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Evaluation of New and Old Rural development strategies; New World Bank 1997 Strategy of 'Rural Development : From Vision to Action'; and earlier concept of Integrated Rural Development.

Rural development emerged as powerful paradigm of Development during early 1970s. Failure of economistic top-down models of the first two Development decades of 1950s and 1960s caused widespread disillusionment, dissent and criticism of the very project of Development. Development and Modernisation lost meaning and came to be identified with policies and programmes pursued by International aid agencies and Third World states, that enriched urban-industrial elite, and rural masses were told to await the benefits of 'trickle-down effect'. World Bank president Robert Mcnamara, admitted in 1973 that "Growth was not equitably reaching the poor, and growth had been accompanied by greater mal-distribution of income in many developing countries" (cited in Rahnema 1992 :17).

Postwar global economic restructuring, envisaged modernisation and industrialisation of 'traditional' and 'agrarian' societies of newly decolonised Third World countries as the process of "catching up" by which they could develop. Agriculture and rural economy were assigned passive, and secondary role, to industry in the process of 'inevitable' structural transformation of primarily semi-agrarian conditions of Third World. "Goal of Development was growth, the agent of development was state and means of development were macro-economic instruments" (Leys 1996:7).

Every paradigm is a child of its times. The increasing instances and deepening of rural poverty, coupled with emergence of critical voices, like

concerns about ‘limits to growth’ necessitated rethinking of Development. By early 1970s, thus, it became abundantly clear to the world, that industrialisation, alone could not solve the problems of poverty of masses in Third World. Economic development in Third World, therefore, had to walk on ‘two legs’ (to use Mao’s term) of industrial-urban sector and agricultural-rural sector.

I will answer the question of differences of World Bank’s New Strategy of Rural Development, from the concept of Integrated Rural Development, by situating the discussion, in this historical context.

2. THE CONCEPT OF INTEGRATED RURAL DEVELOPMENT:

Like the meta-narrative of Development, Integrated Rural Development (here-in after refered to as IRD), is a problematic concept and means many things to many people. Biergegard (1988:7), says, “...to a considerable extent, IRD is a revival of Community Development concept from 1950s...much the same concept now labelled IRD has been promoted with same motives to transform rural areas”.

Experiences of Development during 1950s and 1960s, revealed that poverty is a multi-dimensional condition of human existence, and it cannot be disembedded from socio-cultural and historical contexts. IRD therefore, emerged as the holistic concept of sectoral reforms in areas of poverty alleviation, unemployment, nutrition, sanitation, education, population, and health. Chambers (1997:17) has described manageable bounded geographical areas; rural poverty; rural development; and small holding farming as characteristic features of IRD.

Thus, IRD was envisaged as a broad and comprehensive process, rather than just the goal of increasing agricultural production, which was the focus of Green Revolution strategy. Concept of IRD, was further expanded with the

evolution of Basic Needs Approach, in 1976, by International Labour Organisation (I LO). " The approach proposed the idea of dealing with the task of coping with these needs, instead of expecting their satisfaction as a result of process of Development....The World Bank found it particularly attractive since it appeared as the natural sequel to its experiments with 'target groups' which it had started in 1973 " (Esteva 1992:15).

T. W. Schultz's book Transforming Traditional Agriculture (1964), gave strong economic argument to the idea that 'small farmers are poor but efficient', and formed the ideological basis for treating small family farmers as the nucleus of integrated rural development programmes in 1970s and 1980s.. Thus, a large number of IRD projects were undertaken world-wide, targeting small farmers, by providing credits to procure productive assets to generate income and secure livelihoods. IRDPs emphasised inter-sectoral relationships between different aspects of rural economy like, agricultural inputs, dairy products, non-farm sectors and other agro-based industries. Like the community development programmes of 1950s, social component of health, education, social mobilisation, participation, and co-ordination of activities of various government departments, were the important features of IRD.

IRD Programmes were implemented by state bureaucracies and assisted by donors , who were far removed from on-the spot activities and realities of every day life of rural people. Planning at national and regional levels, followed standardised approaches, which often overlooked the real needs and demands of local people. For example, in India, standardised packages, of milch-buffaloes, sewing machines, HYV packages, and allocation of identical number of beneficiaries were prescribed in all districts, irrespective of specific local diversities and requirements.

These problems, coupled with complexities of implementation led to large number of failures of IRD projects. Eicher and Staatz (1990:20), comment that, "

...the rise and decline of IRD (1973-80) was in some ways very similar to the fate of Community Development programmes in the 1950s". Various other characteristics and features relating to operationalisation of IRD will be elaborated in Section 4, by illustrating example of real-life experience of IRDP in India.

3. WORLD BANK'S (1997) NEW RURAL DEVELOPMENT STRATEGY : DIFFERENCES FROM IRD :

I. Contextual Differences:

World Bank's New Rural Development strategy, (herein after referred to as New Strategy), articulated in ' Rural Development : From Vision to Action', comes up in the context of new globalised world, shaped by forces of internationalisation of trade and finance; revolution in information technology in wake of satellites communication and emergence of post-1989 unipolar world order. New Strategy, therefore reflects the imprint of these changes, particularly market economy reforms, with minimalisation of State, undertaken since early 1980s as part of global economic restructuring. Concerns about ' Limits to growth' caused by environmental degradation due to unbridled industrialisation; and concerns about Gender and inclusion of Women in Development, are also reflected in the new strategy paper. Participatory orientation of development during 1970s and 1980s also forms part of new bottom-up approach, advocated by World Bank.

Thus, New Strategy is contextually different from IRD by incorporating the successful developments of last two decades. The thrust of New strategy, however remains poverty alleviation; shared growth; food security; and sustainable natural resources management (World Bank 1997 : 21). About goals like poverty reduction, agricultural productivity, focus on small farmer which

remain constant, World Bank (1997:91) says, ” We will address old issues in new ways “.

Besides contextual differences, discussed above other major differences of New Strategy are elaborated in following paragraphs, under the sub-headings: Macro-economic Reforms; Sustainable Agriculture and Food Security; and Participatory development and Agrarian Reforms.

II. Macro-economic Reforms :

“ After starting with timid reforms in the 1980s, the Bank is now supporting much bolder programs, encouraging trade and price reforms, and market orientation” (World Bank 1997:67). New Strategy thus, makes fundamental departure from IRD, by proposing full-fledged macro-economic orientation of rural development. It takes into account changes in the role of agriculture which has been occuring over the decades, from ‘growth with equity’ during 1970s to policy reforms and structural adjustments during 1980s. The market-oriented approach advocated by New strategy, envisages commercialisation of agriculture; better domestic markets for agricultural out put by favouring employment-intensive industries; technological change in agriculture; investment in rural infrastructure and encouraging rural entrepreneurs.

New strategy, builds up on the structural adjustment programs of 1980s, which were instrumental in developing the culture of ‘micro and medium’ rural enterprises in rural economy of Third World. The ‘enterpreneurship culture’ is proposed to be intensified by carrying out beauraucratic, institutional and legal changes in tune with macroeconomic reforms. In most Asian countries success of Green Revolution has already created the ground work for technological changes and commercialisation of rural economy . Harris (1988:22) puts the issue in right perspective by stating that, “The process of commoditisation and

the development of capitalism, or the linking up of rural household producers with capitalist production in various ways is perhaps the dominant process of change in contemporary agrarian societies".

New strategy, takes into account these changes and envisages integration of rural economy with urban economy. Concept of 'rural enterpreneurship' is key to operation of rural market economy, with 'competitive market', as the mechanism, of allocation of resources among farmers. "Recent adjustment processes have stimulated the emergence of a class of rural entrepreneurs...this transformation process from a state-dominated system to a private-sector system is only now beginning.." (World Bank 1997:69). 'Private and competitive agriculture' and 'Agribusiness', are proposed as the main 'engine' of privatisation of rural economy, by generating linkages with other sectors of national economies; broadening income generation opportunities; and earning foreign exchange by exports or savings through import substitution.

III. Sustainable Agriculture and Food Security :

Amartya Sen's work "Poverty and Famines" (1981), documented the fact that food self-sufficiency, in itself could not solve the problems of famine, food, hunger and malnutrition in Third World countries. Therefore the question of food security assumed pressing importance during 1980s. It was realised that food and agricultural policies should be linked with macro-economic policies. New strategy reflects these concerns and focuses on agricultural intensification rather than extensification, to balance the needs of food security with growing environmental concerns.

In fact concerns of biodiversity, forestry, fisheries, wild-life habitats, water and irrigation management, soil erosion etc., are seriously reflected in the New Strategy. It offers a win-win synergetic relationship between food security and environmental protection. World Bank says, " Agriculture is both a threat to bio-

diversity and key to its survival...the productivity of existing farms and rangeland will have to increase dramatically in a sustainable manner if the twin challenges of improving living standards and enhancing the environment are to be met" (World Bank 1997:76). There, is thus a trade-off, between exploitation of agricultural resources by application of technological changes for maximisation of food security and at the same time, managing natural resources in a sustainable manner. New Strategy paper, thus reflects the concerns of global warming, energy depletion, and carrying capacity of earth. At the same time it proposes to accelerate food production by applying new innovations in the field of microbiology, genetic engineering and other environment-friendly technological innovations.

IV Bottom-Up Participatory Development and Agrarian Reforms:

World Bank (1997:33), says "...IRDs failed by being excessively top-down". New strategy, therefore, takes into account the experiences of past decades, in emphasising the need for participation, community development, and decentralisation. Failure of top-down, technocratic approach of development has largely been attributed to the fact that people were left out of the processes of development. Participatory development of 1980s has, to a great extent addressed the issues of ' putting people first' and involving people at all stages of identification, formulation and implementation of rural development programs. Local involvement and active participation of people in development, is considered essential from the point of view of greater efficiency of New Strategy. " ...promoting local and community development is one of the most important activities in which the Bank is engaged" (World Bank 1997 :82).

In tune with 'rolling back of State' drive of 1980s, people's participation and decentralisation are envisaged as the part of process of 'privatisation' of rural Development. Role of civil society and NGOs, is considered crucial in the task of rural transformation and agrarian change. One of the most radical aspects of

New strategy, is its proposal for ‘market-assisted’ or ‘mediated’ land-reforms. “Market-assisted land reform may help improve the rural poor’s access to land without the political resistance of other approaches to redistributing land” (World Bank 1997 :37).

New strategy, thus takes cognisance of the experiences of previous decades. Technological changes (Green Revolution) and creation of human capital (IRDPs), have not been able to address the question of growing social-differentiation in rural life. Actual number of poor, all over the world is growing by the day and gains of rural development are not ‘trickling down’ to the poor. Therefore need of institutional reforms, as suggested by New Strategy, is of utmost importance, to bridge the gap between rural ‘haves’ and rural ‘have-nots’. New strategy takes cognisance of these concerns, “..with the move towards markets every where, there is now considerable interest in countries to strengthen land administration and undertake land reforms” (World Bank 1997 :84).

4. RURAL DEVELOPMENT IN REAL LIFE SITUATIONS :

The differences of New Strategy, from IRD discussed above are corroborated by way of the real-life experiences of operationalisation of IRDP in India and Impact of structural adjustment programs and macro-economic approach to rural development, on the lines of New Strategy, by way of an example from Latin America.

I. Rural Livelihoods : Action From Above:

Ben Crow (1992), has examined various issues relating to IRDP in India. Initially visualised in 1978, IRDP, has been one of the most ambitious anti-poverty programmes undertaken by successive governments in India. Building up on the experiences of Community Development programmes of 1950s and

Green Revolution of 1960s and 1970s; IRDP was conceptualised on the understanding that instead of expecting full-fledged radical land reforms across the country, poverty of rural landless could be tackled directly. This involved providing credits for assets like irrigation pumps, cattle, sewing machines, poultry, fisheries, looms, food processing and milk production etc., to increase cash incomes and alleviate poverty.

Crow (1992:254), observes that, " 44 % of poor households have achieved a viable investment as a result of IRDP intervention " Thus, the provision of state-subsidised credit for poor households has been effective, particularly in view of the fact that landless poor are handicapped in procuring
credit from banks due to problems of collateral and informal sources like landlords, money lenders, traders etc. are exploitative. But IRDPs could not provide long term credits, as a result, after couple of years all investments showed declining returns. Problem was aggravated particularly due to the reasons of non availability of land to landless poor, due to which they could not maintain their assets. Crow therefore concludes that, " The case of IRDP gives grounds for pessimism about actions which don't confront the structural causes of poverty and insecurity in existing relations of power and property" (Crow 1992:257).

II. Investment Strategies to combat Rural poverty in Latin America:

Alain De Janvry and Elisabeth Sadoulet (1990), have examined the issues of rural development, as a consequence of Structural Adjustment Programmes (SAPs) and investment strategies. SAPs were introduced in Latin America during 1980s as a result of balance of payments crisis and inflation. Agriculture merged as the most dynamic sector of economy during the economic crisis of 1980s. Introduction of real exchange rates favoured export of tradable goods , which is the nature of most agricultural goods in Latin America. Reduced protection of industry also favoured expansion of agriculture, " the volume of

agricultural exports increased at an annual growth rate of 3.1% between 1980 and 1986, while that of agricultural import fell at a rate of 2.7%"(Janvry and Sadoulet 1990:443).

Janvry and Sadoulet point out that combination of macro-economic reforms, technological changes, and institutional reforms, created agriculture-led growth strategy and generated foreign exchange. Authors however feel that to promote such a market-oriented strategy for rural development, agriculture cannot continue to be assigned a passive and secondary role to urban-industrial sector. The success of structural adjustments in agricultural sector in Latin America, was due to emphasis on low-capital technology, generation of employment in agriculture, processing products, and handicrafts etc. Janvry and Sadoulet (1990:452) advise that " Today, rural development must be seen as a productive social investment and not as a compensatory social welfare programme"

5. NEW RURAL DEVELOPMENT STRATEGY: A PARADIGM SHIFT FROM 'STATE' TO 'MARKET':

Discussion in this paper, thus, clearly brings out the State-centred focus of IRD and Market-centred orientation of World Bank's New Strategy. Examples illustrated in previous Section, bear testimony to this major paradigm shift in Rural development strategy. Janvry and Saduolet (1990:454) contrast the strategy of commoditisation of rural economy with that of IRD in these words, " While IRD projects have sometimes proved effective, they have also met with considerable problems....for promotion of technological change, commodity programmes have proved to be more effective rather than IRD projects". The example of macro-economic approach to rural development, illustrated by example of Latin America validates the basic arguments of New Rural development strategy, articulated by World Bank.

The example of IRDP in India brings out the limitations of project-interventionist-managerial approach of IRD in tackling deep-rooted problem of

poverty. New Strategy goes beyond the 'micro-project' approach of IRD to rural development and proposes macro-economic reforms and bold land reforms involving change in the agrarian structure. The market-orientation of New strategy may open up new spaces, to rural poor, for better release and channelisation of their 'productive' energies or 'enterpreneurship' , which is blocked in top-down approach of IRD strategy. This participatory and bottom-up approach advocated by World Bank (1997) synchronises with holistic methodology advocated by Uphoff (1996:303), " A post-Newtonian social science looks beyond reductionist either or/zero-sum thinking to tap the social energy to be found in collective action".

New Strategy (1997:92) outlines "freer and fairer world agricultural trade" and example of "East Asia" for other developing countries as two other main 'outcomes' of the New Strategy, besides 'poverty reduction', which is a clear statement of Market-orientation of rural development. In view of discussion and analysis in the paper, supported by real-life examples, in my opinion, Rural Development is on the path of a clear-cut paradigm-shift from State-centred IRD strategy to Market-centred New Strategy. Chambers, in his characteristic style, expresses the paradigm shift in these words "... So the development dogmas did a U-turn from a neo-fabianism of direct government action to...a neo-liberlism of privatisation and free market" (Chambers 1997:16).

6. CONCLUSION

Henry Bernstein, captures the essence of unfolding phenomenon of rural development and problematic of poverty, with his critical insight, "Peasants have to be located in their relations with capital and the State, in other words within capitalist relations of production mediated through forms of household production, which are the site of a struggle for effective possession and control between the producers and capital / state" (Bernstein 1988:176). Thus struggle of rural people for 'possession' and 'control' are the key to effective transformation

of their social, economic, and political life and end of chronic problems of underdevelopment, deprivation, destitution and poverty. Site of struggle, however, has undergone fundamental transformation, from 'State' in IRD strategy, to 'Capital' in New Strategy.

World Bank's New Strategy transcends the top-down 'statist' limitations of IRD and believes that Market-assisted or mediated macro-economic reforms, land reforms and peoples' participation can release 'suppressed' productive energies of rural people and thus generate greater efficiency in agricultural productivity, food security and reduction of poverty. There is no two opinion that 'developmental' Third World States in the heyday of decolonisation, promised radical institutional reforms, democratic decentralisation, participation and empowerment of people, but failed to carry out the same effectively during about six decades of post-war period.

In view of the discussion and analysis in the article, in my opinion, New Strategy, should be seen as another milestone in the ongoing journey of Rural Development, on the path already traversed by Integrated Rural Development. Eicher and Staatz (1990:27) correctly advise us that, "The challenge remains to integrate the macro-economic concerns of 1980s and 1990s, with improved micro-economic understanding gained in 1970s and 1980s".

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