

benefiting large and medium landowners. These and other programmes have also led to environmental degradation and an irresponsible and non-sustainable use of natural resources like water and land, which has negatively affected the possibilities particularly of the poor to make a living.

### Type of Aid

This type of development has thus sharpened the edge of India's present agricultural policy, which was characterised by Dr. Subba Rao in a speech three years ago as:

- regionally too much concentrated in some states and districts;
- biased towards capital-intensive technology supported by government policy, e.g. subsidising labour-displacing tractors and harvester combines;
- a price policy of agricultural products favouring the rural higher income groups;
- creating ecological problems.

Aid programmes related to industry have sometimes resulted in hampering Indian indigenous technology development along patterns more suitable to the Indian situation and in a larger technological dependence on the western countries.

I am not going to the extent of saying that all aid has been equally detrimental for India. Some of it has been quite useful or gives a mixed picture. But a larger part of it has certainly reinforced an agricultural and rural type of development which has already been heavily criticised in articles, books and pamphlets.

My opinion is that western aid policies, and of course also other economic relations in the framework of the present unjust economic order, are at least partly responsible for the continuing widespread poverty in India. Much development aid emanates from and promotes western development models which are harmful for the majority of Indians. In the western countries, on the other hand, more and more people are asking themselves questions about the appropriateness of these models, not only for the developing countries but also for the developed countries themselves. Unemployment and environmental degradation are at the moment probably the two most crucial problems

### Current Comment

## Right to Work: Western Development Assistance and Employment Guarantee in India

Gerard Onk

For years we have been criticising present development and development aid policies of the Netherlands, the European Community and the World Bank because:

- they often promote capital-intensive and labour-extensive western development models and technology;
- a large part of the aid is being used for western business promotion;
- most of it is only reaching a small group with higher incomes in India and a number of other reasons.

Development assistance for the rural areas has thus far mainly consisted of support for a "Green revolution model" biased towards the richer farmers. For example most development assistance of the EEC and a large part of the bilateral aid of the Netherlands consists of fertiliser shipments. The World Bank is financing big dams and so-called social forestry programmes, which are destroying the livelihood of many tribals and other poor groups and largely

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in the European countries and certainly in a small densely populated country like the Netherlands.

### The Employment Guarantee Scheme

A few years ago, while studying agricultural and rural issues in India, my attention was drawn to the Employment Guarantee Scheme (EGS) in Maharashtra and the promotion by some groups of this model for other parts of India. After going deeper into it, my conclusion is that it is a very relevant strategy to strengthen the position of the agricultural labourers. It not only contributes considerably to the improvement of their living conditions, but can also give them more economic and political bargaining power if they are well organised. The enactment of an Employment Guarantee Act at the national level can provide an important impetus for this. I do not see employment guarantee for rural workers as a blueprint for the removal of poverty and oppression and it certainly has its shortcomings and limitations. But its implementation will certainly be an important step forward for agricultural labourers because it does not give them a dole but a fundamental right to employment and income. Also for women employment guarantee is of great relevance because it greatly increases their opportunities to get a job and earn higher wages compared to most agricultural work.

The EGS in Maharashtra has, however, one important limitation: it does not change the present unequal distribution of assets, especially land, but tends to strengthen the asset-base of larger landowners. But not having a national EGS will not change anything either, while the introduction of it might create better conditions for a more equal distribution of assets—both in and outside the Employment Guarantee Scheme—if the agricultural labourers seize it as an opportunity to organise themselves.

Furthermore I think it is important to note that the Government of Maharashtra is currently preparing a pilot project for concentrated environmental upliftment under the EGS, while already now much of the EGS works are related to soil conservation, afforestation and watershed improvement. Anil Agarwal too had urged a combination of ecological regeneration and employment guarantee. Such a combination sounds quite sensible, because it could tackle two central problems in India at the same time.

### Western Aid and EGS

Based on what I have said before I think it would be of great relevance to start an educational campaign in the Netherlands and other western countries on:

- the situation of the agricultural labourers in India, in relation to Indian agricultural policy and western development policy.
- the need for guaranteed employment for agricultural labourers in India, against the background of the advantages of the EGS in Maharashtra, and for other alternative policies (both in India and the developed countries) to structurally improve their position;
- the growing movement of Indian NGO's and unions in India which are in support of a national employment guarantee or right to work and on the plans of the central and state governments on this issue
- the necessity to find alternative solution to the problems of unemployment and environmental crisis in the western countries.

But I think that more can be done on our side, with regard to relating western assistance to the implementation of employment guarantee in India. I would like to present some proposals, on which I would very much appreciate your comment. One idea is to start a campaign in the European and possibly other western donor countries of India carried out by critical NGO's, unions etc., educating the public but also trying to mobilise political pressure on the western governments to reorient their bilateral and multilateral development aid towards a possible new all-India employment guarantee programme and other programmes which will benefit the agricultural labourers in particular. Linked to this, western NGO's and unions should in my opinion demand that development aid be totally united from the present obligation attached to most of it to use it for imports from the donating country. This would give the Indian government the freedom to use the western currencies for imports from any country it chooses, while the rupee equivalent of that amount is used for the employment guarantee programme. The latter can be seen as financial and political support for such a programme while the uniting of aid from import obligations increases the options for the Indian government.

The above mentioned objectives of a "aid for employment campaign" are meant to bring about a shift from the present development policy to one which is on the one hand much more oriented towards the right to employment and the alleviation of poverty and on the other, less conditioned by economic pressure of the western countries. As part of such a campaign present aid policies will of course be criticised, but at the same time a perspective for an alternative development aid policy could be offered which gives more credibility to the criticism.

All of this does not imply that western development aid is an essential prerequisite for an employment guarantee programme in India, which is of course a political choice in this country. But criticism of present aid policies and pressure to change them is important to highlight the necessity of alternative development policies, both in India and in the western countries. The public and political mobilisation itself in the western countries on this issue will only be useful if it is perceived on both sides as an act of solidarity with the employment guarantee movement in India. Even if it were not to result in any change of policy on the part of governments, it will make clear that the economic self-interest of the western countries is a more dominant factor in development assistance than the much trumpeted humanitarian concerns.

### Objections to this Approach

When I discussed the idea of such a campaign with a number of people in India, mostly from voluntary organisations, most of them reacted positively, but a few had serious reservations. One objection was that foreign donors should not be involved in India's anti-poverty programmes because of the possible "strings attached." Instead it should be used, in this view, to import the necessary advanced technology and other much needed foreign products and services. It was also felt by some people that India can raise the money for such a programme by itself and should not ask for foreign funds for it. Finally it was feared that a western campaign of NGO's and unions with the aim to reorient aid policies to employment guarantee, could lead to doubts about the motives of the Indian NGO's who are promoting employment guarantee for rural workers.

Others, however, did not agree with these objections. Almost everybody emphasised that the educational impact of such a campaign on the western public and policy makers was an important objective in itself. The linkage with western aid policies increases its impact. It was also felt that the campaign should be used to make the western public look more critically at their own society and its negative effects on developing countries. Parallels can be drawn: how does western society create unemployment in India and how is it going to solve this?

Apart from the arguments in favour of the solidarity campaign, others were given against the objections raised above. One was that the Indian government itself is asking for foreign aid, knowing that there are always conditions from the donor's side as well as internal debates on how to spend it. So why not try in a democratic polity to influence the governments to spend development assistance as much as possible in favour of the poor, or at least not against their interests? Several of the people I spoke to also had objections

against the programmes and capital-intensive technology now often being financed by aid. They felt that aid funds now being spent on the Green Revolution technology, fertilisers etc. could be better used to support at least partly a employment guarantee programmes. A high level officer of the Ministry of Rural Development told me that financial resources for this employment guarantee programme would most probably be welcomed by the Indian government and encourage the government to go ahead with it. Before possibly starting a campaign along the lines suggested, the opinion of people involved in the issue in India is of course decisive. Also more details would have to be discussed.

### Foreign Debt and EGS

A second proposal I would like to bring forward related to the latter one. India has a growing external debt burden of around \$66 billion and a debt service ratio of around 30 per cent. Exactly how menacing India's external debt is at the moment, is a matter of discussion in and outside India. But everybody seems to agree that there is reason for great concern. Development loans have contributed a lot to this situation. Multilateral and bilateral credit forms around 65 per cent of India's total external debt, with both types of funding responsible for an almost equal amount. The net transfer of bilateral aid was in 1986 only 12 per cent of the new loans, because the repayment of earlier loans plus interest has been eating up the rest.

India's present debt burden—some say that the country is already in debt trap—is, or at least should be, the responsibility of both India and its donors. They have jointly pursued a development policy which has led to this situation. On the basis of the moral and political implications of this, I think the western public opinion and organisations committed to the poor in India should urge their governments to convert India's debt from bilateral and multilateral loans into grants for the funding of the employment guarantee programme and possibly other programmes benefiting the poor in India.

In the case of the Netherlands for instance this would mean that around Rs. 70 crores a year would become available for such purposes, on top of the Rs. 140 crores India receives annually from the Netherlands. Such a debt-for-employment swap will have the double advantage of reducing India's external debt, while at the same time the rupee equivalent will be used for a strategy to improve the position of agricultural labourers in India. This advantage can be further heightened by limiting the schemes under EGS to biomass regeneration and ecology restoration programmes that would prevent drought and would at the same time build community assets meant for the landless.