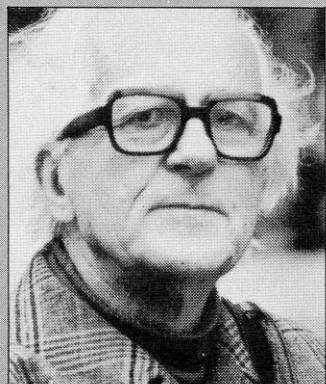


FOR A MORAL ECONOMY IN BANGLADESH

RENÉ DUMONT

During a visit to Ottawa, René Dumont kindly took the time to speak to the staff of the IDRC about his recent mission to Bangladesh. An ardent defender of the rights of the Third World's most underprivileged populations, Mr Dumont sees himself as a passionate advocate for the Third World. He has been teaching at the Institut national d'agronomie in Paris for forty-one years and has written and had published some forty works on hunger in the Third World. Excerpts follow from the talk given by Mr Dumont.



The essential problem is that we have proposed, as our model of development to the Third World, an extraordinary one. Development, as it has been viewed by the United Nations for some twenty-five years, consists of bringing the Third World to resemble our civilization, as if the latter were a model of perfection. In fact, our consumer society is a model of waste. I have heard of a summer camp for dolls in the United States, with nurses assigned to care for the dolls. No better symbol of a decadent society could be found in the Roman Empire.

Is our society in a state of decline? Inequalities are certainly continuing to increase. In 1700, the ratio of wealth was more than two-to-one between the world's richest nation and poorest nation. Today, the ratio is sixty-to-one. Within the developing countries also, the gap

continues to widen. In 1958, it was said to be seventeen-to-one for the 40 percent of the population of Brazil that was the most impoverished and the 5 percent that was the richest. The latest estimates show this ratio to be thirty-three-to-one.

PRODUCTION AND WEALTH

Increased production is seen as the solution to the world hunger problem, but the present total grain production is already sufficient to feed the entire population of the world. It is unequally distributed, however. Forty percent of the grain produced is used as livestock feed, and, moreover, the annual consumption (direct and indirect) of each North American is one tonne, as opposed to the 150 kilograms consumed by each inhabitant of South Asia and tropical Africa.

In Bangladesh, the population is growing at a rate of 2.8 percent, while the rate of growth of total agricultural production is only 1 percent and that of rice production is 1.8 percent. With increased rice production, however, there is decreased production of legumes and oilseeds — that is, forage crops, which produce high-protein foods. In Bangladesh, everything is set for the “green revolution”: the necessary varieties and farming techniques exist, agronomists are available, and so on. Only the political will to reduce inequalities is lacking. The major obstacle to agricultural development is the growing number of landless peasants — those inhabitants owning less than a quarter hectare of land. Landless peasants make up half the

total population — close to 50 million.

The extreme poverty in Bangladesh is also the principal cause of the failure of its fertility regulation policy. It is to the advantage of poor families to have children, for children begin working at five years of age. A child who tends goats can earn his or her food, and at eight years of age, he or she can earn about three dollars a year. Because social security does not exist, each peasant wants to have a son who will feed him once he himself is no longer able to work. As long as poverty is rampant, there is no hope of seeing a decline in population growth.

A large percentage of agricultural land is cultivated by sharecroppers. Traditionally, the landowner and tenant farmer each receives half of the total crop; however, because the farmer assumes all expenses, he is actually left with approximately 30 percent of the net crop. It is clearly not to the advantage of the sharecropper to invest more capital in means of production. The majority of remaining land is cultivated by hired labourers. The average wage is 1.5 kilograms of paddy a day — that is, one kilogram of rice a day — except for the several weeks of the year during which harvesting and transplanting of the rice crop take place. During this period, wages double or triple. It has been estimated that farm workers devote only 20 percent of their time to agricultural activities and 30 percent to off-farm employment. The rest of the time they are unemployed.

Bangladesh research

institutes have confirmed that it is the peasant farmers who are the best cultivators and who have the highest agricultural output.

Nonetheless, these small farmers are unwilling to obtain credit to participate in the "green revolution" of high-yielding agricultural technologies. Because they do not have access to institutional credit, they have to borrow from usurious moneylenders. At 10 percent interest monthly, the use of fertilizers is no longer profitable. In Bangladesh, it is not a *latifundista* (great estate owner) who dominates, as in Brazil, but a village landowner. Once farmers own holdings of 2-20 hectares, they use sharecroppers or hired labourers. They also become merchants who buy the paddy of the peasant farmers during harvest and resell part of it to them at a 100 percent, or even 200 percent, profit. The reason is that the price doubles and possibly triples outside the harvesting season. The small village elites give work to their clients, and provide them credit at 10 percent interest monthly, with land as security. Moreover, in order to obtain this credit, the peasant farmer must pledge his last parcel of land or gold jewellery as security.

The World Bank decided to remedy this situation. It offered aid to seven *thanas* (a police division serving as local administration) of Bangladesh near Bogra and Mymensingh, where the agronomic teaching institute is located. The *thanas* were given special credit with the objective of increasing production. The funds arrived in 1976, at which time annual paddy production totalled 380 000 tons. The goal was to increase production to 660 000 tons through the investments of the World Bank, which would have made the "green revolution" a reality by providing irrigation canals, fertilizers, and new varieties. In 1983, on a visit to one of the seven *thanas*, we were informed

by the manager of the co-operative that the aid provided by the World Bank had only served to make the rich richer and the poor poorer.

The money was given to the credit co-operatives of the Comilla system. These co-operatives are run by the village elite, who distributed the money among themselves. So not all small farmers had access to this institutional credit provided at 17.5 percent interest annually. At least half of the funds provided by the World Bank were lent by the usurious moneylenders at their usual rates. Consequently, the World Bank loans were not effective in increasing production. Seven years later, the seven *thanas* that had received money from the World Bank had exactly the same agricultural output as those that had not received credit. In addition, the moneylenders were able to take over more land pledged as security. The result was a higher concentration of land ownership and greater impoverishment in the seven *thanas* than elsewhere — so much for the World Bank's action.

THE POLICE AND THE ARMY

Food aid constitutes another type of assistance, and is provided primarily by the United States, Canada, and the EEC. Of the \$141 million spent by Canada on food aid in 1982-83, Bangladesh received \$58 million, which makes it by far the most important recipient country for Canadian food aid. But where does this aid go? It is unconditionally handed over to the government, which distributes it according to a plan formulated in 1972. Under this plan, priority is given to members of the police and the army; 2000 000 in number, they pay a tenth of the market price for grain and receive three to four times more than they require. This means that they can resell some of it at a profit, more than doubling their salaries.

After the police and the army it is the country's six largest urban centres

which receive food aid. Some two-thirds of the population there receives food aid at approximately two-thirds of the market price. Those excluded are squatters and inhabitants of shantytowns who are not registered and do not have ration cards. The remaining small amount of aid goes to the villages, where it is handed out by the local elite, such as *thana* and union representatives, to their supporters and clients.

FOOD AID — A WEAPON

In 1974, there was particularly severe flooding and a serious threat of famine, especially in northern Bangladesh, and more specifically in the district of Rangpur. That year, food aid to the country was sharply reduced because the United States had decided to use the denial of food aid as a weapon. Bangladesh wanted to sell CA\$4 million worth of jute sacks to Cuba. The United States told them that if they did so, it would withhold food aid. This was immediately following the oil crisis, and the Americans wanted to compare the effectiveness of food aid as a weapon with that of oil.

Restrictions and distribution inefficiencies resulted in the deaths of 50 000 inhabitants of northern Bangladesh. In this light, the policy of the USA, the Bangladesh government, and the village tyrants were accomplices in the deaths. The American policy delayed food aid and the Bangladesh government did not ensure that food was fairly distributed to areas in which it was urgently needed. After food aid was cut off, an inventory was taken of the remaining stock in the province in which 50 000 inhabitants had died of starvation. There was enough food to have prevented all of the starvation deaths, but those who had the food withheld and concealed it with the objective of selling it at three or four times the normal price. They drove the small farmers to ruin by buying their last parcels of

land, which the latter were forced to sell at a quarter of their value as a result of poor harvests. The poor were forced to sell all of their possessions — their cattle, household utensils, and the like. Once again the ineffectiveness of food aid was illustrated.

It has been estimated that emergency aid (distributed in the case of floods, droughts, wars) represents only 7 percent of total food aid. The only effective food aid approach is the food-for-work formula. In 1973, I visited approximately 60 villages in Bangladesh during a two-month period. Pretty well the same situation existed in all the villages. An average of 50 to 100 peasants in each village needed 120 days of employment during the off-season in order to eat properly.

Before the large Hindu landowner, the *zamindar*, was stripped of his rights, he handled projects such as repairing irrigation and drainage systems and hiring labourers at low wages. Now these projects fall to the Bangladesh government, which does not have the necessary budget to continue them. Previously, this work provided, more or less, the number of work days required. But now a little more than 10 years later, all drainage systems and irrigation canals are in very poor condition and must be cleaned out. Workers could be paid with food for undertaking these useful projects.

Such a system would increase production and improve agriculture. This would be an excellent formula were it not for corruption. Studies indicate that the rural elite and union heads regularly steal between half to three-quarters of the wheat set aside for this purpose. In addition, no one is concerned about the usefulness of the work realized. A road is built leading to a river, but there is not enough money to construct a bridge. Is there nothing that can be done? Is the World Bank powerless to act because of questions of sovereignty? □