

# Revolution—Green Versus Red

by ERICK S. HANSCH

**W**ARNINGS come from many sides that a worldwide famine is threatening the 70 to 80 percent of the population in underdeveloped countries living in rural areas. Nations with surplus food cannot go on much longer supplementing the food basket of the starving masses abroad. In any case, charity which is not continuous is at best only a drop in the bucket that often gets into the wrong hands and tends to corrupt an unfortunate situation still more.

Ralph Borsodi is a man with an answer. He was inspired years ago by Bolton Hall, a follower of Henry George, and has spent a lifetime accumulating a vast amount of firsthand experiences in homesteading, land-tenure systems, and the need for credit and its fruitful application. Out of his experience in the U.S. and abroad, especially in India, he developed an International Foundation for Independence, designed to attack from the bottom up instead of from the top down.

The motivation is always to arouse the enthusiasm of the people so that plans for development can spring from this prime-moving force. Surveys are made by social science teams from a few universities in India, which disclose to what extent the villagers can supply resources of their own. Not long ago a presumably poor village raised 10,000 rupees on request from the government as their contribution to road construction. This was crucial since yearly recurring monsoon rains had regularly washed out the only road leading to their market for bananas, and the crops rotted in the village. After a year the government officials came back and said they must raise 20,000 rupees. Lo and behold the poor villagers did that too!

When Mr. Borsodi visited this place nine months later they still had no rain-proof road. Realizing the enormous potential in the people his approach is to give them a chance, starting with a five-year plan for a particular village. He designed a program which will get villagers out of the clutches of the predators who live at their expense. Farmers will pay a much lower rate of interest on loans while profiting from increased crops, instead of having the increment always ultimately absorbed by landowners. Also they will be able to hold crops after harvesting thus benefiting from the better prices available later.

The five-year planning program includes acquisition of land in addition to that turned over to the villages by large landowners at the urging of Vinoba Bhave. Under the Borsodi plan, the donated and purchased lands will not be resold, but instead will be held in trust by a consortium of villagers who will rent it out and use the land rent to amortize the mortgages. The Foundation issues inflation-safe debentures as a means of persuading landowners to sell some of their land where there is pressure from tenants. After the land purchase is amortized the ground rent will be used to defray the cost of additional village improvements. Indigenous supervising and organizing personnel will receive compensation in the form of commission on loan repayment collections.

These debentures consist of money invested in the Foundation and issued in a money-of-account unit called "Constant." The exchange rates of this Constant to other currencies are based on the inflation index computed by an independent research and educational institution established by Borsodi, the International Independence Institute.

This inflation index is on the basis of the fluctuating average monthly world market prices for 30 selected commodities and thus has a built-in inflation safeguard.

Crop loans to farmers will be insured against crop failures, in contrast to loans from indigenous money-lenders who demand payment, regardless. And this brings up another interesting point in Borsodi's credit techniques. The Foundation's revolving fund must supply the credit for *all* the important needs of the villagers. Any credit scheme that will not do so will be defeated by the traditions of life in an Indian village. Most credit organizations, especially foreign ones, for example, either will not or cannot consider loans for wedding expenses. But in the Hindoo tradition and custom, this ranks as a major credit need. Refusal by credit organizations will drive the villagers back into the hands of the money-lenders who will make such loans contingent on getting all the credit business from the villager.

The wide spread between reasonable returns on money here and the unconscionably high rates in underdeveloped countries will enable the Foundation to help push down the usury rates now charged in those countries — 10 percent a month being not unusual — while still offering a profit to western investors. Besides, and this should be a major consideration for eleemosynary

foundations, church and social oriented groups, etc., the investments in the Foundation's revolving fund will not be used to supply capital to war-related industries, nor to those of anti-civil rights stripes, an aspect often neglected by those responsible for the placement of such investment funds.

Enough subscriptions to the revolving fund have already been obtained here and in England to make it possible to one or more pilot projects in India, the Philippines, Colombia, and perhaps even in our own U.S. South, where the Foundation was instrumental in getting a \$25,000 loan for the Southwest Alabama's Farmers' Co-operative Association in Selma, Alabama, last year. Other countries are under consideration.

It is Ralph Borsodi's contention that underdeveloped countries are in this condition mainly because of the nefarious system of land ownership. The designation "green revolution" very aptly describes his program, which is a highly desirable alternative to red or other colored revolutions. It strives for a bloodless, fruitful change of existing inequities, with hopes that our own minorities will see the value of a land tenure system based on justice and equal opportunity for all.

Further information may be obtained from the International Foundation for Independence, 163 Water Street, Exeter, New Hampshire, 03833.



**"The outstanding instance of an opportunity missed for land taxation is India, where much land is taxed at nominal values fixed in some cases more than a century ago, when prices were far lower, and often hardly taxed at all. This is one of the principal reasons why India's progress, both industrial and educational . . . has been slower than indicated by the Japanese model. Indian politicians apologizing for Nehru explained that he was frightened not of the big landowners but of the small landowners; for land ownership in India is very widely diffused, and a leader in a parliamentary government may consequently be frightened of taxing land."**

—Colin Clark, London