

EXTERNAL ASSISTANCE

After World War II, the imperialists have been forced to change their old style of direct colonial rule and exploitation. They have adopted a new style of exploitation by relying on certain agents in newly independent countries. By means of economic 'aid' or other forms such as direct investments, the imperialists make all efforts to retain these countries as market for their goods as outlets for export of capital, and as sources of raw material to plunder the riches and suck the blood of the people of these countries. This new colonialism is more pernicious and sinister than the old form of direct colonialism. The imperialists adopt every means available to preserve colonial exploitation of the peoples of the former colonies by adopting new forms and new methods. They try to retain, extend, and strengthen their hold through various levers of economic control.

One of the most important plans adopted by imperialism in its various forms of export of capital-private and government-is 'aid' capital, the latest form of export of capital adopted by imperialist countries to continue their hold in the former colonial countries. *"export of capital as distinguished from the export of commodities acquires exceptional importance"* (Lenin).

There is a belief that aid is a kind of dis-interested international munificence : Those who propagate this view are deceiving the people in the face of clear evidence of its role as a weapon of influence and control. President Kennedy, without disguising the role of 'aid', said in 1961 that "foreign aid is a method by which the United States maintains a position of influence and control around the world, and sustains a good many countries which would definitely collapse or pass into the communist bloc". Therefore, aid is a means "to maintain the influence and control" over countries to which it is given, to sustain countries from 'collapsing' - meaning thereby, to protect the ruling classes of the aid-receiving countries from the growing revolutionary forces. As a former senior economist of the U.S. Agency for International Development has admitted, "economic assistance is one of the instruments of foreign policy that is used to prevent political and economic conditions from deteriorating in

countries where we value the preservation of the present government".

In an interesting book "Aid as Imperialism" published by 'Penguins', Teresa Hayter characterises 'aid' as *"a complicated edifice of deception"*. The author, who was on the staff of Overseas Development Institute financed mainly by the World Bank, came to the conclusion after a few years of experience that this 'aid' was *"stunting and distorting"* the development of the backward countries. The author writes that, *"since being in Latin America, I have come slowly to realise"* that the contribution of aid *"to the well-being of the people of the third world is negative"*, that *"aid can be regarded as a concession by the imperialist powers to enable them to continue their exploitation of the semi-colonial countries"*. Further, it also helps *"to create and sustain, within third world countries, a class which is dependent on the continued existence of aid and foreign private investment and which, therefore, becomes an ally of imperialism"*. Furthermore she explains that "it can secure the adoption of measures favourable to the providers of aid and unfavourable to the recipients; it can be used, deliberately or otherwise, for projects which impoverish the mass of the population; and it usually adds to the burden of debt carried by the countries receiving it and hence to their dependence". Material benefits to the aid-giving countries are immediate. "In one sense, aid is merely a form of subsidy for international companies paid for by the tax payers of the imperialist countries - a form of exploitation of the people of the aid-giving countries themselves in the interests of the international companies. It in no way helps the aid receiving countries. Goods which are financed by tied aid are usually very much more expensive than those which could be bought elsewhere". Aid enlarges "the overseas markets for the products of the private companies of the imperialist powers". "Aid is a means, used to secure the creation of facilities such as roads, harbours and training institutions ... to make the operations of these companies more profitable." Thus aid is nothing more than "a mere bribe or concession to sweeten the pill of exploitation."

These long extracts from the above book are given mainly to prove that the rulers of this country are hand in glove with imperialist powers to exploit the people of this country in the interests of international companies and their agents in India.

It is further intended to expose social imperialists who claim

that "credits extended by the Socialist countries are exerting a telling influence on the aid of the imperialist states in India." ("Dollar and Asia", by Ulyanovsky.) This prettification of imperialist aid has come in handy to the imperialist aid-givers and their agents in India, to claim that 'Aid' is in India's national interests, and that aid is inevitable for national development. This is a cover for the pernicious, usurious exploitation of India by the imperialists.

After World War II, the imperialists have certainly not given up colonialism but have adopted a new form—neo-colonialism. An important character of such neo-colonialism is that imperialists have been forced to change their old style of direct colonial rule and to adopt a new style of colonial rule and exploitation by relying on the agents they have selected and trained.

India has not only allowed old colonialists to continue to plunder but has given every available incentive for new colonialists to plunder our resources at their will. India has become a centre of exploitation by imperialism.

It is my duty now to expose this criminal conspiracy of the Indian ruling classes with imperialism, with facts and figures. History has had no example of any country which has developed into a strong and powerful nation with the type of 'Aid' India is receiving from imperialist powers.

In June 1920, Lenin, had expressed that :

"It is essential constantly to expose and to explain to the widest masses of the working people everywhere and particularly in backward countries, the deception practised by the imperialist powers with the help of the privileged classes in the oppressed countries in creating ostensibly politically independent States which are in reality completely dependent on them economically, financially and militarily." ("Thesis on National Colonial Question" adopted by the Second Congress of Communist International, reproduced in "Documents of the History of the Communist Party of India", Page 204)

Quantum of Assistance to India

External assistance, or foreign aid, to India is growing with galloping speed. India has been receiving aid from all Western countries without exception from 20 countries in all, including Japan. The International Bank of Re-construction and Develop-

ment (I.B.R.D.), known popularly as World Bank, is playing a major role of co-ordination to help India gain greater aid.

Towards the end of September, 1970, India has been allotted by various countries and the World Bank, amounts totalling Rs. 9,171.3 crores of loans and grants, out of which Rs. 8,063.4 crores had been utilised till that date. The thirst of the Indian economy for foreign loans and grants is unquenchable. Of the growth rates in our Five Year Plans, it has had the greatest growth rate.

The phenomenal speed with which it is growing can be gauged from the fact that India's foreign debt constituted a mere 0.3% of the National Income in 1960-61, whereas by 1967-68 it was more than 19%. "The per capita foreign debt of India is about Rs. 92.02", reports Y.B. Chavan as Finance Minister of India in 1970 (Indian Express, November 21, 1970).

More and more, India is becoming dependent on external assistance not only for growth, but even for its very existence. This becomes evident also when we study the immensity of its role in our Central budget. "The proportion of overall budgetary deficit covered by external assistance rose from 9.2% in the First Plan, to 30% in the Second Plan, and then to 49.2% in the Third Plan. It further shot up to 52.7% in 1955-66." (R. B. I. Bulletin, October 1968).

During the First Plan, the authorisation of foreign assistance amounted to Rs. 381.7 crores (averaging Rs. 76.34 crores per year), utilisation being Rs. 201.7 crores (averaging Rs. 40.54 crores per year).

The year 1956-57 became a turning point as regards extension of foreign aid. India suddenly found herself requesting large sums of aid to avert a foreign exchange crisis, having exhausted nearly a Rs. 1,000 crores worth of sterling balances, even before it had taken a single important step towards industrialising the country. The crisis has continued to deepen ever since. The imperialists, under the leadership of American imperialism, through the Aid India Club, have always kept India on starvation rations, as regards credits for production purposes, so as to keep the country's balance of payments in a state of acute crisis and continued dependence on Western aid. With the result that external assistance began to mount, and reached

unprecedented proportions. During the Second Plan, the authorisations amounted to Rs. 2,538.8 crores (Rs. 507.64 crores per year), utilisation was Rs. 1,430.31 crores (average per year being Rs. 286.06). During the period of the Third Plan, the authorisation of external assistance was Rs. 2,838 crores, averaging per year Rs. 579.44 crores; the utilisation was stepped upto Rs. 2,867 crores, utilisation per year being Rs. 573.54 crores. In the three years after the Third Plan, years known as 'plan holiday', authorisations of external assistance increased to Rs. 3,180.2 crores, the average per year thus rocketing to Rs. 1,060.06 crores. The utilisation during this period was equally of huge proportions being Rs. 1,032.66 crores per year. The following table from *Economic Survey*, 1969-70, gives the full picture.

TABLE : 5.1

**Authorisation and Utilisation of External Assistance
from 1950-51 to 1968-69 (Rs. crores)**

	Upto First Plan	During Second Plan	During Third Plan	1966-67	1967-68	1968-69
Authorisation	381.7	2538.8	2898.3	1423.3	714.9	942.9
Average per year	76.34	507.64	579.44	1060.06		
Utilisation	201.7	1430.3	2867.7	1055.6	1177.2	864.9
Average per year	40.54	286.06	573.54	1032.56		

After such phenomenal use of foreign 'aid', one naturally expects that the Indian economy would have reached the stage of self-help, or in the sophisticated phraseology of the planners, the 'take-off' period. But, unfortunately, the Indian Baby under the extravagant and scientific guidance of expert doctors of international finance has not even begun to stand on its own feet. How can the question of its 'take-off' be visualised? It has become clear that, due to the pecuniary interest of the experts, the baby will not grow out of its 'babyhood', so that its dependence on external assistance for its very survival continues to grow.

The Fourth Five Year Plan estimates that aggregate external assistance, net of debt servicing, required during the Fourth Plan will be Rs. 1,850 crores. Since debt-servicing is estimated at Rs. 2,280 crores, gross aid during the Fourth Plan, of Rs. 4,130 crores is estimated to be a minimum necessity. Moreover, this minimum is calculated on the basis of export earnings increasing at a compound rate of about 7% per annum. ("India : 1970"), Even granting that the Indian planners' hopes on export earnings materialise, the gross aid needed for the Fourth Plan is more than the gross aid utilised in the Third Plan. The Third Plan utilised Rs. 2,868 crores, averaging Rs. 574 crores per year, whereas the Fourth Plan envisages external assistance of Rs. 4,130 crores, averaging Rs. 826 crores per year.

This so-called aid is nothing but new design of colonial exploitation, concealed but more up to-date, and more flexible. This is the latest method to preserve the doomed and moribund colonial system a change of forms and methods, resulting in much more excruciating exploitation of the underdeveloped countries. It is no wonder that "President Nixon asked congress on wednesday for a massive overhaul of United States foreign aid programme and a step-up in military and economic assistance abroad, *Foreign assistance is quite clearly in our interests as a nation, Mr. Nixon said in a special message outlining his proposed new aid system for the future*" (Economic Times, April 24, 1971)

With India's increasing dependence on foreign assistance the donors have stepped up pressure on India to revise her economic policies in the interests of foreign finance capital. The Clay Committee, which was appointed to study the American Aid Programme, after a lightening tour of the world produced in 1963 a report of utmost significance for countries like India. The committee was categorical in stating that "the United States should not aid a foreign government in projects establishing government - owned industrial commercial enterprises which compete with existing private endeavours" which firmly endeavours to implement the policy of further strengthening the hold of foreign private capital in India. As P. J. Eldrige in his book remarks "the U. S. is losing many of its inhibitions and [is] formulating far more active and positive views as to the needs and defects of the Indian economy, being prepared to suffer some political opprobrium in return for greater involvement in solving the more intractable economic problems." ("Politics of Foreign Aid" Page 35).

"Beginning with the Bell Mission report on behalf of the World Bank in August 1964, India has come under increasing pressure to revise her economic policies".

("Politics of Foreign Aid", Page 34)

To portray this increasing dependence on external aid, which has become a 'great drain' on Indian resources, 'as a blessing in disguise', is an expostulation in "Crisis of India": "Rich nations do not generally lend or give money unless they can profit by doing so; they expect returns in the form of strategic involvement, political subservience or economic advantages; and whatever their motives, they seldom lend or give enough to produce more than peripheral effect" (Page 185).

How true the observations are ! Our experience of 20 years has taught the lesson (of course, only to those who are willing to learn) that even though the Indian economy has heavily mortgaged itself, these heavy loans have had only 'peripheral' effects; 'self-reliant' economy is yet a long way off - not yet within sight.

External aid is an important mechanism of extraction of maximum profits. It accentuates international payments difficulties. It is a means for building up a market for their own goods. It aids the export of foreign private capital to control and dominate the dependent countries' production, exercising control over their economies. It is a means to obtaining a decisive voice in making economic and political decisions and realising neocolonial designs in partnership with the comprador big bourgeoisie and in alliance with big landlords.

Such have been the dangerous results obtained by India. The so-called aid is nothing but a new design of colonial exploitation, concealed but up to date and more flexible. This is the latest method to preserve the doomed and moribund colonial system - a change of forms and methods resulting in much more excruciating exploitation of the under-developed countries.

It is no wonder that President Nixon proclaimed that "Foreign assistance is quite clearly in our interests as a nation", asking the American Congress for a massive overhaul of the United States' foreign aid programme and a step-up in its military and economic assistance abroad.

While India's dependence on the Western donors continues to increase in dangerous proportions, China, on the other hand, had repaid all loans and bills by 1966. "China owed not a penny to anyone and was very proud of this state of affairs" (Han Suyin, "China in the year 2001", Page 98).

Country-wise Aid

After the Second World War, a new method adopted by 'Big' powers, of controlling the economic heights in an underdeveloped country, is through 'economic aid'. Since a maze of pretence, hypocrisy, and make-believe has enveloped this issue, a major effort is required to penetrate this smoke-screen of generosity through economic aid.

What is crucial is that economic development of the underdeveloped countries would be profoundly inimical to the dominant interests in the advanced capitalist countries. The ruling classes in the developed countries are bitterly opposed to the industrialisation of colonial and semi-colonial areas of the world. All leverages - of diplomatic intrigue, political subversion, and economic pressure - are set in motion, in the strategy to hinder the independent development of the underdeveloped countries.

In the strategy towards this end, the tactics of 'economic assistance' forms the most important part.

The following table shows the immensity of aid flowing from Western countries as well as from the Soviet Union and other 'socialist' countries.

(See Table on Next Page)

TABLE : 5.2

Aggregate External Assistance upto 1968-69

(Rs. Crores)

Authorisations	Consortiums Members	of which U.S.A.	I.B.R.D. I.D.A.	Socialist countries	of which U.S.S.R.	others
1. Upto First Plan	303.6	213.6	57.2	64.7	64.7	13.5
2. Upto Second Plan	2152.4	1525.0	260.5	374.1	319.1	12.3
3. During Third Plan	2694.7	1285.7	135.7	171.4	105.9	32.2
4. 1966-67	1074.5	518.8	22.5	237.5	260.0	11.3
5. 1967-68	695.2	458.1	18.8	12.1	0.8	7.6
6. 1968-69	937.3	547.6	83.8	-	-	4.7
	7855.7	4551.8	1093.8	959.8	740.4	81.6

Note : In addition to the above authorisations, debt relief in the form of rescheduling, postponement, was provided as under :

	Rs. Crores
Japan 1966-67 to 1968-69	59.5
Canada 1967-68 and 1968-69	1.2
USA 1968-69	6.6
IBRD 1967-68 and 1968-69	22.6
Total	89.9

Source: **Economic Survey 1969-70, Government of India.**

The total authorisations of foreign assistance upto 1968-69 aggregated nearly Rs. 8,900 crores. Out of this, four countries and the World Bank have 'shared' the greatest 'burden' of assisting India during this period - U.S.A., U.S.S.R., West Germany, United Kingdom, and I.B.R.D.

TABLE : 5.3

External Assistance : Authorisation and Utilisation till 1968-69

(Rs. Crores)

	Authorisation	Utilisation	Per Cent of Utilisation over Authorisation
U. S. A.	5451.8 (51.1%)	4120.0 (54.2%)	99.5
U.S.S.R.	740.4 (8.3%)	425.7 (5.6%)	57.5
I.B.R.D.&I DA	1093.8 (12.3%)	998.7 (13.1%)	91.3
West Germany	589.6 (6.6%)	535.1 (6.9%)	90.7
Britain	549.9 (6.1%)	492.5 (6.3%)	89.5
	7525.5 (84.4%)	6572.0 (86.0%)	87.7
Total from all sources	8899.0	7597.4	86.4

Out of aggregate external *authorisations* from all sources, a little more than half is from the United States, and out of the aggregate total of *utilisation* more than 54% is from the United States.

The assistance to India from the U.S.A., is the largest it has given to any country and is the largest India has received from any

single source. According to Chester Bowles, American ambassador in India, "Three-fifths of the foreign aid received by India has come from the United States" - including food aid. Of the utilised amounts, I.B.R.D., and I.D.A., which are almost under the control of United States of America, account for 13.1%. Therefore, America and the World Bank account for 67% of the total aid utilised in India. The next most important source is West Germany which accounts for 6.9% of the utilised aid. Britain and the Soviet Union account for 6.3% and 5.6% respectively. It is clear that the aid utilised from the Soviet Union is extremely meagre when compared to the aid utilised from the other Western countries. But in the matter of authorisations out of the total aid authorised from various sources and countries, the aid authorised from the U.S.S.R., amounts to 8.3% coming next after U.S.A., and the World Bank. Out of the aid authorised by the U.S.A., more than 99.5% was utilised by 1968-69, whereas only 57.5% of the aid authorised by the U.S.S.R. was utilised during that period. Therefore, it is clear that there is American domination in the export of finance capital to India, not only compared to any other single country but compared to the total of all other countries put together.

U.S.A. - The Biggest International Exploiter

The United States is the biggest international exploiter and is the mainstay of colonialism today. It is the chief bulwark of world reaction. It is extremely important that we understand the purpose of the foreign aid that the U.S.A., is distributing all over the world.

Long ago, Theodore Roosevelt ex-President of the U.S.A., had exclaimed that "Americanisation of the world is our destiny". To that end, invisible dollar imperialism has been spreading its tentacles all over the world even before World War II. In the post Second World War period, with the collapse of the fascist countries, and with the weakening of Britain and France-America became the most powerful colonial country. Foreign aid constitutes the main lever of U.S. neo-colonialism. There is a lot of talk that American aid is for the purpose of development of the underdeveloped countries. But as D.A. Fitzgerald, a former high official in-charge of foreign aid, has clearly stated : "this was not the objective of all". In one of the reports of the foreign affairs committee of the U.S.A., it is admitted that :

"The most important reasons for economic aid is that nations are determined to develop. Only by participation in that process we will have an opportunity to direct their development along lines that will best serve our interests".

To put it concretely, in an article "The Domestic Dividends of Foreign Aid" (in Colombia Journal of World Business, 1965), Mr. E.R. Black says :

"Our foreign aid programmes constitute a distinct benefit to American business. The three major benefits are (1) Foreign aid provides a substantial and immediate market for U.S. goods and services ;(2) Foreign aid stimulates the development of new overseas markets for U.S. companies ; (3) Foreign aid orients national economies toward a free enterprise system in which U.S. firms can prosper."

Thus the U.S.A. encourages the development of new local capitalist forces - whether in industry, trade or agriculture - provided they continue to depend upon American aid. The U.S. Government has always encouraged U.S. monopolies to establish themselves in those countries which guarantee their investment and super profits. Vo Nham Tri, a Vietnamese author has produced an interesting anecdote.

"Taken to task by some businessmen, who asked the Government to put an end to the chronic balance of payments deficit by reducing foreign aid and huge U.S. military commitments abroad, Charles E. Fiero, Director of the office of foreign Direct Investments of the U.S., Department of Commerce retorted, what would happen to our investments in the Middle East, for example, and the earnings and exports they bring, if the U.S.A., withdrew the Sixth Fleet from the Mediterranean?"

The above answer has two important implications. (1) That the United States investments abroad bring to the U.S.A., large earnings. (2) To safeguard these investments, the United States is always ready to intervene in any country with its Army, Air Force and Fleet. The importance that the United States gives to its investments abroad can be seen from the above answer which the American official gave to the American businessmen.

U.S. (private) investments abroad, between 1950 and 1968, rose in Latin America from \$ 4,576 million to \$ 12,989 million, in Asia from \$ 998 million to \$ 3,645 million, and in Africa from \$ 147 million to \$ 1961 million. According to certain calculations made, the profit rate of U.S. direct private investments in the developing countries in 1951 reached 23.1% as against 14.3% in its own country. In 1960, the percentages obtained were 15.7% and 9.9% respectively, and in 1968, 20% and 8.3% respectively. One can now understand why, according to Senator Church, the foreign aid programme "has become a spreading monetary tree under which the biggest American business finds shelter when they invest abroad." The aid programme provides above \$ 1,000 million of sales annually for American manufacturers, and gives U.S. shipping companies about one fourth of their total revenue from outward bound cargo. With dollar aid, India can buy goods only in the most expensive U.S. market and the commodities must be transported in U.S. ships. The way in which the American ships fleece India can be seen from the following news item that appeared in Economic Times on May 25, 1969.

"The U.S., insistence on shipping fertilisers in U.S. bottoms, in terms of the decision that 50% of American fertiliser export financed out of U.S. aid should be carried under U.S. flag," .. "is likely to add to a substantial increase in freight costs on fertilisers to be shipped from U.S., to India".

"The freight rates from the U.S., to India in American ships is \$ 50 a ton of urea, in bags, and \$ 6 to 8 a ton less, in bulk. The rates in non-American vessels are as low as \$ 15 a ton, in bags, and \$ 3 to 5 a ton less in bulk. The annual provision for transport costs for fertilisers from the U.S. and Canada is Rs. 300 crores. This will go up substantially if the U.S., insists on transporting 50% in its own ships." .. "U.S. packing charges come to \$ 16 a ton compared with \$ 7 to 8 in western Europe".

We can now understand as to how costly U.S. aid is. We not only pay high prices for the goods purchased in the U.S., under the aid programmes, we also pay extremely high transport charges with other concomitant service charges added, and of course we pay an interest on the loan. As Lenin had said, aid is a double -

edged weapon in the hands of finance capitalists to bleed the country to which aid is given.

This is why Dr. Valdes, the then foreign minister of Chile said to President Nixon (June 1969) : *"Contrary to what we generally think, the result of U.S. private investment is that it is not South America which receives financial aid from North, but it is South America which contributes to the development of the U.S.A."* This remark is doubly true in relation to the U.S. in all its forms. The question arises, 'who aids whom?'

World Bank : American Aid in Disguise

Besides the economic levers which America uses directly, it has increasingly resorted to international financial organisations to probe and penetrate the Third World, to hide the face of the ugly American whose image is becoming very much tarnished all over the world. Such international financial organisations as the World Bank, International Finance Corporation, International Monetary Fund, Asian Development Bank etc., are nothing but semi-official American organisations, even though quite a number of other countries too are members of these financial bodies. In these bodies, the U.S.A. plays a dominant role on account of its economic power.

Let us now examine the conditions of the World Bank for granting loans and credits. The World Bank, before granting a loan, is authorised to make thorough investigations of the general economic situation of the country which applies for a loan, even though the loan may be only for a specific project. A special committee is sent to that country, not only for enquiry on the spot in relation to the project for which a loan has been applied, but also for economic espionage. After the loans have been granted, the World Bank continues to follow closely not only the economic but also the political evolution of the debtor country, by periodically sending an investigation committee to the country.

For example, the World Bank has been preparing a report on the economic and political conditions of our country, year after year, from 1957 ; and a committee of the World Bank is in permanent session with the economic department of the Central Government before the budget is presented to the parliament. In our own country, there is a permanent mission in existence, to advise on various economic problems and to co-ordinate aid from

various Western countries and international financial organisations. Thus the World Bank constantly and consistently intervenes in the internal affairs of the aid-receiving country.

U. S. Aid and India

U. S. assistance has taken three forms 22% in grants which require no repayments, 32% in mainly low-interest loans repayable in dollars over 40 years, and 46% in loans repayable in rupees.

The U.S. will not utilise these rupees to import goods from India. The giving of aid is an excuse for the U.S., to adopt such policies which restrict India in her efforts to develop the economy on the basis of exporting to the vast and expanding markets of the U.S. Furthermore, aid in the form in which it is given at present, involves inefficiency and the real aid received is far less than the nominal aid made available. Recent investigations have shown that prices paid for commodities under tied aid have been as high as 40% to 50% of the international market prices. Dr. Mahabub Ul Haq of the Pakistan Planning Commission shows that, in respect of commodities from the U.S., under non-project assistance, the U.S., prices were 40% to 50% higher than international prices of most iron and steel products. Another set of data show that freight on U.S flag ships under tied credits is 43% to 113% above the lowest quotations on international bidding.

In an article in Economic Times on August 10, 1970, A.K. Essack writing about the "Growing gap between the rich and poor countries, despite all the aid given by donor countries", remarks that the aid "invariably carried a stipulation that goods and services should be obtained from donor countries and these were given at high prices. The private companies of the donor countries thus made huge profits, while the developing countries were saddled with debts which they cannot meet". Thus the aid was funnelled along channels that benefited foreign finance capital to the permanent detriment of the under developed countries. The question thus constantly arises, 'who is aiding whom?'

Under the deceptive smoke screen of sentimental haranguing for propaganda purposes that "it is right that the wealthy should help the poor emerge from hunger" as President Johnson put it, or as President Eisenhower said in his address to the Indian Parliament that America "pursues no programme of expansion in commerce or politics or power of any sort at other peoples'

expense", American finance capital has stepped up its pressure on India to get things done in its own way, at India's expense.

The greater the aid, the greater will become the dependence of aid receiving countries. The greater the dependence, the tougher will be the attitude of the donor countries to the aid receiving countries. This tougher attitude is reflected in the suspension of all aid to India in 1965 at the time of the Indo-Pakistan war.

The following information provided by U.S. President Lyndon Johnson, clearly reveals the tough gangster methods adopted by U.S., imperialism. In the course of his memoirs as President of the United States, he records an incident which was humiliating to India. In trying to put pressure on the Government of India, to adopt a change in its policies, he used foodgrain deliveries as a lever. He says :

"My first action was to put the food aid on a short-term basis. No one would starve because of our policies. India would receive the grain needed but on a month to month basis rather than a year to year basis." His objective, in his own words, was to "persuade" New Delhi to give up its "folly" of developing a major industrial base "at the cost of agriculture".

"What we called the 'short tether' policy", he adds in a particularly revealing paragraph, "was profoundly unpopular among India's leaders ... [but] fortunately a handful of officials in New Delhi were pressing for exactly the kind of changes I felt were necessary. One was the capable Indian Minister of Food and Agriculture Chidambaram Subramanyam."

This is a most revealing, shameful, incident to any honest and patriotic Indian. Times of India, in its 'Current Notes', comments that "the burning humiliations that the Indian Government should have felt, but evidently did not, in receiving from him a gift of 10 million tons of grain is small monthly dribbles", should surprise none! Can the beggars have any sense of shame to feel humiliated?

At this point, it is as well to remember that the Indian Government did indeed change its policy, and it gave such importance to agriculture as was demanded by the President of America, so that today we are receiving hundreds of crores as loans for agricultural development from the International

Development Association, for every state, separately. This is how aid is used for improving the market for the developed countries in underdeveloped countries. For, through this aid for the development of Indian agriculture, India has agreed to purchase tractors, combines, fertilisers and such other necessary material for furthering the 'green revolution'.

Let us now quote another example as to how American aid is being used as a political weapon. Mr. M.V.Kamath, writing from Washington to the Times of India of November 19, 1971, reports the following : "A classic instance has been chronicled by the former U.S. ambassador to Delhi, Mr. Chester Bowles, in his autobiography "Promises to keep." Because India would not come to heel-especially on the Vietnam question-President Johnson held up authorisation of food shipments till the very last moment.

"India's harried officials and our own harried mission" writes Mr. Bowles "were kept on tenterhooks This placed the Indian rationing system under an almost impossible strain even the delay of a few days in ship departures from American ports was reflected in the most tragic terms in drought-ridden areas",

When Mr. Bowles remonstrated that the Indian Prime Minister was only saying about Veitnam what U-Thant and the people had said over and over again, the reply from one official was : "the Pope and U-Thant did not need our wheat".

"It is this use of aid - to browbeat the nation - that is now being resented even by certain thoughtful Senators. According to Senator Church, all that was sought was to buy political influence and ensure a favourable climate for American investments."

Even in the case of the Indo-Pakistan war in 1965, according to Eldrige "When the fighting ceased, America did not resume aid, except for some emergency food shipment, until April 1966. Even the Tashkent agreement did not prove sufficient to allow the resumption of aid on the original terms. The United States has been particularly anxious to shift emphasis of Indian planning towards agriculture **The draft outline of the Fourth Plan substantially reflected such a new emphasis on agriculture**".

("Politics of Foreign Aid", Page35)

The Government of India has been persuaded -
"to sanction new ventures in the private sector in the fertiliser industry with majority foreign capital, mainly American, together with relaxation of controls over industry. This was a dramatic move indeed, since fertiliser development was laid down by the 1956 Industrial Policy Resolution as predominantly the preserve of the public sector."

"During 1965 and 1966 intense pressure was built up from both sources, [U.S.A. and the World Bank] especially the Bank, for rupee devaluation, as a measure of economic reality and as an inducement to liberalisation of aid."

.... "the United States will expect to take a far more active part in formulating domestic policies. This new approach might well be described as one of payment by results". (Politics of Foreign Aid - Page 35).

The greater the dependence on external assistance, the greater the submission to the donors. The master knows the needs of the slave much better than the slave himself. It is for that reason that American aid policy believes in taking a 'hard line'. 'Payment by results' is the typical formula of the bourgeoisie in its dealings with the workers. It is the master that judges the results, he is the one that decides on the results, and he is the one that decides on the measure of payment. The master pays only that much as would give him super profits and super power. Therefore, the master assigns only that duty to the subordinate, which can ultimately benefit the master. That is the stage to which India has been brought, in the course of 23 years of so-called 'sovereignty'.

The American finance capital gleefully announces through John P. Lewis - Minister, Director of US Aid Mission in India - that

"aid comes wrapped in a host of regulations defining where, when, and how, it can be used. These often seem onerous Its shape reflects the interests and opinions - the conventional wisdom, if you will - of the American people as structured and articulated by the American Congress."

"Our strong notions of where India's self-interest lies sometimes prompts us to relate our aid specifically to Indian measures we believe are sound."

(Commerce, 'Indo-US Co-operation Survey' 1968).

Therefore, it is not India that shapes the purpose of the aid - not even as to where, when, and how, it would be spent. It is the American Congress and not the Indian Parliament that directs, decides the quantum and structure of aid. Naturally, as John P. Lewis succinctly and pithily expresses "its shape reflects the interests and opinions" of American finance capital.

John P. Lewis enthusiastically enumerates the great dependence of the entire Indian economy on American aid. It is clear to him and his master, the US finance capital, that the Indian economy can be disrupted at their wish. He knows that the Indian productive system is so completely dependent on them that they can dictate their terms. He says that the basic character of American aid is residual - "a source that has stood ready to plug the gaps". This residual role is really the core. For, "it puts a premium on our reliability. If the ready reserve one expects to throw into the breach disappears, one's whole battle plan may be threatened."

It is not only through foreign exchange aid that America plays with the Indian economy. For, America controls more than Rs. 2,000 crores of Indian currency deposited in the American account in the Reserve Bank of India. No sovereign country anywhere in the world has ever allowed a foreign government to gain an upper hand on its own currency, thereby giving that country hegemony over its own budget.

"Moreover" John P. Lewis explains, "the foreign exchange resources we supply are vital to the whole development effort. When they are curtailed the disruptive effects spread throughout the economy rather than - as in project aid - being confined to particular sectors and regions".

Even a sympathetic research scholar of India's economic relations with donor countries P.J.Eldrige was forced to conclude, though in soft terms, that India "may prove less capable of withstanding American pressure for involvement in determining her major economic priorities and strategies. Such an approach may take the United States far beyond the field of economic

planning per se". "Already many basic assumptions" on planning "in many cases are being quietly set aside" by the Indian ruling class. Involvement of foreign finance capital and foreign governments, naturally increases with the magnitude of aid.

One Chilean political scientist, after looking back on the 10 years of American investment aid exclaimed: "if that is what one decade of development does for us, spare us another. Foreign aid has been used, not to develop us but to achieve the political purpose of the donors, to smother us in debt, and to buy up our most dynamic productive assets."

Thus the octopus grip of American finance capital on the Indian economy has grown in dimensions to extreme danger, subordinating the Indian economy to international finance capital.

U. S. Aid : Agricultural Development and Agricultural Commodities

The purpose of Western aid is mainly to develop the infrastructure of underdeveloped nations, to help the growth of foreign capital investments in these countries. Therefore, a clear pattern is established. Public sector loans are for Railways and other transports and communications, power, and irrigation. Private sector loans are mainly for private industrial development. The following tables show the aid pattern of the U.S.A., the World Bank, and the International Development Association :

TABLE : 5.4

1. Percentage Distribution of American Aid :	
Railways	3.8
Power and Irrigation	7.0
Transport and Communications	1.1
Industrial Development	25.0
Steel and Iron ore	1.8
Wheat loan	55.9
Health, Agriculture, Social, Educational, etc.	5.3

2. Percentage of Aid Purpose-wise from I.B.R.D.

Railways	44.6
Power and Irrigation	10.8
Port development	7.6
Transport and Communications	0.7
Agricultural development	0.8
Industrial development	14.7
Steel	20.8

3. Purpose - wise Assistance from I. D. A.

Railways	26.7
Power and Irrigation	11.5
Transport and Communications	27.8
Port developments	3.7
Industries	18.6
Agriculture	11.7

From the above tables the pattern is clear. A higher percentage is devoted to infrastructure projects, power, transport, port development etc-without the development of which private industries cannot be established. Nearly 64% of the World Bank loans, nearly 70% of the loans from International Development Association, and nearly 75% of loans from the U.S.A. (including the wheat loan), are for railways, power and irrigation, transport and communication and foodgrains, agricultural development. Industrial development has received 14.7% from I.B.R.D., 18.6% from I.D.A., and 25% from U.S.A. Out of the total aid given by these sources for industrial development almost all these amounts have catered to private sector. In general, since the infrastructure projects are not profitable investments in the private sector, they have to be taken up only by the State at the cost of the people, so that private investments can concentrate on the profitable lines of investment.

Of late, I.D.A., the World Bank, and the U.S.A., have been

pressurising all the underdeveloped countries to concentrate only on infrastructure and agricultural development. India has fully fallen in line. The Fourth Plan has already been turned to American wishes. I.D.A. has started giving plenty of loans for agricultural development. Let us now see the role of America in the development of agriculture and how it has tried to benefit from it.

US Aid : Agricultural Commodities

It was in 1951 that the US made its first move to 'aid' India. This was a loan of Rs. 142.28 crores to finance purchase of 2 million tons of wheat, to meet an emergency food shortage. The necessary legislation for this aid showed the dangerous fangs of American imperialism ready to devour Indian independence and sovereignty. 'India's Emergency Food Act, 1951', which was passed after a bitter debate in the American Congress, laid down that "the administrator is directed and instructed that, in his negotiations with the Government of India, he shall, so far as practicable and possible, obtain for the US the *immediate and continuing* transfer of substantial quantities of such materials, particularly those found to be strategic and critical." The reference as in regard to 'monazite sand', which contains thorium, vital to America's atomic energy programme. The very first request by India for aid, resulted in a principle being attached to an aid bill "which constituted a challenge to India's concept of sovereignty".

("Politics of Foreign Aid", Page 31)

Starting in such an inauspicious atmosphere, indicating even at the earliest stage the onerous conditions to be attached to the 'aid', the Government of India nevertheless entered into a series of agreements for the supply of agricultural commodities, mainly wheat, but including also cotton, tobacco, soyabean oil, etc.

Under US PL 480 law, beginning with the first sales agreement under commodities, thus transferred, the debt now stands "at about Rs. 3,150 crores" writes Herbert B. Spivack, Minister Counsellor for Political Economic Affairs at the American Embassy in India (Commerce 'Indo-US Co-operation', November 30, 1968). Total U.S. economic assistance to India, which was Rs. 6,450 crores, included foreign exchange loans, development grants, and agricultural commodities.

Let us look at P.L. 480. In 1954, the U.S. Congress, under Public Law 480, established a system of providing the underdeveloped countries with its surplus agricultural commodities especially wheat. India became the biggest market for the U.S., through this scheme, to dispose of surplus wheat. P.L. 480 aid represented 55.9% of the total aid supplied to India upto 1965. This system of aid provides the American government a firm hold on Indian currency, since the grain sold in India, should be paid to a special account known as 'counterpart funds'. The accumulation of surplus by the United States allows American imperialism a lot of leverage to interfere in the economic and political affairs of the country, since America has the "right to spend these funds as she wishes" (Eldrige : "Politics of Foreign Aid", Page 116).

P.L. 480 aid has been used to pressurise India on various economic and political issues. "All aid involves dependence, and this particular form of aid is deeply wounding to India's national pride, and gives the United States immense leverage" (Eldrige : Page 117).

P.L. 480 aid was successfully used to change India's policy of IV Plan to give weightage to agricultural production. To help agricultural growth, fertiliser production has to be increased. "To this end, foreign capital has been offered an open door with no controls on price and marketing other than undertaking to sell 30% of output to the government at an agreed price" (Page 116).

Government of India had announced, with fanfare, that from 1972 onwards there would be no more need for P.L. 480 wheat to India. This however, does not mean that P.L. 480 would not be used by India in future : Scarcity of cotton and edible oils for our industries would step up the need for future P.L. 480 aid.

P.L. 480 funds have been used for successful establishment of American industries in India by direct loans to the private sector from Cooley funds, created out of the accumulation of rupees credited to the American account. These rupee counterpart funds have been used also to influence the Indian financial institutions, by allotting these rupee funds to them along with foreign exchange. American companies, with this help have outgrown the British in the industrial field in India.

There is no department of the Indian economy, or of Indian

social life, or government administration, which has failed to receive the generous aid of American assistance. In a mood of self-congratulation, John P. Lewis of US Aid Mission in India, expostulates on the "quality and quantity of aid extended to India". He was happy of several 'firsts' which Americans have achieved in India-such as "first to give non project loans ; first to introduce soft loan terms; first to extend large amounts of aid for fertiliser". Not satisfied with the first, he further goes on to say that : "I could cheerfully expand on the cogency of our limited but carefully focussed technical assistance programmes in such fields as agriculture, scientific and technical education, and more recently family planning", but unfortunately for him, "space" restricted his ebullient enthusiasm.

Another American official, representing political and economic affairs at the American Embassy in India, Mr. Herbert B. Spivack, informs the grateful Indians that :

"American assistance in the form of loans, grants and technical aid is represented in almost every aspect of Indian life from river basin development to malaria eradication, from massive hydroelectric projects to aid to small business. Especially noteworthy at the present juncture is our aid to India's efforts to increase food production".

Not only has it supplied fertilisers worth Rs. 375 crores till 1968, under US Aid programme, but American scientists of Ford and Rockefeller foundations and US Agency for International Development hopped all the way to India to teach the illiterate and uncultured, medieval Indians the technique of agricultural production. It is extremely difficult to survey and characterise, in full, such a multifaced aid programmes for agricultural development.

"A Directory of US Assistance to India's Economic Development", published by Span in February 1965 provides a glimpse of this massive programme which includes : Rs. 8.73 crores to agricultural universities, colleges, and agricultural research stations and institutions; Rs. 66 lakhs to animal husbandry including numerous state and regional poultry farms, cattle breeding farms, milk production centres and so on and so forth; Rs. 49 lakhs for soil-testing laboratories all over India and

to encourage farmers in the use of fertilisers; Rs. 1.38 crores for expansion and modernisation of marine and inland fisheries; Rs. 10 lakhs for training in the use of tractors and other agricultural machines; Rs. 14 lakhs for training Indians in research in agricultural economics; Rs. 13 crores to create modern storage of foodgrains; Rs. 23 lakhs for the survey of water resources and construction of minor irrigation works; Rs. 63 lakhs for crop protection; Rs. 4.32 crores for dairy development; Rs. 6.94 crores for soil and water conservation; Rs. 26 lakhs for soil research and desert afforestation; and finally, to organise and educate the farmers, the benevolent American imperialism has spent for farmers' organisation Rs. 13 lakhs; for co-operative membership education Rs. 4 lakhs; for agricultural extension Rs. 1.26 crores; for agricultural information Rs. 18 lakhs; and to crown it all for mass rural community development Rs. 6.43 crores. According to this "Directory of U.S. Assistance" published in 1965, Rs. 400 crores were spent for development of agriculture including assistance to river valley projects, fertilisers, iron and steel for agricultural purposes, plant protection and locust control, and ground water irrigation and exploration.

It is really a wonder of the twentieth century that a country of India's size has sought; and received, such massive assistance in the name of agricultural production, and that such aid is growing as time passes. When once aid starts to flow, the flow cannot be stopped!

Therefore, by 1968, according to "Indo - U S Co-operation : A Survey" published by Commerce, November 30, 1968, "U.S foreign exchange assistance for Indian agricultural development exceeds Rs. 450 crores, including fertilisers. The U.S has also extended loans and grants totalling Rs. 583 crores from PL 480 sale proceeds". The total aid from the U.S., for agricultural development in India, upto 1968, exceeds Rs. 1000 crores.

This survey points to certain 'expertise' aid to India.

"Some 30 experts, with experience in dealing with agricultural problems, of the U S and several other countries, are working with Indian experts in six states to help boost foodgrain yields, ... participating in field production teams dedicated to first-hand studies and practical problem-solving techniques".

"Since 1952, 1,700 Indian teachers in agricultural and veterinary colleges and officials of the central and state Agricultural Departments have received advanced training in the United States. Also, during the same period, more than 400 American agricultural scientists and other specialists have served in India."

"Exclusive to those working in food production teams, nine American experts in soil and water management are at work in India."

Even after such massive invasion of India by Agricultural experts, unprecedented in the history of world technical co-operation in any field, India's progress in agriculture is nothing to boast of -except that we can brag about "1,700 Indian teachers" having had a tourist holiday in America to learn the "American way of life".

After this tourist traffic both ways, it has been found imperative that, to maintain the growth rates achieved so far, greater agricultural aid from U.S. and US-led international financial organisations like the World Bank, should continue.

As noted earlier, every aspect of agricultural life has been receiving aid for full 20 years now. Among these are : agricultural production, fertiliser supply, agricultural universities, water resources development, improved seeds, intensive agricultural package programme, agricultural research, etc.

Other than the U.S., other countries have supplemented the aid for agricultural production. For example, four demonstration farms were established since 1962, to experiment in Indian conditions with Japanese intensive agricultural methods.

("Politics of Foreign Aid" Page 16)

The Soviet Union helped in 1956 to establish a large mechanised state farm in Suratgarh to act as a demonstration project. The Soviet Union signed another agreement with India in 1964 on assistance for organising another large mechanised state farm on 21,640 acres in the Jessore area. Thus it was not only America and other Western countries that are trying to help India achieve the 'green revolution'; so also is the Russian government. What is the significance of these efforts to increase Indian agricultural production? Ulyanovsky asserts that the development of large

state farms and agricultural co-operatives will lay the basis for freeing India from foreign dependence in a major field of the economy. ("Dollar and Asia", Page 208,

Does the development of large state farms and agricultural co-operatives in the midst of a feudal, landlord economy lay the basis for increasing agricultural production? No. On the other hand, these state farms, and demonstration farms, and agricultural universities, only help to demonstrate to the feudal landlords in India as how mechanised, scientific, agricultural development can be adopted by them in their own interests.

Here, then, is an instance of collaboration between U.S., finance capital and Soviet social imperialism both-of them interested in maintaining the *status quo* in the interests of and for strengthening the landlordism in the countryside. In fact, the establishment of a technical base by American imperialism through aid to agricultural universities, research stations, seminars, farmer unions, and such other activities-supplemented by the Soviet revisionists-through their large-sized state farms has only helped to divert attention away from land reforms and towards a technically-based agricultural development.

This reorganisation of technology and economics of agriculture can only further the progress towards establishing large, highly efficient, farms in the private sector. This is exactly what American imperialism has been striving for, in the interests of its own industries. It will help increase the sales of tractors and other agricultural implements, which are produced in India by foreign companies and which are imported from foreign sources. Later, we will discuss the actual significance of the aid that is now being given to India in hundreds of crores of rupees for the so-called development of agricultural production. Suffice it now to say that : on the facile plea of "*freeing India from foreign dependence in the major field of economy*" by providing food to the people and increasing agricultural production in all fields, the Soviet social imperialists have prepared the ground for strengthening the landlord economy in the country and western imperialists have done so for the sale of their agricultural machinery to reap super profits.

Having received immense foreign aid for agricultural development till 1968, the dependence of the Indian economy on

foreign assistance for further agricultural development has inevitably increased. To add to the increasing appetite for foreign aid, "*the US has been particularly anxious to shift the emphasis of Indian planning towards agriculture*" ("Politics of Foreign Aid", page 35). The same anxiety was evident in the case of the World Bank and its associate stroke branch I.D.A. on a world-wide basis, including India. After 1968, World Bank loans for agricultural development to underdeveloped countries began to show a particular rise. The following chart, would show the details of the World Bank/I.D.A. loans on a world-wide scale.

TABLE : 5.5

Bank / I. D. A. Commitments by Purpose (in million dollars)

	1964/68 Average	1969 Per Year	1970 spread out
Agriculture	124	267	413
Education	31	82	80
Public Services (transportation)	362	475	661
Pubic utilities*	377	485	654
Industry**	141	241	293
	1035	1550	2101

Notes : *) Items in public utilities include electric power, telecommunication, water supply, sewerage.

**) Excludes industrial imports credits.

Source : **Economic Times**; Research Bureau : September 10, 1971.

From the above table it is clear that agricultural loans to under developed countries from the International Development Association has been growing faster than its loans to industry. As a matter of fact, the agricultural loans which were a meagre \$ 124 million out of total loan of \$ 1,035 million between 1964 and 1968,

in 1970 alone - i.e., within one year-amounted to \$ 413 million out of the total of \$ 2,101 million which the I.D.A. disbursed. This change in tactics was being propagated by the U.S.A. for quite a long time for all the developing countries.

The World Bank and the United States Government have been particularly anxious that Indian planning should shift its emphasis towards agriculture. Beginning with the Bell Mission report on behalf of the World Bank in August 1964, India has been under increasing pressure to revise her economic policies. In the name of consolidating the already existing industrial projects American imperialists have been insistent on the complete re-orientation of Indian planning. The Government of India had already conceded the point by postponing the Fourth Plan by three years at the request and recommendation of the World Bank and the Western powers. The Draft Outline of the Fourth Plan substantially reflected such a new emphasis on agriculture. Mr. C. Subramaniam, after he was made Planning Minister, made it clear in his first press conference in 1971 that the plan approach would have to be further changed to reorientate the plan strategy towards modernising agriculture, more than had been done in the already published Plan.

With this new emphasis on agriculture, assistance to India from I.D.A. reached a new peak. During the fiscal year ending June 1970, India received nearly 171 crores of aid from IDA. "IDA's commitments included its first agricultural credit for projects in Gujarat and Punjab" (Economic Times, September 10, 1970). Begging missions of devotees have started on pilgrimage, from all states, to the mighty citadel of the goddess of world finance capital - the World Bank. Mr. P.W. Damry, Chairman of Agricultural refinance corporation, is happy that the devotees are receiving the blessing of the Almighty - the first recipients were Uttar Pradesh (\$ 13 million), Gujarat (\$ 35 million), and Punjab (\$ 27 million) - totalling nearly Rs. 60 crores which includes farm development machinery and processing plants for the Terai region, 2000 tractors for Gujarat projects, and 8000 tractors for Punjab projects. (Economic Times September 29, 1970). Economic Times of September 25, 1970, reports that the World Bank is likely to provide financial assistance worth Rs. 45 crores for agricultural development to Tamil Nadu and that already Mr. C.H. Walton, leader of the World Bank team, had investigated and appraised the project. Mysore, not to be left

behind in the queue has submitted a project report to the Central Government to be presented to the World Bank, estimated to cost Rs. 83.65 crores (Economic Times, September 22, 1970). Statesman of November 16, 1970, reports that a World Bank team visited Chandigarh to examine Haryana's request for a loan of Rs. 55 crores to purchase 10,000 tractors and for land development.

Seeking international aid for all kinds of sundry tasks, has become so common place for the last 15 years, that it is disgusting and nauseating to record all of them. Not only the central ministers but also the state ministers have thought it fit to wait at the doors of the alms-givers, to obediently report to them on 'progress' made in their states, and to 'impress' upon them the urgency of rushing further aid. One such extraordinary exercise seeking help for every conceivable project, is the unprecedented tour of the Chief Minister of Maharashtra in October 1970, as reported in Economic Times of October 31, 1970.

The Chief Minister met Mr. Hoffman, Administrator of UN Special Development Fund and appraised him "of Maharashtra's 15-year perspective plan" and sought assistance, "to conduct air-borne surveys of Vidarbha and Konkan regions to locate mineral and other sub-soil resources".

He had a meeting with the World Bank Chief. Mr. MacNamara in Washington and "impressed upon him the urgency of rushing aid for early completion of Vaitarna and Batsai projects for augmenting *Bombay's water supply*, giving assistance for *express highways and roads* to spur the development of the Bombay - Poona industrial belt, helping a *number of state irrigation and land development projects*, and also the *Koradi power project*". Mr. Naik dutifully reported to him on "the operation of small-holders blocks and the integrated area schemes, collectively known as the Page project".

Furthermore, "The World Bank President and the Special Assistant manning the India desk were told that the Maharashtra example had proved that the education cess, yielding Rs. 5 crores over a year, coupled with other levies on cash crops, were far more lucrative and simple to operate than the cumbersome income-tax, which would hardly fetch a revenue of Rs. 2 to Rs. 2.50 crores per annum".

Having reported on the economic situation to the satisfaction of the World Bank Chief, the Chief Minister braced himself to meet the cream of American monopolists, bankers, industrialists, and others, to report to them on the Indian political situation.

Economic Times further reports that "Mr. Naik participated in a business luncheon meeting, convened by the Indian Investment Centre, which was attended by leading US bankers, oil interests, and other representatives of Rockefeller foundations". He assuaged their political fears about growing political, economic, and social crises and told them that they were being fed with "over-playing of political developments in India, especially in states like West Bengal and Kerala".

What an undignified, slavish, behaviour by one of the political representatives of the comprador bourgeoisie and semi-feudal landlords towards their masters - the international finance capital :

Can Andhra Pradesh lag behind in this race ? The 'green revolution' has taken hold of the Northern wheat-producing states thanks to the beneficent role played by the semi-feudal landlords in co-operation with the Western package technique of mechanisation, hybrid seeds, irrigation, fertilisers and pesticides. The Government of India has finally agreed with the messiah, the World Bank, that the strategy for development of underdeveloped countries should be founded on priority being given to the agricultural sector. This design for development, finalised more than a decade ago by the then chief of the World Bank, Mr. Eugene Black, with persistent pressure, has been recognised by the under developed countries as the panacea for all ills, along with another latest design 'family planning'.

Therefore, Andhra Pradesh too, has fallen in line. Economic Times of November 2, 1970, reports that "*arrangements for loan assistance from the World Bank for certain agricultural development projects in Andhra Pradesh will be finalised in November in Washington*". Out of these development projects, 55,000 farmers in 88 taluks of 18 districts will be benefited. The following are the main features of the great plan for the agricultural leap to be enacted in the Fourth Five Year Plan, in Andhra Pradesh.

<i>Nagarjunasagar, ayacut development</i>	
scheme :	88,000 acres
<i>Pochampadu ayacut development</i>	
scheme :	46,000 acres
<i>Development of minor irrigation</i>	
Tubewells :	1,800
Dugwells :	14,000
Renovation :	5,000
Supply of tractors :	1,500 to 3,000
Oil engines :	7,700
Electric motors :	12,000

The Economic Times of December 25, 1970, further reports that "the total cost of the project is estimated at the equivalent of \$ 45 million. The IDA credit will finance the foreign exchange costs of £ 7.1 million, and about \$ 17.3 million equivalent of local expenditure.

Thus international finance capital has programmed for massive invasion of rural India, in the coming five years, in the shape of aid to boost agricultural production. The new agricultural strategy - of boosting production, through intensive cultivation propagated through developmental activities such as extension services, community development projects, intensive agricultural development programme, intensive agricultural area programme, and so on - has created a good foundation for imperialist penetration through aid. This is a strategy for developing an immense market for their industrial goods. It is an important factor to fight growing unemployment and recession in the Western capitalist countries, and thereby throw the burden of their economic crisis on Indian shoulders.

As early as in 1959, Francis D. Wilcos, Assistant Secretary for International Organisation Affairs under the Eisenhower Administration expanding on "why we should help the underdeveloped areas with our skills and capital" had explained that the economic development of the U.S. itself would be held

back unless external ties were expanded. The aid, he reasoned, provides employment in aid giving countries through expansion of trade. It expands foreign private investments in aid-receiving countries. The U.S.A. cannot ensure the supply of essential raw materials e.g. Indian mica-for its industry without offering aid to India.

In 1961, Douglas Dillon, Secretary of the Treasury in the Kennedy Administration, explained before the committee on Foreign Affairs of the House of Representatives that :

"in 1960, American export, financed by all of our foreign economic programmes accounted for nearly half of our export surplus. The fact that foreign assistance has been largely accompanied by an outflow of American exports is not understood by those who hope to cure our balance of payments deficit by curtailing foreign economic assistance. Nevertheless, for such time as our international payments situation requires, our objective will be to assure that at least 80% of our foreign economic assistance will be spent on US goods and services."

Added to all these reasons, there is of course the general reason and implicit condition that comprehensive information be granted to them about the situation within the country which means that economic and political intelligence should be allowed to be gathered by them.

The Nehru-Indira Governments which have ruled this country since 1947, almost without gap, have opened the floodgates for massive inflow of foreign finance. Talks of land reforms as a psychological sop to the landless labourers and poor peasants, on the one hand, and material assistance to the landlords to strengthen their hold on rural life through political institutions like panchayat raj and economic assistance to provide them with water, tractors, hybrid seeds, pesticides, electric motors, and other agricultural implements, on the other, has been the double-faced policy, of these governments. This agricultural policy will further lead to concentration of production in the hands of the semi-feudal landlords, superimposing 'capitalisation' of agriculture on semi-feudal relations, by introducing specialisation, and modern methods, machinery, and draught power, resulting in the further propagation and multiplication of rural slums.

This policy of utilising modern farming techniques, most of which are applicable only under conditions of large-scale farming, reflects primarily a solicitude for the interests of Western monopoly capital, and not for the peoples inhabiting underdeveloped countries. Professor Paul A. Baran remarks that "this has been stated so frankly in an important government document that the relevant passage should be cited at some length". He quotes from a report to the American President on foreign economic policies, known as 'The Grey Report', Washington, 1950, which states American policy without mincing words, without the use of diplomatic language, in the most brutal form.

*"The potentialities and problems of the underdeveloped countries and the **nature of our interest in their economic development** indicate the character of development programmes that we should support ... For countries with resources (like America) that can be developed to meet a profitable world demand, this may be the most efficient way of obtaining additional goods The main requirement, in most cases, is for development which will improve agricultural production. Development along these lines must be balanced with expanded facilities for industrial production, at the outset, especially in light industries producing consumer goods, ... The United States will have an increasing need for raw materials, particularly minerals, as domestic resources are progressively exhausted."*

(Quoted in "Political Economy of Growth"
by Paul A. Baran, Page 303)

It is quite obvious that "such a development policy is calculated to preserve the underdeveloped countries as sources of raw materials for the imperialist West and thus to perpetuate their state of economic, social and political backwardness."

(("Baran", Page 304)

Therefore, it is clear that the imperialist policy of improving agricultural production in underdeveloped countries, is only to develop a profitable demand by the underdeveloped countries for obtaining additional goods necessary for agricultural development.

This would create, as the Grey Report formulated, "a profitable world demand" for goods which can be obtained only from industrialised countries like America who have the resources to meet such a demand.

Another result of this policy would be that, with the strengthening of landlordism in the country side the social tensions which have been growing between the haves and the have-nots will intensify, creating bitter struggles between the landlords and the downtrodden agricultural labour and poor peasants in all walks of life; economic and political.

APPENDIX :

External Loans : Source / Purpose - Wise

(% of authorisation)

Source	Transport, Communi- cations	Electri- city projects	Agricul- tural develop- ment	Industri- al deve- lopment	Steel
World Bak	12.58	41.68	14.90	19.64	-
I. D. A.	8.14	15.10	46.00	-	-
U. S. A.	4.52	-	59.38	-	-
Japan	17.19	47.58	17.28	13.79	-
West Germany	2.78	21.19	6.10	66.52	-
U.S.S.R.	-	-	-	97.60	2.37

Source : R.B.I., Report on Currency and Finance, 1988-89.

External Assistance upto March 1989

(Rs. Crores)

Year	Authorisation	Utilisation
From 15 August 1947 to March 1980	24,699	20,539
1980-81	3,313	1,624

1981-82	2,840	1,870
1982-83	2,965	2,250
1983-84	2,074	2,245
1984-85	4,872	2,332
1985-86	5,648	2,896
1986-87	6,158	3,578
1987-88	9,056	5,032
1988-89	7,696	5,167
TOTAL	69,321	47,533

Source : R.B.I., Report on Currency and Finance, 1988-89

External Assistance Upto March 1989 by Source

(Rs Crores)

Year	Authorisation	Utilisation
World Bank	16,970 (24.5)	7,990 (16.8)
I.D.A.	14,425 (20.8)	12,058 (25.4)
E.E.C.	857 (1.2)	1,018 (2.1)
I.F.A.D.	173 (0.2)	170 (0.4)
A.D.B.	1,703 (2.5)	120 (0.2)
U.S.A.	6,454 (9.3)	6,354 (13.4)
U.S.S.R.	6,619 (9.6)	2,033 (4.3)
U.K.	3,900 (5.7)	3,575 (7.5)

West Germany	3,933 (5.6)	3,229 (6.8)
Japan	5,049 (7.3)	3,157 (6.6)
O.P.E.C.	2,064 (3.0)	1,700 (3.6)
Others	7,174 (10.3)	5,129 (12.9)
TOTAL	69,321 (100)	47,533 (100)

Source : R.B.I., Report on Currency and Finance, 1988-89

The flow of foreign aid is gathering momentum with every passing year. It increased from Rs. 8,890 crore in 1968-69, when Com. TN wrote this book, to Rs. 69,321 crores in 1988-89. Com. TN estimated that the Fourth Plan would need "external assistance of Rs. 4,130 crore, averaging Rs. 826 crore per year." His estimation proved to be correct. The Fourth Plan received an aid of Rs. 4,022 crore, averaging Rs. 804 crore per year. During the decade of eighties, this aid had reached to monstrous proportions. From March 1980 to March 1989, the aid flowed into our country was around Rs. 44,622 crore, averaging Rs. 4,858 crore per year.

Out of the total aid authorisations upto March 1989, nearly half had been provided by the international financial institutions. On bilateral basis, USSR had just overtaken USA. The aid flowed from Soviet Union was Rs. 6,619 crore (9.6 per cent) while that of USA was Rs. 6,454 crore (9.3 per cent). But, considering the dominating position of US in the international financial institutions, it still remains as the single biggest aid giver to India.

International financial institutions are nothing but semi-official American organisations and a smoke screen to cover up its ugly face. The aim of these institutions is that it creates conditions conducive for American private investments. So the aid from these institutions goes to infrastructure sector, mainly agricultural development, electricity projects and transport and communications.