
</tr>
<tr>
<td></td>
<td>- alienating and depredatory.</td>
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This kind of problématique cannot be solved by correcting our course a little. It has to be solved by innovative and holistic solutions which change the course completely. This does not mean that one should change course abruptly. Most of the changes considered to be sudden are so only on the surface and do not change the deep-rooted problems of authoritarianism and growth philosophies.

The following proposal is an invitation to design others which are better. It consists of:
- carrying out a progressive national and international redistribution of income, by
- diminishing the yearly world expenditure in death purposes, particularly arms races, and
- augmenting the yearly world expenditure in life purposes, particularly erradicating undernourishment, by
- recognizing as the most important job of all, the production of human resources or the raising of healthy children,
- paying a salary for this to the person who carries it out, nowadays mostly women, and in this way
- giving economic autonomy to both members of the family, contributing to a decrease in authoritarianism, nowadays mostly paternalism, within the families, and
- generating, in this way, the food and shelter demand capacity need to be able to use the unused installed production capacities, and
- changing the family children's enculturation environment into a more autonomous participatory one which will produce less authoritarian adults, and hence more democratic societies.

ANOTHER DEVELOPMENT: WHO HAS THE VISION?
OTRO DESARROLLO: QUIEN TIENE LA VISION?
UN AUTRE DEVELOPPEMENT: QUI EST CLAIRVOYANT?

"La clairvoyance" was painted by Magritte in 1936.
VILLAGE INDUSTRIALIZATION AS A KEY COMPONENT IN INTEGRATED RURAL DEVELOPMENT

Village industrialization is a process of development through which a rural workforce is enabled to add value to the rural product.

Where the rural product begins by being too low to sustain livelihood, as in the sub-subsistence communities of many Third World countries, village industrialization creates the capacities for the production of expanding output.

The opportunities we now have for the introduction of village industries stem from the failures of modern sector, advanced technology, industries to meet the various material needs of peripheral communities. Sometimes these are failures to supply goods at the right price for rural markets; more often they are failures to supply goods at all. The failures have become endemic since fuel and transport costs inflation began to rise steeply in 1973.

Village industries are categorically different from modern sector industries of the kind that have evolved in the West, different in scale, concept and quality of output. The village industrialization process is directed at matching local consumer with local producer. Dependence on external markets or external input sources is not central to its growth. The process introduces appropriate technologies and credit systems on a sensitively-calculated incrementalist basis.

Its objectives are the supply of basic material needs, the creation of local employment, and the reduction of external dependence. The trade-off between these objectives emerges from the response by the local community to their development potential. Popular participation by the community workforce in adding value to the rural product is central to what we conceive real development to be.

Examples of village industries that have already been proven as generators of rural uplift in many Third World countries include oil-seed expressing; grain-milling; fruit and vegetable drying, pickling and preserving; textile weaving and spinning; farm tool production and repair; sugar and salt evaporation; wood and metal fabrication.

Protection from modern sector industries or from imported alternatives has, in India, been secured for Cottage Industries by statutory reserved lists of products, over 560 in 1978. In Zambia, as in many other countries hitherto relying largely on modern sector industries or on imports, a natural protection for infant rural industries can be traced to costs inflation in the modern sector and to a low world price for copper from Zambia's Copperbelt.

Rural development cannot be achieved by locating modern sector industries in the rural areas. Even where the backward and forward linkages with farm output are strong, such investments have the effect of urbanizing a rural community. They fortify dependency and urban drift.

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Vivian Craddock Williams

A (NORWEGIAN) GRASSROOT VIEW OF THE PREPARATIONS FOR A NEW INTERNATIONAL DEVELOPMENT STRATEGY

While the Third System Project is striving to introduce diversity, flexibility and human scope to development thinking, the official preparations for the UN Special Session on development strategy are taking their predictable turn.

The resolution adopted at the last UN General Assembly on guidelines for the preparations of the new International Development Strategy, portraying the very real differences between the groups of countries, was the result of drawn-out negotiations behind closed doors.

As we all know, what has come to be one of the real bones of contention between the Group of 77 and several of the industrialized countries is the extent to which "internal affairs" are to be considered as a part of an international development strategy. Particularly resented, according to well informed sources, were references to "social justice", distribution of wealth, and the integration of women in development. As in the case of the preparations for the Conference on Science and Technology for Development, the Group of 77 wanted to concentrate attention on their demands for justice and concessions from the industrialized countries - jealously guarding their sovereignty over "internal" matters.

This also links up with their dislike of the "basic needs" doctrine (in an unsophisticated sense). However, while the Group of 77 regards "basic needs" as a ruse by which the industrialized countries hope to evade the responsibilities of the NIEO, the "grass root" of taxpayers of industrialized countries that for years have been exasperated by reports that development assistance money has failed to improve the living conditions of the poor, the women and the children, look at the "basic needs" doctrine as a more promising approach than either the "old" development assistance or the elite-oriented NIEO.

When the Group of 77 in general dislikes the "basic needs" approach and does not want to discuss "internal affairs", including women's issues, in the context of UNCSTD and IDS, does this imply that they attach all importance to the international structure for their development, or simply that they resist the tendency of the international community to hold the governments responsible for their national policies?

Possibly the members of the Group of 77 are miscalculating when they give in to the growing trend to demand, even more aggressively, concessions which will finally amount to considerable sacrifice from the grass roots of the industrialized countries, and therefore need support from a wide public.

There is mounting awareness among countries with a sizeable foreign aid bill of the paradox that spokesmen from the poor members of the international community demand solidarity and distribution of wealth from the richer members, while they

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1National Council of Women, Oslo, Norway.
themselves deny the relevance of the counter-demand that they show the same soli-
darity toward the poor members of their national community. This is hardly
acceptable for the peoples of some of the donor countries who have come a long
way toward accepting the same responsibility toward other peoples of the world
as they feel for members of their own nations.

It ought to be obvious to the governments and elites of the Third World countries
that the solidarity and responsibility which is demanded of the people of the
industrialized countries in the name of international justice go to the people,
not to the governments, of the Third World countries. It goes from a grassroot
group in an industrialized country to a corresponding group in the developing
country - from, let us say, women in Norway to women in Zambia, from suppressed
groups to suppressed groups, from trade unions to trade unionists in jail. In
the long run it will be very counter-productive if the individual governments
persist in claiming that the principles of human rights, applicable to human
individuals, of freedom, self-determination and non-intervention, actually are
"state rights", however unrepresentative the regime is of men and women, in that
state.

As long as any state demands something from another state which will affect the
citizens of the latter, those citizens have the self-evident right to ask how
this concession will benefit the citizens of the demanding state. It is not
sufficient to refer to UN documents and resolutions, adopted by a majority vote
of government representatives, specifically designed to protect governments
against this kind of "populist" intervention. Unkind eyes will see this as a
form of elitist conspiracy.

Therefore, we may predict that an IDS that does not contain the necessary domes-
tic components will have but slight appeal. Some industrialized countries have
taken this into account when they consistently claim that international and
national social justice have to be seen as complementary factors in development.
Also, this will be even more important as, hopefully, governments in industria-
lized countries become more truly representative of and responsive to their
peoples - including women.

An IDS that passes by the necessary integration of women in the development
process will further alienate the female part of the public opinion - a section
of society, however, that is among the most ardent supporters of international
solidarity and of all possible assistance to more unfortunate sisters around the
globe.
"Perhaps more than any other institution in the world, the World Bank is helping large numbers of people move out of absolute poverty toward a more decent life."

- World Bank President, Robert S. McNamara, April 2, 1978

The World Bank has rapidly emerged as the leading institution for development financing, with lending commitments for 1979 projected at $9.8 billion. President Carter has asked American taxpayers to virtually double their contribution to the Bank. Our $2.2 billion in fiscal 1979, we are told, would help the Bank further its "assault on poverty".

The World Bank's Assault on Poverty

Important insights into the World Bank's battleplan can come from reading any of its confidential rural project planning documents ("gray covers"). Here the Bank staff seems to follow a ritual formula - one apparently unaffected by the Bank's "basic needs" rhetoric of the past five years.

Technical and statistical data are paraded forth. Poverty is qualified. The poor are spoken of in para-military terms: this is, as "the target population". Despite the stress on "participation" in publicly-touted policy papers (for example, "The rural poor must participate in designing and operating a program which involves so many of them"), poor people, project documents imply, can be reached from the top down. The poor are never seen as the participants, much less the instigators, of their own development.

Project proposals, nominally written by the local government, are in most cases ghost-written by Bank "missions" that fly in at no small expense from Washington for a few days.

The presumption throughout project design is that development can be achieved only by bringing in external resources. Foreign investment is thought of as essential. Everything should be done, therefore, to develop a favourable climat for foreign banks and corporations. That a project design includes ongoing reliance on imports is not seen as a problem.

The project implementation section amounts to a series of best-of-all-worlds projections. Statement of goals plus money equals success. Poverty is simply there with no hint that forces are at work creating and sustaining it. A project plan is an exercise in economics divorced from political, sociological and cultural factors. The possibility of conflicting interests on any level is apparently unthinkable. Government and other actors are all presumed to be working together to eliminate poverty. Results of projects are measured only in statistics, not in the experience of real people.

* Dr. Collins and Ms. Lappé are co-authors of Food First: Beyond the Myth of Scarcity (Houghton Mifflin 1977 and Ballantine Books 1979). Together they founded the Institute for Food and Development Policy (2588 Mission St., San Francisco, CA 94110). The Institute is conducting a study of aid and development.
"Going to the Big Boys"

With the Bank's project designs opting to ignore the social roots of poverty, is it surprising that they seem time after time to achieve the reverse of stated goals?

Take the Bank's credit to the government of Bangladesh to fund 3000 deep tube-wells. Each tubewell can irrigate 60 acres, making possible an extra crop of rice in northwestern Bangladesh. According to a Bank press release, each well would serve from 25 to 50 in a cooperative irrigation group. But independent researchers Betsy Hartmann and James Boyce, who lived for nine months in one of the villages covered by the project, found what was no secret to anyone in the village: the tubewell has wound up as the property of one man, the richest landlord in the village. The World Bank (in reality the Bangladesh government) paid $12,000 for each well; this landowner paid less than $300 for his, and that mostly in bribes to local officials. And the vaunted irrigation cooperative is but a few signatures he collected on a scrap of paper.

Was the Hartmann and Boyce experience atypical? Apparently not at all. Expressing their dismay to a foreign expert working on the project, they were told:

"I no longer ask who is getting the well. I know what the answer will be and I don't want to hear it. One hundred percent of these wells are going to the 'big boys'."

The project should not be thought of as simply failing to help the 'target group'. Such a project actually undercuts the supposed beneficiaries by enriching their enemies. Thanks to their increased income due to the World Bank tubewells, larger landowners will be better positioned to buy out the small farmers, thus driving them into the growing ranks of the landless. The same foreign expert commented:

"On paper it all sounds quite nice. When the officials fly in from Washington for a three-day visit to Dacca, they look at these papers. They don't know what is happening out here in the field, and no one is going to tell them."

World Bank officials who find themselves forced to admit the failure of such a project invariably do not question its premises. "More managers", they say "are what is needed".

Not Neighbours, But Rivals

We ourselves investigated another Bank rural development program in Bangladesh, a major 'pilot' program called RD-1 (Rural Development Phase One). The stated goal of the $16 million RD-1 is "to reduce the domination of rural institutions by the more prosperous and politically influential farmers and to make farm credits and agricultural inputs ... available to the small farmers through the cooperative system."

The Bank, you will note, presupposes there could be a cooperative system not dominated by the elite landowners.
People in each village we visited, however, told us that the so-called cooperatives were for the well-off — generally the top 10 percent owning six acres or more — who controlled the records and determined who could join and get credit. For the rest, especially the half owning one acre or less, the payment terms are too stringent and the membership fees too high. Moreover, without land, coming up with collateral is virtually impossible. "Even if I did come up with a scheme to pay back a loan" one landless villager complained, "the cooperative would still not give me credit".

The case in Bangladesh confirms a pattern we have found throughout the world: village cooperatives will inevitably be co-opted by the elite groups as long as land remains grossly unevenly distributed.

Projects dreamed up in a social vacuum must play themselves out in the real world of injustice and conflict. As one Food and Agriculture Organization agronomist with 15 years experience in Bangladesh told us, "The thing to remember about the villages is that the people are not neighbours but rivals". Similarly the fundamental social reality, we were repeatedly told, is a struggle over land: the well-off scheme to get their smaller neighbours in debt to them in order to foreclose on their land; the poor farmers desperately maneuver to hold on to the little land they have.

Thus the rural elite who usurp the tubewell — or the new machines or the extension worker's guidance or whatever the Bank projects supposedly earmarked for the small farmer — make sure the poor will not benefit. This is true even if it means vastly underutilizing the new input.

Don't Rock the Boat

A recent Bank policy paper on rural development explains how projects should deal with "the existing social system". The paper states: "In many countries, avoiding opposition from powerful and influential sections of the rural community is essential if the Bank's program is not to be subverted from within".

The Bank's commitment to not rocking the boat is clear when we discover that many of its rural programs do not even make the pretense of aiding the poor smallholders. In Assault on World Poverty the Bank states that it is allocating almost half of its rural credit to small farmers. But this means then that more than half of the Bank's rural credit will still be going to medium and large farmers who at most constitute only 20 percent of all landholders in the Third World.

Moreover, closer examination of project appraisals has taught us to be on the alert about even the "almost half" supposedly going to "small farmers". For whether or not World Bank credit is getting to the rural poor depends, in part, on how the Bank defines "small". In Guatemala, a joint FAO/World Bank farm credit program would allocate one-half of the credit to the top three percent of the landholders, those owning 112 acres or more. The other half would go to what the Bank calls "small farmers", those owning less than 112 acres. To an American, 112 acres might sound small, but this cut-off point hardly separates out the rural poor in Guatemala where a full 97 percent of all farmers
have less than 112 acres. With such a guideline, the Bank's project could bypass totally the real poor majority in Guatemala, farmers with less than even one acre and, of course, the many with no land at all.

Even where the stated purpose is to benefit the truly smallholders, the Bank itself acknowledges that the credits go through national agricultural and development banks, primarily winding up in the hands of largeholders. In the Philippines, for example, the World Bank made two loans to rural banks that were partially government-owned. Smallholders with less than seven acres (who comprise 73 percent of all farmers in the area) actually received less than one percent of the credit extended.

The Landless

And if the Bank is serious about attacking rural poverty, what does it offer the many landless in countries where a few monopolize the land? (Even in the Bank's own conservative estimate, the landless make up 40 to 60 percent of the population). To deal with the landless, the Bank unabashedly revives the "trickle down" theory. We were told, for example, that millions of dollars for an irrigation dam will generate more farm employment, a boon to the landless. But, as Hartmann and Boyce ask, "Is giving aid to the rich so they can hire more poor at subsistence wages really the way to best help the poor?"

An utterly rare exception: the Bank did design a sub-project in Bangladesh to benefit landless villagers directly. The $16 million RD-1 project includes a meager $4,000 loan for a single landless cooperative to purchase from the government a pond and three acres of land. (There is much more government land in the village but the well-off have usurped it.) Since the workers' income is still such that they must also work for the village landowners to survive, this program amounts to a wage subsidy for the rich landowners.

The program furthermore includes only a third of this single village's landless and does nothing to confront the structures that generate their landlessness.

In visiting this project, we could not avoid feeling that it was nothing more than a showcase. In signing the co-op's visitors book, we noticed signatures of visitors from several European countries and Canada. Were the poor people we met there being underpaid for their unwitting service to the Bank's image?

The Bank goes out of its way not to rock the boat even in cases of outright corruption by elites. In Bangladesh the price tag on pumpsets for the Bank's deep tube well project jumped from $9 to $12 million simply to meet the demand for super profits by the pumpset importer, Bangladesh's richest citizen.

A Bank is a Bank

While "feeding the hungry" might warm the heart of World Bank officials, there is no column on their ledger sheets headed "full stomachs". Poor people growing food for themselves do not produce money and foreign exchange. For only if they sell their production, that is, generate "marketable surplus", will loans get repaid. That is what the Bank is concerned about.
The World Bank, like any other bank, seeks to minimize risk. The Bank itself notes, "Lending only to those with investment opportunities sufficient to produce a significant marketable surplus is perhaps the best way to reduce the level of default." "Those with investment opportunities" is a euphemism for the larger landholders. It is hard to be at once a bank and savior of the poor!

Besides betting on the largeholder, the Bank often carries its risk minimization one step further: farmers are "encouraged" to produce nonfood crops. This will ensure a marketable surplus. Cotton and rubber, after all, cannot possibly be eaten by the producers. Furthermore, as the Bank notes, "Delinquencies (in loan payments) have also been reduced when repayment has been coordinated with the marketing of crops that are centrally processed, for example, tobacco, cotton, cocoa, tea and coffee." Thus to minimize its own risks, the World Bank prefers not to lend for the basic food crops of the people. Actual agricultural loans overwhelmingly demonstrate this preference.

Livestock is the Bank's most favored "cash crop", comprising one-third of all agricultural loans. The portion is even higher in Latin America, where over 70 percent goes to livestock projects. In 1971 the Bank provided a $4 million loan to Guatemala to cover 52 percent of the costs of a beef project and promised a $15 million follow-up loan for expansion. The benefitting ranchers were dubbed "medium-sized". In fact the sub-loans went to the country's 300 richest export ranchers.

A Bank-financed livestock project in Kenya is allocating 87 percent of all credit to a few large corporate and other commercial ranches. Bank economist Uma Lele gives a classic Bank rationalization for so much money going to so few: "The tax revenues generated from these ranches are expected to help the government provide rural services to other needy areas". (Yet another indication that "trickle-down" theory has not been buried at the World Bank.)

The Bank also favours sugar cane. Visiting Indonesia, we learned that it is bankrolling (so far to the tune of $50 million) the rebuilding of the sugar mills built by Dutch colonizers. And, according to the Wall Street Journal, sugar mill officials are "forcing the unhappy farmers to grow cane at gunpoint".

Besides focusing on the large landholders and cash crops, yet another way to insure that the marketable surplus does not get eaten is to send out "supervisors". But the Bank still frets: "... supervision can never completely eliminate increases in consumption following the receipt of loans, even when credit is provided in kind".

Pushing Money

Bank loan officials target loan quotas for each country. They prod project officers to come up with more and bigger outlets to meet those quotas.

Focusing on scaring up outlets for huge sums of money isn't exactly conducive to Bank officers reflecting on the social consequences of their projects. "Anyone who stops to raise questions", we were told by one Bank consultant who has worked with every department in the Bank, "is considered an obstructionist - not a good team man".
This "excess funds syndrome" lends itself to the perpetuation of extreme corruption in government. The Wall Street Journal reports that in Indonesia it is "authoritatively estimated" that 10 to 15 percent of the total cost of Bank-financed projects (now running at over $500 million a year) is dissipated through "leakage". As the largest single lender in most countries, the Bank also can undermine the efforts of smaller official and voluntary agencies that put tight conditions on aid to circumvent corrupt and exploitative structures. With the Bank ready to lend large sums with no effective strings attached, why would a government bother with such agencies? "The Bank", development workers have repeatedly told us, tends to be a "reckless donor".

In Tanzania, a major part of the funds in a World Bank urban garden project went to an outside contractor for building a storage unit. It cost four times as much per square foot, we were told by a community worker close to the project, as a comparable structure built by the participants themselves in a similar project nearby. The community worker also told us that the Bank this year has channelled into the project twice the amount of money needed. "The excess", she stressed, "leads to waste and inefficiency".

The Bank is pushing money, yes, but not giving it away. Loans must eventually be repaid - and with foreign exchange, earned, as we have seen, largely by the labour of rural people producing for export. At best the Bank, through its IDA operation, gives loans on concessional terms. Much of these loans, however, merely serve to create the cash flow that makes it possible to make payments on previous regular bank loans as well as private US and European bank loans. Moreover, Bank projects invariably require the local government to put up "counterpart funds" to lubricate the local operations of the projects. Thus scarce financial resources - and human ones, too - are tied up by Bank projects.

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Repaying mounting debts puts a country under ever greater pressure to orient every aspect of the economy toward exports. The "debt trap" pushes countries away from building a basis of self-reliance, the only foundation for a new international economic order.

**Financing Exports**

The World Bank was chartered at the close of World War II to stimulate and finance capital goods exports from countries like the United States. The Bank inevitably defines "development" as things that cost lots of money and need to be imported - buildings, foreign high-salary technicians and the vehicles they need, dams, roads, laboratories, audio-visual equipment, and so forth.

In Indonesia, at least 50 percent of a Bank nutrition project goes to "bricks and mortar" and fancy equipment for fancy buildings, as one American working for the United Nations in Indonesia told us. Even under the heading of agriculture and rural development, World Bank loans go overwhelmingly to build infrastructure - from roads to dams - that enrich local and foreign contractors and consultants. (Not surprisingly, according to a recent State Department estimate, for every dollar the United States has paid into the Bank, $2 have been spent in the US economy - which should lead us to ask who is aiding whom).
Sophisticate audiovisual equipment and other electronic hardware make up over $1,000,000 of the budget of the 1977 agricultural extension project in Thailand. It sounds more like a Stanford graduate program in mass media than a rural development project in Asia. Moreover, some of the "bargains" to be purchased for the project by "international competitive bidding" include: 420 hand calculators at $50 each; 30 desk calculators at $160 each; 30 16mm movie projectors at $1200 each; twelve 21-inch color television receivers at $1,050 each, and on and on. (Business readers might wish to check into selling to the Bank).

More Than a Bank

The World Bank is not simply a provider of development loans. Over the past few years it has become a major force in shaping national economic policies. In the Bank's own words:

"IDA's borrowers, in particular, would be unlikely to obtain finance on terms as satisfactory as IDA's from any other source; they are therefore unlikely to disregard the kind of advice they may be given by Bank IDA missions whose periodic surveys of their economies include assessments of the soundness of their economic policies."

The Bank has begun establishing permanent missions in Third World countries, often located right within planning ministries. In an increasing number of countries the Bank puts together and chairs a consortium of the principal bilateral and multilateral lenders that coordinate donor contributions and policies. In many countries, such as Bangladesh, the Bank is quietly placing advisors in key ministries of the government. One trump card of the Bank is that it determines governments' international credit ratings.

Loans go increasingly to the world's most repressive regimes, those willing to implement fiscal measures dictated by the Bank — measures that penalize workers and peasants. Four countries experiencing military take-overs and martial law since the early 1970's - Argentina, Chile, the Philippines and Uruguay — will receive a sevenfold increase in World Bank lending by 1979. Loans to all other borrowers will increase only three times.

No Accountability

The Bank is in no sense a democratic or even broadly representative institution. It is accountable to no one but itself. And it would be naive to expect that such a powerful institution can or will effectively monitor itself.

Bank documents are secret. The Bank is virtually unstudied even by social scientists; there are fewer than a dozen articles and books analysing this powerful institution. No staff member will testify before any congressional or parliamentary hearings. Only recently has the bank begun to go through the motions of secret evaluations of all the projects it funds. Those who have seen some reports of the Bank's Operations Evaluations Department tell us that they were greatly "sanitized" when they were later summarized for a Bank public relations publication.
Evaluations are sometimes commissioned of outside consultants; but how independent are they, given that their next contract might come from the Bank? One such major evaluation we heard was critical. It has been suppressed and the author was ordered to do a "re-write". Public reports, we are told, must be upbeat in order to gain support in the congresses and parliaments of donor countries.

While in Bangladesh, informed foreign sources told us that recently a mission had flown in from Washington and pronounced the RD-1 program we discussed earlier a success "because it is based on sound principles" and that it should be expanded. Yet only the day before a Bangladesh government official had shown us an internal Bank memorandum indicting every aspect of the implementation of the project and concluding that the co-op system operates "excessively in favour of the more wealthy farmers".

Moreover, many local government negotiators of Bank loans often aspire to a position with the Bank in Washington. Are they about to question a Bank project? As we were told in Sri Lanka, now taking massive Bank loans for a dam irrigation project, government elites in the capital are already expectant about "having a whiskey" with all the foreign experts who come with such a project. In all, a fairly closed circuit.

Accountable to no one, the Bank is free to make whatever grandiose claims it wishes about the number of people who benefit from its projects. Mr. McNamara, for instance, would have us believe the Bank's agricultural and rural development program will "reach" 60 million in the "poverty target group" by lending during 1975-1979. The Bank, you see, likes to count beneficiaries by totalling up the number of people living in the area where a Bank project is to take place. This is equivalent to arguing that a dam in Paluba, California, benefits the population of California which is 20 million, 4 million of whom live below the poverty line. Soon the total of poor beneficiaries is likely to be more than the total number of poor people in the world.

Some at the Bank might reason that meeting the basic needs of the poor would pacify those working to alter present social structures. But, even if this be the goal, their programs are ultimately self-defeating. Intervening with funds for profit-generating investments, while opting to keep intact the social structures that generate poverty, only strengthens the grip of elites. The result is that the poor are even further impoverished.

A COMMENT BY B.A. JENNY

The preceding Collins/Lappé effort in criticizing World Bank projects is, in a sense, laudable. The authors voice their articulate criticism from the outside of that powerful institution which "is accountable to no one but itself". They also write with a lot of sympathy for the plight of the peoples (not the governments) of the Third World.
The article has, however, a major shortcoming: it criticizes World Bank operations without discussing the overall problem of multilateral assistance, of which they are a part, and apparently without considering the effect of such criticism on the fabric of international cooperation. This is tantamount to a quotation out of context, and the article should therefore be looked at with caution.

Who is the audience? What are the underlying value judgements of the authors? If the audience is the "American taxpayer" who is asked by his Administration to supply some of the funds for, say, replenishment of the IDA, he (particularly if he stands on the right wing of society) may well find in the article another set of wonderful excuses to do less than nothing for Third World development. Should this be the conclusion of the article?

Along these lines, the hard data exposed by the article would be so many more nails in the coffin of the multilateral system. But, is that fair? Is it wise to participate in the destruction of the multilateral system - to send the IBRD, UNDP etc., down the drain based on some flashes of their inadequacy and wastage? Is it in the interest of the Third World to turn off the tap - to refuse replenishment of IDA funds?

American taxpayers and Bank critics in the Third World may of course - for different reasons - legitimately continue to work on the destruction of the multilateral systems. In both cases it is fashionable to do so, and the arguments in favour of such a policy may be good at the moment. Third World critics may argue for delinking and may refuse to continue swallowing excess credit from the North, hoping that something new may rise from the ashes of the post-war era. But, what should that be?

Another policy may be to recognize two things: (i) that the multilateral system is unwieldy, arrogant, and promotes maldevelopment while helping the rich, but (ii) that it can be redirected by pressure from Third World governments. It is a fact that these governments have no small influence over the allocation of World Bank credits in their own countries. Why don't they try to find good projects conceived by and for the people that promote self-reliance, access to resources and capital - and can be sold to the World Bank? The pressure on the Bank to invest its funds is so great that it may be very hard for the Bank to refuse good projects - if they would only be promoted by Third World governments.

The "ghost writers" and "Bank missions" that fly into Third World capitals "at no small expense from Washington" could be used as a resource for this purpose. Some of them might like that idea and may help selling good projects to the Bank. Compared with the more direct ties that may be imposed by bilateral sources, the multilateral system is characterized by a very complex web of "strings" - with ideological and commercial interests pulling in various directions. This widens the scope for negotiation and for pressure, so that it should be more likely that Third World borrowers can put it on the right track, in the interest of their peoples. Why turn off the multilateral tap before enough serious attempts have been made to channel its resources in the proper direction?
A U.N. Delegation
(buriedly despatched)
discovered however
a smallish island
with a total population
of 2
Both inhabitants
regrettably
not each a millionaire
as we'd presumed

But one the island owner
income per annum
Two million
The other
his cook/chauffeur
shoeshine boy/butler
gardener/retainer
handyman/labourer
field mudge etc. etc.
The very same
recently ministered
by malnutrition

Statistically
it was a rich island
income per capita
one million
per annum

Naturally
it was a shock to bear
half the population
had been carried off
by starvation
Statistically
it was a rich island

C. Rajendra
LA DEMOCRATIE ECOLOGIQUE

"Pour une EUROPE DIFFERENTE, vers une démocratie écologique". Manifeste de l'Action Ecologique Européenne, dans le cadre de la campagne électorale pour le Parlement Européen. La "Démocratie écologique" y est ainsi définie:

La démocratie écologique se fonde sur une nouvelle alliance entre l'homme et la nature et sur la reconnaissance de la nature de l'homme. Cela implique un changement radical dans la hiérarchie des priorités et des valeurs, par exemple:
- compter sur soi ('self-reliance') en tant qu'individu ou que groupe au lieu d'abandonner la conduite de sa vie entre les mains d'"experts";
- promouvoir des collectivités à la mesure et au service de l'homme: des usines, des écoles, des hôpitaux, des services divers répartis sur l'ensemble du territoire, plutôt que de s'adonner au mythe du gigantisme concentrationnaire et urbain;
- intégrer à la vie sociale les jeunes, les femmes, les ouvriers, les malades, les vieillards ... au lieu de leur ségrégation.

Cela implique encore:
- que rien ne se fasse au niveau national qui pourrait se décider au niveau local ou régional;
- une répartition équitable des emplois assurant un travail qui ait un sens plutôt que de perdre sa vie à la gagner dans d'enormes usines toujours plus automatisées et aliéantes au nom de la productivité;
- de reconnaître la nature comme facteur primordial d'une société stable et pourtant dynamique.

Et c'est pourquoi la conservation des ressources naturelles, des minéraux, des combustibles, l'arrêt définitif des centrales et des armements nucléaires sont au cœur de la démocratie écologique.

L'ENERGIE : COMPTE A REBOURS

Rapport au Club de Rome par Thierry de Montbrial

Ce nouveau rapport au Club de Rome est un bon outil de travail: les annexes sont riches et très clairement présentées. Presque toutes les données techniques, économiques et financières du problème sont bien analysées et commentées. L'ensemble donne une réconfortante impression de solidité. Les recommandations de Robert Lattès et Carroll Wilson paraissent empreintes d'une sagesse mesurée mais lucide: la crise de l'énergie ne peut que s'aggraver au cours des prochaines décennies, les temps de réponse à nos décisions sont très longs, il nous faut donc agir vite et fermement, etc...

Et pourtant, si l'on regarde de plus près le texte de Thierry de Montbrial, on ne peut qu'être frappé de ses curieux silences et tours de passe-passe. Trois exemples.

1/ J.C.Lattes, Paris, Septembre 1978, 320 pages
Concernant les choix des filières nucléaires, on sait que le réacteur américain à eau légère, aujourd'hui grand vainqueur mondial, n'était pas, et de bien loin, la meilleure des solutions techniquement possible pour produire de l'électricité à grande échelle, mais fut choisi par le souci des constructeurs de rentabiliser au plus vite les investissements de la guerre froide pour la propulsion des sous-marins. Passons : le voile pudique jeté sur les origines est une loi du genre. Il est plus surprenant de voir l'auteur escamoter l'enjeu majeur qui oppose Français et Américains au sujet du surrégénérateur : indispensable aux yeux du gouvernement français, extrêmement dangereux aux yeux du président Carter et de ses conseillers, tant à l'égard de la sécurité des réacteurs eux-mêmes qu'à l'égard de la prolifération des armes atomiques.2/


Quant aux origines du quadruplement des prix du pétrole de 1973, l'auteur expédie en deux lignes l'accablant dossier des complicités américaines dressé par John Blair4/ et Oppenheim5/ : il serait malsain de reconnaître que l'OPEP fut alors l'exécutant d'un règlement de compte dans la compétition capitaliste transatlantique. L'auteur se contentera de regretter énigmatiquement "l'absence de réaction" des pays dominants en 1974. Bizarre, bizarre...

Au total, la présentation de Thierry de Montbrial, accentuant la fatalité technique du nucléaire, amenuisant à plaisir les degrés de liberté d'une politique énergétique socialement responsable - se donne pour ce qu'elle est : un habillage consciencieux des positions officielles du gouvernement français.

Louis Puiseux, CIRED, Paris

3/ Pour une autre politique nucléaire, rapport du Comité "nucléaire, environnement et société" au Parti Socialiste, rédigé par Alain Touraine, Jean-Marie Martin, Marcel Froissart, Lew Kowarski, Ignacy Sachs, etc., préfacé par François Mitterrand, et fort discrètement édité par Flammarion la veille des élections législatives (mars 1978).
Ashok Parthasarathi*, Electronics in developing countries: issues in transfer and development of technology (UN Document TD/B/C.6/34, 1978)

"Electronics" conveys to the profane the image of a highly technology and capital-intensive industry, accessible only to "advanced" industrialized countries. This study demystifies the industry; it shows how some Third World countries have entered it, how others can follow and how the industry can be guided along a need-oriented path. As always, one may ask to what extent the Indian experience - on which this study largely draws - is of value to smaller, less industrialized Third World countries. In this case, the answer seems to be positive; the industry is labour intensive, produces high output in relation to capital invested, and can be viable on a relatively small scale of operation. Moreover it offers scope for industrial co-operation among Third World countries perhaps with some high technology input from "smaller developed country compagnies".


An account of the proceedings of the Committee of Twenty for International Monetary Reform. The reform effort failed due to a lack of political will. It would be useful to compare the rejection of the Keynes proposals at Bretton Woods and the Committee's failure to influence the Second Amendment. What are the political forces at work in these two not dissimilar situations.

Poverty and Landlessness in Rural Asia (ILO, 1977)

The increase in Asian poverty has been associated "not with a fall but with a rise in cereal production per head, the main component of the diet of the poor". Incentives to expand output alone are not enough. "Effective demand for greater food output" has to be created among the poor.

T.S. Bowles, Survey of Attitudes towards Overseas Development (Commissioned by the UK Ministry of Overseas Development)

Mrs. Judith Hart in her foreword states that "the opportunities for mutual benefit which will come from the development of the poorer countries, and our help for that process, are just not being seen. Too many attitudes are still moulded almost entirely by irrational feelings, misconceptions and prejudice". Publicity of the wealth of Middle East oil countries, domestic economic difficulties and immigration appear to have had an effect on the negative attitudes of those questioned.

Miguel S. Wionczek, LDC External Debt and the World Economy (El Colegio de Mexico and Centro de Estudios Economicos y Sociales del Tercer Mundo, Mexico City)

The volume contains the proceedings of a private international meeting of some 30 experts organized at the end of October 1977 in Mexico City under the

* Study by the UNCTAD secretariat in co-operation with Mr. Ashok Parthasarathi, Secretary, Electronics Commission, Government of India, in his personal capacity. Ashok Parthasarathi is a member of the Council of IFDA.
auspices of the two Institutes. It provides a comprehensive coverage of the Third World External Debt issues.

- Ismail-Sabri Abdalla, "Heterogeneity and differentiation - the end for the Third World?", Development Dialogue (1978:2). This issue also includes a section on "Another Development in Education" and "Another Development in Law".

- Marxism, Democracy and the Rights of Peoples / Marxisme, Démocratie et droits des peuples, Homage to / Hommage à Lelio Basso (Milan: Franco Angeli Editore, 1979) with contributions from Ahmed Ben Salah, Richard Falk, José Echeverria and many others. Lelio Basso died last December, shortly after receiving this festchrift.

- Les sept points cardinaux - Orientations éco-logiques (Genève : Institut universitaire d'études du développement, 1978)

- Pierre Bungener, Le développement in-sensé, Itinéraires pour un combat (Lausanne : L'Age d'Homme, 1978)


NEWS FROM IFDA

At its last meeting, the Executive Committee of IFDA has elected Ahmed Ben Salah (Tunisia) and Jan Meijer (Netherlands) as co-chairmen of the Foundation for 1979 and 1980. Co-chairmen are elected for a two-year non-immediately renewable period. The co-chairmen for 1977 and 1978 were Mahbub ul Haq (Pakistan) and Maurice F. Strong (Canada).

The Council of IFDA now groups 43 members from 30 countries of which 28 members from 19 Third World countries. In addition to the 37 members listed in IFDA Dossier 1 (January 1978), members includes R. Nita Barrow (Barbados), Director of the Christian Medical Commission at the World Council of Churches; Gabriel Garcia Marquez (Colombia), writer; Branko Horvat (Yugoslavia), Director of the Institute of Economic Studies, Idriss Jazairy (Algeria), Deputy Secretary General for International Cooperation, Ministry of Foreign Affairs; Mircea Malitza (Romania), Professor at the University of Bucharest, and Luis Matos Azocar (Venezuela), Director of the Centro de Estudios de la Realidad Latinoamericana.