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Modinomics = Falsonomics: Part I

Neeraj Jain

Prime Minister Modi has often claimed that the Indian economy during the past five years of his rule has transformed from one of world's most fragile economies to the fastest growing economy in the world. Echoing him, the Finance Minister claimed in his 2019 budget speech: "We are the fastest growing major economy in the world with an annual average GDP growth during last five years higher than the growth achieved by any Government since economic reforms began in 1991."

This claim has an interesting history. For that, let us go back five years.

Government Moves to New Base Year

In January 2015, the government moved to a new base year of 2011–12 from the earlier base year of 2004–05 for national accounts. The government's Central Statistical Office (CSO) announced that not only was the base year for all calculations being revised, the methodology for calculating the GDP was also being changed.

This somewhat magically allowed the Central Statistics Office (CSO) to up the GDP growth rate by 2 percentage points. This made India—not China—the world's fastest major economy, and the Narendra Modi government lapped up the accolades. There were rumblings of disbelief as the uptick did not match any other real indicators. Even the government's chief economic advisor, Arvind Subramanian, admitted that he is puzzled and mystified by the revised estimates based on a new methodology.[1] Yet, the CSO released another set of estimates the following year (2016), further upping the growth rate figures for the BJP years (See Table 1).[2]

Now, there is fundamentally nothing wrong with re-basing the GDP; this is periodically done. But each time the GDP is rebased, the "back series" are also released immediately, going back to at least a decade or more. This time, what was bewildering was that not only did the CSO not publish the GDP growth figures for the years prior to 2011–12, the demand was ignored for three years![3]

Finally, in July 2018, the Committee on Real Sector Statistics under the Chairmanship of Dr. Sudipto Mundle set up by the National Statistical Commission (NSC) submitted its report to

Table 1: India: GDP Growth Rate after Methodology Change in 2015

	GDP Growth rate, New Series (2011-12 base), 2015 estimate (constant prices)	*GDP Growth rate, New Series (2011-12 base), 2016 estimate (constant prices)*
2012–13	5.1	5.6
2013–14	6.9	6.6
2014–15	7.4	7.2
2015–16		7.6

the NSC in which it presented its estimates of GDP back series based on the new methodology. The report showed that economic growth during the UPA years exceeded the old figures. The series showed that during the UPA regime, growth had exceeded 10% not once, but twice. The average growth rate during the UPA years had been upped from 7.5% in the old series to 8.0 in the new series (See Table 2).[4]

What most rankled the GOI was that these growth rate figures during the UPA years made the growth during the BJP years lower than the UPA years! The growth rate during the first three years of BJP rule so far had been 7.4%, 8.2% and 7.1%[5], for an average of 7.6%, and not once had the economy exceeded 10% growth rate. As if this was not enough, the economy had been slowing down in 2017–18.[6] So, the government promptly labelled the Mundle Committee data as "experimental" and "not official estimates";[7] the report of the NSC Committee was swiftly removed from the website—this was something unprecedented, as the NSC is the apex body regarding statistical matters and is supposed to be autonomous;[8] and the CSO burnt the midnight oil to come up with a new GDP back series. On November 28, 2018, the government finally released its new, official, back-series estimates for India's GDP (See Table 2). The figures show a lower rate of growth during the UPA years between 2005–06 and 2011–12 than what was estimated using the previous methodology. The data was released by NITI-Aayog vice-chairman Rajiv Kumar—when actually the NITI Aayog has nothing to do with computation of GDP figures, and the data should have been released by the CSO. Clearly, the NITI-Aayog had helped the CSO massage the GDP figures. Former Chief Statistician of India was forthright in his condemnation of the involvement of the NITI-Aayog in the release of the GDP back series: "We have always had a system that data CSO brings out is completely removed from the political interference. Even the Prime Minister would get to know of the numbers just before they are released. Now to do that alongside NITI Aayog, which is a political institution like the (previous) Planning Commission was, is essentially diluting the integrity of the CSO." He went on to add, ""It's a clear shift that NITI Aayog got involved in the generation of the new series. One gets the suspicion that it was not done by professional statisticians."[9]

And then, wonder of wonders, just a day before the Modi Government released its last budget for the current term, the CSO further bumped up the growth rate data for the years 2016–17 (the year of demonetisation) and 2017–18 (the year of GST) to show that growth for these two years was even higher than earlier projected. The government now claimed that in 2017–18, the GDP grew at 7.2 per cent, 50 basis points higher than the 6.7 per cent estimated earlier; and for 2016–17, the economic growth grew at 8.2 per cent from 7.2 per cent estimated earlier (See Table 2 & Chart 1).

There are several simple tests that the two new series released in 2018 and 2019 fail:

i) First, a simple common sense argument. The consensus view is that the economy was already losing steam by the first quarter of 2016-17 and demonetisation in November 2016 intensified the slow-down. There are various ground reports on the significant pain and job losses in the informal sector. But the new official estimate claims that India grew the fastest since 2011–12 in the year of demonetisation! The growth during this year (that is, 2016–17) at 8.2% is now even higher than the boom year of 2007–8, which now stands downgraded from 9.8% to 7.7%. That is simply unbelievable!

ii) Anyway, let us leave aside this common sense argument. As mentioned above, there is

Table 2: GDP and GDP Growth Rates, New and Old Series, Constant Prices[10]

	GDP Growth rate, Old Series (2004-05 base) (constant prices)	*GDP Growth rate, NSC Committee estimates, June 2018 (constant prices)*	*GDP Growth rate, New Series (2011-12 base) , 2018 estimates (constant prices)*	*GDP Growth rate, New Series (2011-12 base) 2019 estimates (constant prices)*
UPA Years				
2004–05	7.9	8.2		
2005–06	9.3	9.6	7.9	
2006–07	9.3	9.7	8.1	
2007–08	9.8	10.2	7.7	
2008–09	3.9	4.2	3.1	
2009–10	8.5	8.8	7.9	
2010–11	10.3	10.8	8.5	
2011–12	6.6	7.0	5.2	
2012–13	4.7	5.5	5.5	
2013–14	5.0	6.4	6.4	
Average: 2005–06 to 2013–14	7.5	8.0	6.7	
BJP Years				
2014–15			7.4	7.4
2015–16			8.2	8.0
2016–17			7.1	8.2
2017–18			6.7	7.2
Average: 2014–15 to 2017–18			7.35	7.7

fundamentally nothing wrong with re-basing the GDP. GDP is re-based regularly to account for changing production structure, relative prices and better recording of economic activities. Crucially, the re-basing also allows for introducing newer methodologies and improved databases. Such changes often expand the absolute GDP size because we are able to more accurately capture output. However, rarely, if ever, does the growth rate of GDP (or of its sectors) differ markedly between the new and the old series – implying that the underlying pace of economic expansion has remained the same.[11]

But what is intriguing with the new series is:

- In the new series first released in 2015, the GDP at factor cost for the base year (2011–12) at current prices is smaller by 2.2% as compared to that in the older series—when, normally, the GDP should expand as normally happens with rebasing as explained above:
  - Old series: GDP at factor cost in 2011–12 (at current prices) = Rs 83,91,691 crore.
  - New series (as per National Accounts Statistics of 2015): GDP at factor cost in 2011–12 (at current prices) = Rs 82,06,398 crore.
- As if that was not enough, the revised data released by the CSO in January 2016 further lowered the GDP for 2011–12:

- 2016 data: GVA at basic prices in the base year 2011–12 (at current prices) = Rs 81,06,656 crore.
- 2015 data: GVA at basic prices in base year 2011–12 (at current prices) = Rs 81,95,546 crore.

[That is: it was now 3.4% lower as compared to the older series (not a very accurate comparison, as we are comparing it to GDP at factor cost of the old series, Rs 83,91,691 crore)! (For definitions, see Box)][12]

This downward revision in GDP figures for 2011–12 raises India's growth rates in the following years. Thus, for 2013–14:

- The old series put the annual GDP growth rate at 4.7%.
- This has gone up to 6.6% in the new series.

iii) Even more strange is the fact that for some components of the GDP, that is, for some sectors, even the direction of change is different. For instance, for 2013–14, manufacturing sector growth rate has moved from (–) 0.7% in the old series, to (+) 5.3% in the new series. Such drastic revision of industrial growth rates are difficult to believe, as the revised (higher) estimates were quite at variance with other macroeconomic correlates, such as bank credit growth, or industrial capacity utilisation, or new investment projects launched.

iv) Agricultural growth rates at constant prices were much higher from 2004–05 to 2013–14 than since then. During the five years of the Modi government, agriculture GDP growth was 2.9 per cent on an average, compared to 4.3 per cent during the UPA-II years, and 3.7 per cent for the full 10 years of UPA. This is based on the latest GDP estimates released by the CSO, and is despite the manipulation of GDP data by the Modi Government.13

v) Another intriguing fact is: During the UPA years, when according to the new series GDP growth was lower, the gross investment rate—defined as gross fixed capital formation over GDP—peaked at 35.6% in 2007 and averaged 33.4% during the UPA period (2004–05 to 2013–14). Subsequently, during the four years of Modi-led NDA-II government, when according to the new series growth was higher, the gross investment to GDP ratio declined to a low of 28.5% in 2017 and averaged around 29% during the NDA period (2014–15 to 2017–18) (See Chart 2).

Economic theory has always held that higher investments lead to higher GDP. So how can GDP grow faster when the investment-to-GDP ratio has fallen?

Technically, the only circumstance in which this can happen is when the economy's productivity or the 'Incremental Capital Output Ratio' (ICOR) improves equally dramatically. Simply put, it means the economy generates a lot more output for the same amount of capital employed. There is no sign of that happening during the Modi government's four years in which productivity was in fact negatively impacted by the twin shocks of demonetisation and messy GST implementation. Besides this, much of the NDA-II period has also seen the largest quantum ever of unproductive assets locked up in the form of non-performing assets (NPAs). Banks are not lending because of unresolved bad loans. How can productivity surge in such circumstances?[15]

vi) The figures under the new series don't match any of the other economic numbers. Thus, even while the UPA-era growth is supposed to be lower according to the new series:

- during the UPA years, non-food bank credit (outstanding) grew

Box: Some Definitions

In the older series, the CSO used to measure the economy's growth in terms of the changes in real GDP at factor cost.

- GDP at factor cost = Sum of GVA originating from various economic activities such as agriculture, mining, quarrying, manufacturing and so on.
- GDP at Factor Cost + net indirect taxes (indirect taxes minus subsidies) = GDP at market price.

In the NAS new series, CSO introduced a new concept:

- GVA at basic prices = GDP at factor cost + net production taxes (indirect taxes on production minus subsidies on production). (Since subsidies are higher, GDP at factor cost is usually more than GVA at basic prices.)
- GVA at basic price + net indirect taxes on products (indirect tax on products minus subsidies on products) = GDP at market prices. (This, at constant prices, is considered to be the GDP used by us in budget calculations.)

In loose terms, GDP at factor cost in the old series can be taken equivalent to GVA at basic prices in the new series, as the GDP at Factor Cost data is not easily available for the years after 2011–12.

Chart 1: GDP Growth Rates, Constant Prices, Old and New Series

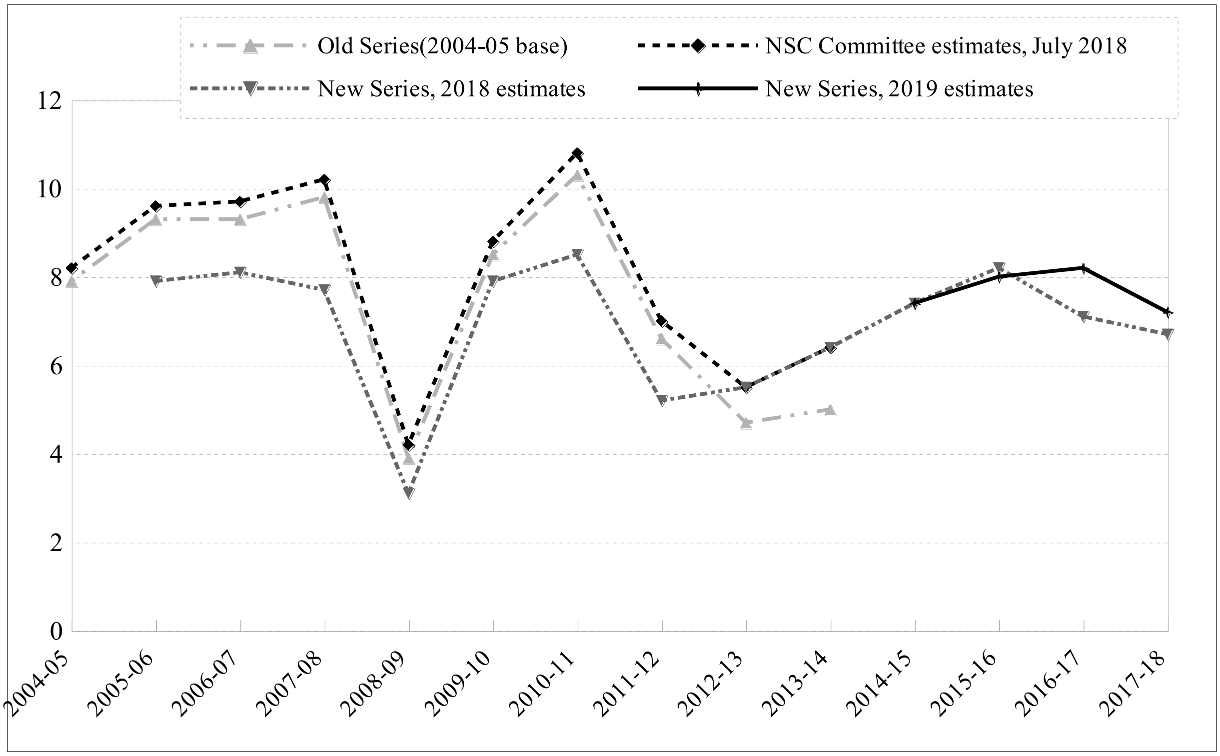
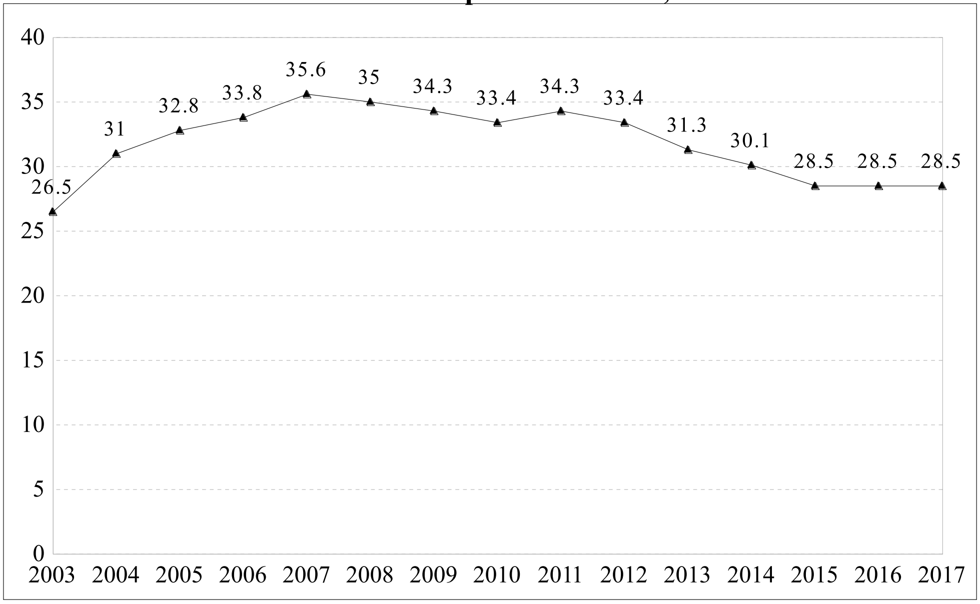


Chart 2: Gross Fixed Capital Formation, % of GDP[14]



at a creditable rate of 22.8%, while bank credit to industry (outstanding) grew even faster at 23.3%.

- while under the NDA years, non-food bank credit (outstanding) rose by an average of 8.6%, while bank credit to industry (outstanding) grew at a lowly 1.8%—a clear indication of a slow-down.

vii) Likewise, several other economic numbers also do not match.

During the UPA years, the country's exports were booming at 20%-plus. But during the BJP years, export growth was zero: India's total merchandise exports – from industrial to agricultural goods (service exports are excluded in this analysis) – actually fell during the first four years of Modi govt (2014–15 to 2017–18) by (– 0.4%), whereas they had grown by 22.16% during the UPA-I regime, and 12.3% during the UPA-II regime.[17]

In absolute numbers, exports were only $50 billion in 2002–03, but had risen to $250 billion in 2010–11, and reached $315 billion in 2013–14. They have not recovered to that level even in 2017–18—when they were $303 billion.

Similarly,

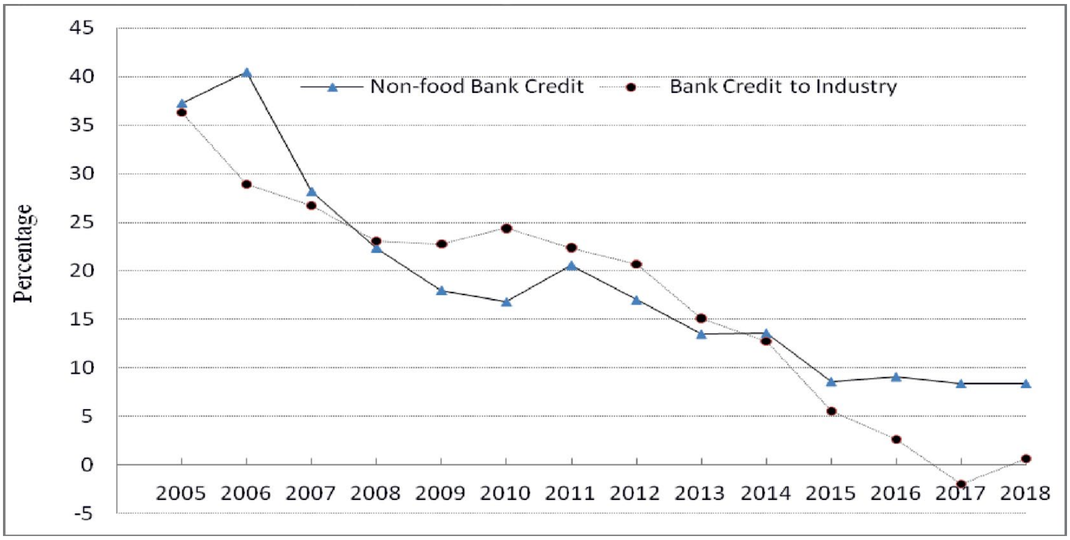
- UPA years: corporate earnings of the top 1,100 companies grew at at over 20%.
- BJP years: corporate earnings of the top 1100 companies grew at about 2% a year.[18]

viii) Yet more figures comparing UPA with BJP economic performance:

- Corporate revenues grew by 18.9 per cent annually and company profits by 13.2 per cent on an average per year during 2005–14, compared to just 5.2 per cent for revenues and a decline of 1.8 per cent for profits during 2014–18.
- Capital expenditure was growing at 20.8 per cent per year in the earlier period, and it fell to 8.7 per cent later.
- Corporate tax, which was growing at 21.5 per cent, fell to a growth of just 10 per cent, showing a clear slowdown in the economy.
- Plant load factor (PLF, or the ratio of actual energy produced to maximum possible energy that could have been produced) averaged 68.5% from 2004–05 to 2013–14, and until 2011 had never fallen below 74%. By contrast, the PLF from 2014–15 to 2017–18 has been 57%.
- Industrial performance can be judged by vehicle sales. They are a good barometer of GDP growth because they indicate consumption demand. Also, the automotive industry has a long value chain reaching back to primary activity such as mining (basic metals), manufacturing (plastics, leather, forgings, electronics, glass) and forward to the service sector, including areas such as finance, advertising and marketing. The industry also supports a vast number of jobs in repair, maintenance and energy sectors. So, what does the data say? Car sales went up by an average of 13.8 per cent per year in the earlier period, truck sales were up 14.3 per cent annually, while in the 2014–18 period car sales growth had slumped to 1.1 per cent and for trucks to 0.9 per cent. Since the auto and truck sector is central to the health of the economy, with ancillary industries down the line, their dismal performance indicates that the economy is doing poorly all around.[19]

ix) The roots of the problem probably lie in the methodological changes made to make the new GDP series. For example, data from the Annual Survey of Industries (ASI) was replaced with Ministry of Corporate Sector's (MCA's) company financial data (MCA-21) for estimating manufacturing sector growth. (In the older series, the manufacturing sector consisted of two parts: registered (or organised) sector accounting for about two-thirds of manufacturing output, estimated using Annual Survey of Industries (ASI); and unregistered (or unorganised) manufacturing, whose output was estimated using various NSS sample surveys.) It has been shown by several experts

Chart 3: Growth Rate of Bank Non-Food Credit and Industrial Credit[16]



that MCA database has several shortcomings, and the advantage claimed by CSO in using MCA over ASI data—that ASI data leaves out non-factory value addition—has also been shown to be false.[20] The use of MCA data in place of ASI data is one reason which has led to faster manufacturing sector growth and faster GDP growth in the new series. Several analysts have question this and other changes in the methodology made by the CSO to draw up the new series.[21]

Economy Slowing Down Again

Despite all these machinations, the slowdown simply won't go away. The latest GDP growth figures released by the CSO show that the economy is slowing down once again. The GDP growth rate for the first three quarters of 2018–19 was 8%, 7% and 6.3%, wthird quarter—October to December, 2018—was down to 6.6% year-on-year, the slowest in five quarters. Even these estimates are most probably inflated. An article by Devangshu Datta in scroll.in gives several data available in the public domain that indicate that the economy has slowed more than the official estimates show.[22] But then how GDP data has been suitably massaged over the past five years, it shouldn't be surprising if the CSO bumps up 2018–19 growth rate too!

Real GDP Growth Rate Close to 1 Percent

The government claims that the rate of growth of the economy is around 7%. Even if we leave aside the above debate about how the government has manipulated GDP figures, even then, this growth rate is a huge exaggeration. As has been shown by Arun Kumar, the real growth rate of the economy is not 7% as is being claimed by the government, but is closer to 1%.

The reason for this is that post demonetisation and GST, the unorganised sector has been badly devastated. Thus, a recent survey by the All India Manufacturers' Organisation revealed that two years after demonetisation and GST, the economy has not yet recovered from its blows. The survey, based on data from 34,700 of the AIMO's 300,000 member units and conducted in October 2018, showed that the number of jobs in micro and small enterprises had declined by roughly a third since 2014. In medium-scale enterprises, about a quarter of jobs had been lost, and among traders the decline was over 40 percent.[23] Data from the Centre for Monitoring Indian Economy, a business-intelligence firm, shows a loss of 11 million jobs in 2017, most of them in the largely unorganised rural economy. But government figures do not take into consideration this devastation, and estimate the GDP contribution of the unorganised sector as if everything was normal.

The government collects data on growth in the unorganised sector once every five years. The last time it did this was in 2015. In the years between successive datasets, official numbers for the unorganised sector are calculated on the basis of various assumptions. For example, there are projections based on figures from the preceding year, and on data on the organised sector—on the assumptions that old trends persist, and that the organised and unorganised sectors share similar fortunes. These assumptions are valid if the economy does not face a structural break.

Such assumptions do not hold anymore. Demonetisation hurt the organised sector much less than the unorganised sector, since the latter is far more dependent on cash. The GST has also had a disproportionate impact on unorganised enterprises, even though they are exempted from registering for it. GST compliance in the organised sector has forced the digitisation of business transactions, and a preference for organised-sector suppliers. The informal sector has struggled to deal with the reconfigured complexities and priorities, and so lost lucrative contacts with the organised sector. In the wake of these shocks, the organised sector can no longer serve as a proxy for the unorganised sector, and old numbers have no connection to the new reality.

Worse, the official method used to calculate the government's quarterly growth estimates is based only on data from the corporate sector. These do not even fully represent the organised sector, since the corporate sector is only one part of it. Further, if the organised sector is growing at the expense of the unorganised sector, as seems to be the case, then the former cannot at all represent the latter.

All of this implies that the economy's rate of growth is nowhere close to what the government claims it is. If we take the official word for this, the organised sector, which accounts for 55 percent of gross domestic product, is growing at 7 percent; and agriculture, which is part of the unorganised sector and accounts for about 14 percent of GDP, is growing at around 3 percent. For the non-agricultural unorganised sector, which accounts for the remaining 31 percent of GDP, the scale of job losses shown in the studies cited above points to a decline of at least 10 percent, even by a conservative estimate. If all this is added up proportionately, the overall rate of growth only comes to around 1 percent. This is the true measure of the growth of the Indian economy, post-demonetisation and post-GST.[24]

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Is India's Democracy Being Sold Through Electoral Bonds?

In response to the petition filed by Communist Party of India (Marxist) General Secretary Sitaram Yechury before the Supreme Court with regards to the electoral bonds, the BJP-led central government said in an affidavit that the decision to issue electoral bonds would promote transparency in funding and donations received by political parties.

Interestingly, the BJP was the biggest beneficiary of the electoral bond scheme launched by the government in 2017-18, bagging 94.5% of the bonds worth a little over Rs 210 crore. The BJP's audit and income tax reports submitted to the Election Commission of India (ECI) list voluntary contribution of "Rs 210,00,02,000 through electoral bonds", *Economic Times* review of the party's annual audit report for 2017-18 shows.

Electoral reforms activists, former chief election commissioners, and constitutional experts have slammed this move for obfuscating transparency rather than enhancing it. It would make political funding, especially by corporations, more opaque as neither the donors nor the parties have to reveal who donated what to which party. That itself violates the constitutional principle of free and fair elections.

Spending on the election ending May 23 is set to rise 40 per cent to 500 billion rupees ($7 billion), according to the New Delhi-based Centre for Media Studies. "It won't be an exaggeration to say that our elections will never be the same again," said N. Bhaskara Rao, the group's chairman, who has advised previous Indian governments. "What is this if not the auctioning of our democracy to the highest-paying corporation?" he said.

What are electoral bonds

Anyone can buy an electoral bond at the government-owned State Bank of India in denominations ranging from 1,000 rupees to 10 million rupees ($14 to $140,000). Afterwards, they are delivered to a political party, which can exchange them for cash. They don't carry the name of the donor and are exempt from tax. SBI is the only bank that is authorised to issue such bonds.

As per the provisions of the scheme, electoral bonds may be purchased by a person, who is a citizen of India or entities incorporated or established in India, including foreign companies. A person can buy electoral bonds, either singly or jointly, with other individuals.

Electoral bonds are available for a period of 10 days each in the months of January, April, July and October, with an additional period of 30 days specified by the central government in the year of general elections.

The bonds can be purchased only after making payment through KYC-compliant account. They can be encashed by an eligible political party only through a designated bank account with the authorised bank.

An electoral bond is valid for 15 days from the date of issue. No payment would be made to any payee political party if the bond is deposited after the expiry of the validity period. The bond deposited by any eligible political party into its account would be credited on the same day.

Any party that is registered under section 29A of the Representation of the People Act, 1951, and has secured not less than 1% of the votes polled in the last election of the Lok Sabha or legislative assembly will be eligible to receive electoral bonds.

No opposition to overhaul

"India's campaign finance overhaul began in 2017, when parliament approved an amendment that made it easier for companies to donate to campaigns, including removing a cap on corporate donations (the maximum used to be 7.5 per cent of a company's average net profits over three years). Now new firms can also donate to political parties, opening the door for shell companies to be set up expressly for the purpose," TNIE reported.

Requirements for companies to disclose how much they donated and to which party were also eliminated.

The changes were introduced in parliament via a money bill, a measure that only needs to be passed by the lower house controlled by Modi's ruling coalition and not the opposition-led upper house.

A similar tactic was used to pass with little debate rules that changed the definition of a foreign company. Previously, all subsidiaries of international entities were treated as overseas donors and not allowed to make political contributions. Now if a foreign firm has a stake of less than 50 per cent in a company operating in India, that unit can fund Indian elections.

While several lawmakers protested the moves, analysts said the amendments will benefit both Modi's Bharatiya Janata Party as well as the main opposition Congress party. It was said that nobody from the opposition spoke up because they too could gain if they came to power.

Experts unanimously slam move

This wide leeway to corporates have drawn the ire of Jagdeep Chhokar, founder-member of the Delhi-based civil rights organisation Association of Democratic Reforms and a long-time crusader for electoral reforms. It was because of his petition in the PIL against Finance Bill unduly favouring corporations in political funding, that the Supreme Court issued a notice to the central government and Election Commission.

Chhokhar insisted that the government at the Centre is "hoodwinking the public and electorate", because although political parties would have to show the amount of political funding in their balance sheet, they do not have to disclose to which party they have donated, Newsclick reported.

If the donation is made to the ruling government, the electorate would have no way of knowing the extent of crony capitalism because the party in power would obviously "reward" major and significant donors with government contracts, licenses and tenders. Moreover, the government in power would get detailed information on which the corporation has donated what amount, and can thus arm twist those who have funded its rivals more, he said in the report.

S.Y. Quraishi, a former chief election commissioner echoed Chhokhar in the report. He agreed about the apprehension of potential arm twisting by the powers-that-be. He said that the electoral bonds are the exact antithesis of transparency. The bonds will ensure the anonymity of donors, but "also kill whatever little transparency that exists now." He further said, "The removal of the ceiling of 7.5% of a company's profits that could be donated has compounded the problem. Very soon we will see companies spending all their profits on politics alone and control governments. So far, all donations above Rs 20,000 are disclosed by political parties to the Election Commission. In future, no one will know which corporation donated how much and to which party. And the inevitable quid pro quo will never be apparent."

Nasim Zaidi, ex-chief election commissioner who retired in July last year has also voiced his misgivings about the government not consulting the EC before introducing electoral bonds though that was mandated by law, and also stated that because of electoral bonds, corporations would never file the donations they made to political parties, thereby trampling on the people's fundamental right to know.

Legal scholar Gautam Bhatia has explained why these bonds are a threat to democracy, while Suhrith Parthasarathy, a lawyer practising in the Madras High Court, has detailed how they reward corruption, the report said.

The mounting criticism is apparent and the bonds are under immense scrutiny considering the nearing Lok Sabha elections. Will it be the country's democracy that sizzles on this political self-serving hot plate?

Courtesy: Sabrang India

Gender Audit of the Union Budget 2019–20

Vibhuti Patel

Introduction

Women and girls face various forms of vulnerability throughout the life cycle. They may face discrimination before or after birth; violence, harassment or abuse; neglect due to dependence and lack of access to resources; social prejudice; and exploitation—whether economic, political, social or religious. They are vulnerable to exploitation and discrimination regardless of where they are positioned on the economic and social spectrum. Additionally, their vulnerability increases significantly if they are poor, socially disadvantaged or live in a backward or remote area. Gender Responsive Budget (GRB) is a widely accepted strategy that has been employed across more than 100 countries to address these vulnerabilities.

GRB uses the Budget as an entry point to apply a gender lens to the entire policy process. It is concerned with gender sensitive formulation of legislation, policies, plans, programmes and schemes; allocation and collection of resources; implementation and execution; monitoring, review, audit and impact assessment of programmes and schemes; and follow-up corrective action to address gender disparities. GRB is not just a one-time activity. It is a continuous process that must be applied to all levels and stages of the policy process. The idea behind GRB is not about literally dividing funds in a fifty-fifty ratio among men and women. GRB is about bringing a gender perspective in policy making at different levels. For example, recent schemes like Digital India are noteworthy but lack specific focus on digital empowerment of girls and women given the gender inequality in society. At grass root level, often women with low or no literacy levels are left out in technological shifts which become important part of daily life in society. Likewise, there is scope to integrate safety of women as a major concern in flagship centrally sponsored schemes such as JawaharLal Nehru Urban Renewal Mission (JNNURM), PMGSY, etc. While undertaking town planning, policy makers and budget experts need to do gender budgeting to ensure women-friendly civic infrastructure—water, sanitation, health care, safe transport, public toilets, help lines, skill development for crisis management and, safe transport and safety at work place.

In brief, it needs to be recognised that women's issues do not have to be seen as the concerns of the Department of Women and Child Development (DWCD) and Social Welfare (SW) Departments alone. There is a need to recognise that women are contributors to and recipients of services provided by different departments like Health, Education, Home, Tribal, Public Works, RDD, Housing, Social Justice, etc. and that they have different needs. Policies have to be thus designed and financed accordingly to create maximum benefits to all.

Institutionalisation of Gender Budgeting

The first important step towards institutionalisation of gender budgeting would be to ensure that a policy guideline or mandate is not only issued from the highest level of the government but also implemented by the concerned ministries and departments. Formation of a high level committee chaired by the Chief Secretary or the Additional Chief Secretary rank official will also be crucial to ensure that mechanisms are put in place to operationalise gender budgeting. All state governments need to create a gender cell, preferably within the finance and planning department to ensure that budgets are effectively reaching women and girls. Akin to environmental impact assessment, the format for approval of new programmes and schemes needs to include a section on gender to ensure that the design of the scheme is gender sensitive. All departments must include a section on gender in their annual reports and outcome budgets. Concerted efforts need to be made to ensure that sex disaggregated is collected. Wherever needed, the monitoring formats should be revised to collect the data. Women's Policy should have a clear action plan with roles and responsibilities and timeline delineated for relevant ministries/ departments.

Translation of Gender Commitments to Budgetary Commitments

Gender promises made by the state gets translated into gender responsive budgetary commitments of the Union ministries and departments. Like previous years, the Gender Budget Statement (GBS) for the year 2019–20, in its Part A has provided schemes and programmes 100% targeted for women and Part B gives the schemes that are expected to use minimum of 30 per cent of the total allocation for women and girls. The GBS is significant as it is the only source of verifiable, quantitative information on government's efforts at ensuring budgetary commitments towards women. The overall financial allocation for the GBS for 2019–20 (BE) is Rs 1,31,700 crore while the same for 2018–19 (BE) was Rs 1,24,367 crore. Thus there is an increase of Rs 7,333 crores in the current budget.

Decline in Allocation for Gender Concerns

When it comes to gender responsive budget, there is continuous decline since 2017–18. The actual expenditure of the Union Budget for Part A, that is schemes 100% targeted at women, was Rs 28,644 crore in 2018–19, while the Revised Budget for 2018–19 got reduced to Rs 26,544 crore, and the current year's allocation is Rs 26,504 crore. Thus the allocation of PART A has consistently declined.

The Ministry of Women and Child Development (MWCD) budget has got nearly 1/5 rise in its budgetary allocation in the current budget.

Gender based Violence

Since 2018–19, there has been a decline in the budgetary provision for schemes addressing violence against women. The current budget has increased financial allocation for only one scheme *One Stop*. Financial support for shelter homes for women survivors of violence, *Swadhar Greh* and *Ujjawala* scheme for prevention, rescue and rehabilitation of trafficked girls and women has reduced by half as compared to the previous year. The Helpline for women in distress has been reduced by more than 1/3 as compared to the previous year. The promise of a Scheme for Acid Attack Victim's Welfare Fund and Restorative Justice to Rape Victims has remained only on paper even when as per National Crimes Records Bureau, the nature, intensity and gravity of crime against girls and women are escalating day by day.

The allocation for Government's flagship scheme *Beti Bachao Beti Padhao* is stagnant. Unitilsation of the Nirbhaya Fund has been miserably poor.

Women and Work

There has been drastic reduction of work participation of women over the last 5 years across educational backgrounds and location; yet no scheme is provided for enhancement of women in the workforce. There has been reduction in financial allocation for Scheme for National Mission for Empowerment of Women from Rs 267 crore in 2018–19 (BE) to Rs 150 crore in 2019–20 (BE). Fund allocation for Support to Training and Employment Programme (STEP) is miniscule, and even this has further declined from Rs 5 crore in 2018–19 (BE) to Rs 3 crore in 2019–20 (BE).

Women in Agriculture

As per NSSO 68th Round, 80% of women workers were in the agrarian sector. There has been feminisation of agriculture as men are migrating to the cities to earn cash income. But women are not recognised as farmers as women do not have land-holding in their names and cannot access all schemes for farmers. Only *Deendayal Antyodaya Yojana* under the National Rural Livelihood Mission (DAY-NRLM) has a provision for women Farmers' component under *Mahila Kisan Sashaktikaran Pariyojana*. But the most important challenge is to get an official recognition as 'women famers', only then can women farmers access credit and get all agriculture related entitlements under 30% women's component in *Rashtriya Krishi Vikas Yojana*, Sub-Mission on Agriculture Mechanisation, National Food Security Mission, National Mission on Oilseeds and Oil Palm, Sub-Mission on Seed and Planting Material and Mission for Integrated Development of Horticulture under the Ministry of Agriculture and Farmers Welfare. Likewise, women are not eligible for the income guarantee scheme of Rs 6,000 per annum under the Prime Minister *Kisaan Samman Yojana* for farmers owning less than 2 hectares of land announced in the Interim Budget, as women do not own land.

Gender Audit of Welfare Schemes

Budgetary provisions for crèche scheme for working parents' children has dropped. The financial allocation under *Pradhan Mantri Matru Vandana Yojana* (PMMVY) of Rs 2,500 crore in 2019–20 (BE) is highly inadequate to meet the medical expenditure of over half a million pregnant women in India. Moreover, inadequate number of *Anganwadi* workers under ICDS and helpers and *ASHA workers* of National Health Mission render them inhumanly overburdened. Reduction in social sector budget for maternal health, employment, violence against women, practical gender needs in the care economy in the context of lowering of real wages due to food price inflation and informalisation of workforce has made toiling women's lives precarious. Announcement of policy for social security and social protection of domestic workers on March 5, 2018 by the Labour Ministry has not been translated in terms of budgetary allocation in 2019–20 (BE).

GoI has approved a new scheme, *Mahila Shakti Kendra* (subsuming erstwhile National Mission for Empowerment of Women Scheme) for implementation during 2017–18 up to 2019–20 to empower rural women through community participation. Due to mass movement of women farmers, the current budget has made some promises, but without any doable agenda.

One Step Forward, Two Steps Backwards

The current budget has promised 50 per cent increase in the honorarium of Anganwadi workers, but even after this increase, the long-standing demand of minimum wage of Rs 18,000 per month will not be met. The financial provision for the Scheme for Transgender Persons under Ministry of Social Justice and Empowerment has been negligible and mostly unutilised. The same is the story of the fund for relief and rehabilitation of rape victims. There is a need for enhancement in allocation for special funds for the survivors of Acid Attack for their medical treatment and reconstructive surgeries. The most neglected sections under the Union Budget 2019–20 are the girls from SC, ST and minority religious communities. The Right to Pee campaign has highlighted need for mass construction of rest rooms for girls and women in public places such as bus stations, railway platforms, market places, tourist spots, public schools and colleges, and industrial zones, allocation for which needs to be made from 30% component gender budget component of sanitary budget, but no progress is made due to resistance of the Ministry of Drinking Water and Sanitation to implement GRB.

Human rights organisations,

transgender groups and women's studies centers need to work proactively to ensure gender responsive participatory budgeting at all levels of governance.

Conclusion

The Gender Budget Cells that are supposed to serve as as focal points for coordinating gender budgeting initiatives within their Ministries and across Departments have played a major role in budgetary allocations of the Union Budget. So far 56 Ministries / Departments have confirmed setting up of a cell and / or nominating a nodal person. This could materialise because the Ministry of Women and Child Development, in collaboration with UN Women, developed a Manual and Handbook for Gender Budgeting for Gender Budget Cells for Central Ministries and Departments. This strategy of the Government on Gender Budgeting and Gender Mainstreaming during 2004 to 2014 resulted in many State Governments like Rajasthan, Gujarat, Madhya Pradesh, Karnataka, Orissa, Kerala, Assam, Bihar, Chhattisgarh, Tripura, Nagaland, Uttar Pradesh and Uttarakhand adopting Gender Budgeting.

Gender economists are aware that concerns of women cannot be addressed through the Ministry of Women and Child Development alone. It is on the work of women that success of several sectors rest. The changing demographics of agriculture, with more than 75% of all women workers, women's disproportionately large contribution to the export and services sector and in the unorganised sectors—all these need to be located in our policies. Each of these sectors needs to make concerted efforts to address women's concerns through: recognising women's contributions, addressing their gender specific concerns and organising their voice; investing in skills of women and upgrading their work spaces and providing common work facilities; providing women access to new technologies and credit schemes; paying special attention to caste and minority derived exclusion within gender. Hence, it is important to prioritise universalisation of Gender budgeting (including gender audit) and Gender outcome assessment in all Ministries / Departments at Central and State levels. The Gender Budget Cells located in the different ministries need to be strengthened so that women's concerns can be mainstreamed across different sectors. Further, it needs to be ensured that each of such measures (as listed above) is backed with adequate resource allocation. Calling for implementation of the Women Component Plan (WCP) across all ministries could ensure at least a minimum resource allocation targeted at women. The poor and even receding implementation of WCP as pointed by the Mid-Term Appraisal of the Tenth Plan warrants special efforts at correction. Considering the large numbers of women in unpaid work and women's central role in the care economy, to address women's concerns in these sectors, policies need to focus on social services to support women's care roles (old age, child care). With increasing women's role in the care economy (both paid and unpaid), adequate resource allocations need to be made to support women's care roles. In the absence of sex disaggregated data, evaluation of schemes through a gender lens or any effort at strengthening gender dimensions of existing schemes poses a big question. So, provision of such data should be prioritised. In the light of the present agrarian crisis and the changing face of agriculture being highly gendered, the vulnerability of women farmers in particular needs attention in the larger context of food security.

Considering the huge gender disparities in land ownership patterns, women's access to land needs to be strengthened immediately. This could be done by (a) improving women's claims to family land (by enhancing legal awareness on inheritance laws, provide legal support services, etc.); (b) improving access to public land by ensuring that all land transfers for poverty alleviation, resettlement schemes, etc., recognise women's claims; etc., (c) Improving women's access to land via market through provision of subsidised credit to poor, by encouraging group formation for land purchase or lease by poor women, etc.,

Women's rights organisations in India have demanded that the government should ensure adequate gender budgeting in all ministries and departments, enact a comprehensive Food Security Bill, ensure universal PDS as a core component, allocate 6% of GDP for health, allocate 6% of GDP for education, make budgetary allocation to cover special schemes for women workers, increase allocation for women farmers, enhance resource allocation for tribal, Dalit and minority women and increase budgetary support for schemes to assist women-headed households and differently abled women. The target of 30% gender allocations under all ministries has not yet been achieved. This must be implemented immediately.

There is need for gender audit and gender outcome appraisal of all ministries and departments at the central and state levels. Very often, resource allocations made under gender budgeting do not reach in time and they remain unspent. There should be proper monitoring and supervision of the allocated funds with greater transparency and accountability at all levels.

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In Ex-Colonial Countries, People Should Stop Admiring the US and Europe

Andre Vltchek

It may sound incredible, but it is true: in countries that have been damaged, even totally robbed and destroyed by the West, many people are still enamoured with Europe and North America.

For years, I have been observing this 'phenomena', even in the most plundered, devastated war zones and slums. Often I was shocked, other times thoroughly desperate. I did not know how to respond, how to react, how to describe what I have been observing.

Then, a few days ago, in Syria, right next to the Idlib battlefield, close to the deadly positions of Al-Nusra Front, in a country where the West and its allies have murdered hundreds of thousands of people, one of my interpreters exclaimed in a 'patriotic' outburst: "Look how beautiful this land is! It is almost as beautiful as Europe!"

And at night, another guide of mine began nostalgically recalling his glorious days in Europe, when he could still go there; before the Syrian war began.

An interpreter did not know who Fidel Castro was (I had his portrait, lighting up cigar, as my phone screensaver), but both of them—my local companions at the battle ground—were fluent in Western slang and the worldview. They knew, however, near zero about China. They were patriotic and they fully supported their country, but at the same time they admired the West and Western journalists from the mainstream media—those very same propagandists who helped to bring their beautiful and unique Syria to the state in which it is now.

It all felt schizophrenic, but definitely not new.

I could not take it, anymore. I decided to write this story, despite the fact that it is an intellectual 'minefield'. I decided to write it, because it is how it is. Because I have to tell it; someone has to. And above all, because it is absolutely essential to combat the crooked selfie image with which the West has been infecting almost all nations of the world, including all those that it has been plundering and raping.

I

Are we dealing with the so-called "Stockholm Syndrome" here? Most likely, yes. The victim falls in love with her or his tormentor.

For long centuries, the West has been colonising, usurping, literally terrorising the entire planet. Hundreds of millions have died as a result of colonialism, neo-colonialism, and imperialism. Wealth, cultural and educational institutions, hospitals, transportation, parks—all that Europe and North America possess to date and boast about—was constructed on mountains of bones, on genocide and unbridled plunder.

That cannot be disputed, can it?

Slavery, mass murder, genocidal expansions; the West robbed the world, and then consolidated its power, promoting its exceptionalism through relentless brainwashing (called 'education'), propaganda (called 'information'), and twisted entertainment for the masses that inhabit poor countries (called 'culture' and 'the arts').

Shockingly and absurdly, Europe and North America are still loved and admired by many, even (or especially) in such places where Western governments and companies plagued everything like locusts, leaving to the locals only burned land, poison and miserable slums.

How is it possible?

For years, I have been working in Africa, a continent which was entirely subjugated by the UK, France, Germany, Belgium and other European expansionist nations. Africa, from where millions of men, women and children were brought in chains to the "New World", as slaves. Where millions died during the 'hunt', where millions died in 'transit centers', and then, on the open seas. That's tens of millions of ruined lives. The complete plunder of the resources, the unimaginable humiliation of the people, broken cultures, genocides and holocaust against local individuals from what is now Namibia to the Democratic Republic of Congo. Great African heroes like Lumumba assassinated by the Western rulers.

And yet, many Africans see the West as some great 'example', as a 'guiding light', as a severe but respectable 'daddy', who uses the belt when it is necessary, but who also rewards justly those of his 'children' who 'behave properly'.

It is repulsive, but undeniable.

The greatest African writers are now teaching at US and UK universities. They have been 'neutralised' and 'pacified', many of them outrightly bought. In many countries, African judges wear comical white wigs, doing their best to look like their British counterparts. The children of corrupt elites are collecting diplomas from the UK and French universities, imitating upper-class European accents.

To behave, to look and sound like the colonisers, is something that brings respect.

The same on the Sub-Continent, of course.

The mannerism among the upper classes in India and Pakistan are those of the UK (and lately, of the US). Elites there go out of their way to be more British than the Brits; more Californian than the inhabitants of the US West Coast. Countless private Indian universities call themselves 'American' or 'British', with 'Oxford' or 'Cambridge' frequently 'decorating' their names.

'To be accepted' in Europe or North America is the highest honour in almost all former colonies, therefore, in almost the entire world.

'Well-groomed', well-educated and modern Asians, Latin Americans, Africans and the Middle Easterners are expected to ape Westerners; to dress like Westerners, eat (and drink) like the Westerners and to 'defend the same values' as them.

In fact, they are expected to be much more Western than the Westerners.

But 'expected' by whom? Yes, you guess correctly: very often by their own people!

II

Ask and many in the 'South' will tell you: everything that comes from the West is beautiful, progressive and dandy.

"Every bule is beautiful," I was informed, recently, by a young indigenous professional lady in the totally environmentally plundered island of Borneo/Kalimantan. Bule is a vulgar, derogatory Indonesian word for the 'whites', and literally means 'albino'. However, the lady was not joking, it was a compliment: she was brought up believing that every bule is actually superior and fine-looking.

In the indigenous Mexican state of Yucatan, right after the elections that brought to power the left-wing President Obrador, I overheard the conversation of a dozen or so upper-class housewives in a Western chain café. Their references were fully European and North American: from vacations in Italy and Spain, to the films they were watching, books they were reading; Europe was their 'mother-continent', while Miami their only true comparison. Before Obrador came to power, indigenous people were increasingly living in misery, their roofs broken, jobs disappearing. But the elites were, as always, in a European state of mind. The real Mexico was not on their radar. It did not matter, or didn't even exist.

Even some of the poor in the 'conquered world', who are actually 'concerned' about Western imperialism, see it as an abstract problem. They see it as a strictly political, military or economic issue. The fact that Western imperialism has 'culturally' immobilised entire nations and continents is hardly addressed.

Even in those proud countries that are determinedly struggling against Western imperialism—China, Russia, Iran, or Venezuela—the Western narrative of exceptionalism has already managed to cause tremendous damage.

In China, for instance, almost everything 'Western' had been, until recently, associated with modernity. Being 'against the West' was considered boring, gray and outdated, somehow connected to the 'Communist propaganda' of the past (the fact that the 'Communist propaganda' was often correct, mattered nothing). This attitude allowed the great infiltration of Chinese universities by Western academia, as well as the injection of Western nihilism into Chinese arts, culture, even way of life. Only recently, has this dangerous trend been reversed, but not after it had already caused great damage.

The admiration of everything Western destroyed the greatest progressive experiment of modern history—the Soviet Union and the so-called "Eastern Bloc".

The power of negative Western propaganda packaged together with the promotion of extreme individualism, selfishness and consumerism literally wiped out all internationalist zeal, humanism and higher principles from the minds of tens of millions of young Czechs, Poles, East Germans, Bulgarians and even Soviets.

The once proud Communist Eastern Bloc, after liberating dozens of countries from colonialism, after fighting for an egalitarian world, showing solidarity with all oppressed nations, was then gradually defeated by such shallow bullshit as blue jeans labels, the nonsensical lyrics of rock and pop songs (a favorite weapon of the West), greed, religions (another Western weapon), and slogans like 'freedom' and 'democracy' (the Western world which has been denying freedom and democracy to almost all countries on our planet, cynically turned the truth upside down and fooled East Europeans, by skillfully applying centuries long propaganda methods).

In the end, confused and increasingly cynical, what many East Europeans demanded was not 'freedom', but more money, more labels, and the ability to join the bloc of the countries that have been plundering the world.

III

So, what makes the West so successful, when it comes to brainwashing people all around the world? How is it possible, after all that banditry, terror and ruthlessness, that most of the oppressed and conquered countries are still showing plenty of respect to the masters that reside in New York, London or Paris?

I believe that if we find the answers to this question, we will be able to save the world and reverse this deadly trend.

First of all, after interacting with thousands of people in Africa, Asia, the Middle East, Oceania and Latin America, I am coming to the conclusion that the West (and Japan) is often admired for the 'high standards of living'.

In such miserable and collapsed countries like Indonesia, I often hear nonsense like: "European countries are more 'Muslim' than we are. They treat people much better than we do."

Middle and upper class Southeast Asian families travel to Netherlands or Germany, and then exclaim after returning home: "Look at their parks, hospitals, bicycle lanes, trams, museums . . . We have to learn from them! They do so much for improving our world."

That's precisely what Africans admire about Europe. That's how many 'educated' Indians or Southeast Asians feel. That's what Peruvians, Hondurans or Paraguayans love about their Miami.

Are they wrong? Isn't there, after all, plenty that poor countries could learn from the West?

Yes; definitely they are wrong. Totally wrong!

Let's see 'why'?

The West 'arranged' the entire world in accordance with its own feudal system of the past centuries. It brought the system of shameless oppressive regime to the global level.

To admire this monstrous and regressive global system would be like admiring the arrangement of European societies some three hundred years ago. It would be essentially like saying: "Look, the aristocracy of France or England was actually quite fine, egalitarian, educated and healthy, and we should learn from how they lived, and copy their examples!"

Of course, the aristocracy, the royalty and the church of Europe has always lived well, even 300 years ago. They had good schools for their children, they had decent medical care, palaces, summer villas, sanatoriums with mineral waters, theatres, lavish parks and tons of servants.

The only 'tiny' problem was that some 95% of the population had to work for the luxury they enjoyed, subsisting in total misery. Plus, of course, those tens of millions of un-people in the colonies were being exterminated like animals.

The same is happening now. The entire Europe (with the exception of the poor people there) has moved to the bracket of new aristocracy, at least comparatively. And the rest of the world is labouring, dying, being raped and plundered, in order to maintain this 'wonderful-looking' social-state project of the West. Even the US and its relatively brutal turbo-capitalist model is still 'socialist' (for the US citizens), compared to such countries as Indonesia, India, Peru or Nigeria.

Western standards of living cannot be replicated elsewhere. To believe that the West would allow Africans or Southeast Asians to build a social state is naïve, almost intellectually insulting. Singapore, South Korea and Japan are rare exceptions, where the West closed both eyes, for strictly strategic reasons.

In order for the West to prosper, maintaining a super high standard of living, with all the benefits for its citizens, billions of the 'serfs' all over the world have to suffer, sacrifice themselves, and work for close to nothing; the more of them that live in hell, the better.

Nature has to be plundered in places like Borneo and Papua, DR Congo and soon in Brazil.

People have to be ruled by pro-Western corrupt oligarchs, and by the military and religious leaders. Saudi Arabia, Indonesia and now Brazil, are perfect countries for the West: they happily and willingly sacrifice their own people, guaranteeing Western prosperity.

You did not know? Nonsense! You did not want to know. All those people who matter are very happy with this arrangement: the Western rulers, citizens of Europe, North America, Australia, New Zealand and Japan, as well as the rulers/elites in the poor countries. The only ones who are truly suffering are those billions of the poor, worldwide, but they matter nothing, and they are not told anything anyway, because the media is in the hands of the West and their lackeys, and so is 'education'.

And as they are not told anything, they—the wretched of the Earth—are admiring the West, too. They eat Western junk food if they can save few dollars a month, they drink Nescafe instead of their traditional coffee, listen to the shittiest music, watch pirated Hollywood blockbuster movies, wear fake sneakers and jeans, and masturbate to Western porn (if they have internet). They also dutifully follow religions, which were injected and upheld by the West, into their countries.

The poorer the country, the greater appear to be the green hills and pastures of the Western paradise.

And so it goes, on and on.

IV

Frankly and honestly, I am tired of this status quo. And I don't find this amusing at all: hearing admiring statements about European and other Western countries in the middle of the monstrous war zones, famine-stricken areas, brutal mines, on the banks of poisoned rivers and inside the slums.

I am an 'old-fashioned' revolutionary. Slaves have to rise and fight, if necessary die for freedom; not to admire their masters and tormentors.

The crimes of the colonialists have to be exposed. The insane arrangement of the world has to be defined and then smashed into pieces.

The cute trams, bicycle lanes, parks, museums, operas, cafes, universities and hospitals in Europe are built on rivers of blood and the bones of 'The Others'. I said it three years ago on the floor of the Italian Parliament, and I will repeat it again and again, wherever I go.

There is no other topic that matters, right now, on our planet.

Everything is connected to this, including the fear and hate that the West feels and spreads about countries like Venezuela, Russia, China, Iran, South Africa, Syria or Cuba.

They hate us; they hate those who resist, who are standing tall. And they should and will get back the same in return, hopefully, if the truth is pronounced often enough!

(Andre Vltchek is a philosopher, novelist, filmmaker and investigative journalist.)

Weaponising the World Bank and IMF

Whitney Webb

In a leaked military manual on "unconventional warfare" recently highlighted by *WikiLeaks*, the US Army states that major global financial institutions—such as the World Bank, International Monetary Fund (IMF), and the Organisation for Economic Cooperation and Development (OECD)—are used as unconventional, financial "weapons in times of conflict up to and including large-scale general war," as well as in leveraging "the policies and cooperation of state governments."

The document, officially titled "Field Manual (FM) 3-05.130, Army Special Operations Forces Unconventional Warfare" and originally written in September 2008, was recently highlighted by WikiLeaks on Twitter in light of recent events in Venezuela as well as the years-long, US-led economic siege of that country through sanctions and other means of economic warfare. Though the document has generated new interest in recent days, it had originally been released by WikiLeaks in December 2008 and has been described as the military's "regime change handbook."

WikiLeaks' recent tweets on the subject drew attention to a single section of the 248-page-long document, titled "Financial Instrument of US National Power and Unconventional Warfare." This section in particular notes that the US government applies "unilateral and indirect financial power through persuasive influence to international and domestic financial institutions regarding availability and terms of loans, grants, or other financial assistance to foreign state and nonstate actors," and specifically names the World Bank, IMF and The Organisation for Economic Co-operation and Development (OECD), as well as the Bank for International Settlements (BIS), as "US diplomatic–financial venues to accomplish" such goals.

The manual also touts the "state manipulation of tax and interest rates" along with other "legal and bureaucratic measures" to "open, modify or close financial flows" and further states that the US Treasury's Office of Foreign Assets Control (OFAC)—which oversees US sanctions on other nations, like Venezuela—"has a long history of conducting economic warfare valuable to any ARSOF [Army Special Operations Forces] UW [Unconventional Warfare] campaign."

This section of the manual goes on to note that these financial weapons can be used by the US military to create "financial incentives or disincentives to persuade adversaries, allies and surrogates to modify their behavior at the theater strategic, operational, and tactical levels" and that such unconventional warfare campaigns are highly coordinated with the State Department and the Intelligence Community in determining "which elements of the human terrain in UWOA [Unconventional Warfare Operations Area] are most susceptible to financial engagement."

The role of these "independent" international financial institutions as extensions of US imperial power is elaborated elsewhere in the manual and several of these institutions are described in detail in an appendix to the manual titled "The Financial Instrument of National Power." Notably, the World Bank and the IMF are listed as both Financial Instruments and Diplomatic Instruments of US National Power as well as integral parts of what the manual calls the "current global governance system."

Furthermore, the manual states that the US military "understand[s] that properly integrated manipulation of economic power can and should be a component of UW," meaning that these weapons are a regular feature of unconventional warfare campaigns waged by the United States.

Another point of interest is that these financial weapons are largely governed by the National Security Council (NSC), which is currently headed by John Bolton. The document notes that the NSC "has primary responsibility for the integration of the economic and military instruments of national power abroad."

"Independent" but controlled

Though the unconventional warfare manual is notable for stating so openly that "independent" financial institutions like the World Bank and the IMF are essentially extensions of US government power, analysts have noted for decades that these institutions have consistently pushed US geopolitical goals abroad.

Indeed, the myth of World Bank and IMF "independence" is quickly eroded by merely looking at the structure and funding of each institution. In the case of the World Bank, the institution is located in Washington and the organisation's president has always been a US citizen chosen directly by the president of the United States. In the World Bank's entire history, the institution's Board of Governors has never rejected Washington's pick.

This past Monday, it was reported that President Donald Trump nominated former Bear Stearns economist David Malpass to lead the World Bank. Malpass had famously failed to foresee the destruction of his former employer during the 2008 financial crisis and is likely to limit World Bank loans to China and to countries allied or allying with China, given his well-established reputation as a China hawk.

In addition to choosing its president, the US is also the bank's largest shareholder, making it the only member nation to have veto rights. Indeed, as the leaked unconventional warfare manual notes, "As major decisions require an 85% supermajority, the United States can block any major changes" to World Bank policy or the services it offers. Furthermore, the US Treasury Secretary, former Goldman Sachs banker and "foreclosure king," Steve Mnuchin, functions as the World Bank's governor.

Though the IMF is different from the World Bank in several respects, such as its stated mission and focus, it too is largely dominated by US government influence and funding. For instance, the IMF is also based in Washington and the US is the company's largest shareholder—the largest by far, owning 17.46 percent of the institution—and also pays the largest quota for the institution's maintenance, paying $164 billion in IMF financial commitments annually. Though the US does not choose the IMF's top executive, it uses its privileged position as the institution's largest funder to control IMF policy by threatening to withhold its IMF funding if the institution does not abide by Washington's demands.

As a consequence of the lopsided influence of the US on these institutions' behavior, these organisations have used their loans and grants to "trap" nations in debt and have imposed "structural adjustment" programs on these debt-saddled governments that result in the mass privatisation of state assets, deregulation, and austerity that routinely benefit foreign corporations over local economies. Frequently, these very institutions—by pressuring countries to deregulate their financial sector and through corrupt dealings with state actors—bring about the very economic problems that they then swoop in to "fix."

Guaidó hits up IMF

Given the close relationship between the US government and these international financial institutions, it should come as little surprise that—in Venezuela—the US-backed "interim president" Juan Guaidó—has already requested IMF funds, and thus IMF-controlled debt, to fund his parallel government.

This is highly significant because it shows that top among Guaidó's objectives, in addition to privatising Venezuela's massive oil reserves, is to again shackle the country to the US-controlled debt machine.

As the Grayzone Project recently noted:

> *Venezuela's previous elected socialist president, Hugo Chávez, broke ties with the IMF and World Bank, which he noted were "dominated by US imperialism." Instead Venezuela and other left-wing governments in Latin America worked together to co-found the Bank of the South, as a counterbalance to the IMF and World Bank."*

However, Venezuela is far from the only country in Latin America being targeted by these financial weapons masquerading as "independent" financial institutions. For instance, Ecuador—whose current president has sought to bring the country back into Washington's good graces—has gone so far as to conduct an "audit" of its asylum of journalist and *WikiLeaks* publisher Julian Assange in order to win a $10 billion bailout from the IMF. Ecuador granted Assange asylum in 2012 and the US has fervently sought his extradition for still sealed charges ever since.

In addition, last July, the US threatened Ecuador with "punishing trade measures" if it introduced a measure at the UN to support breastfeeding over infant formula, in a move that stunned the international community but laid bare the willingness of the US government to use "economic weapons" against Latin American nations.

Beyond Ecuador, other recent targets of massive IMF and World Bank "warfare" include Argentina, which awarded the largest IMF bailout loan in history just last year. That loan package was, unsurprisingly, heavily pushed by the US, according to a statement from Treasury Secretary Mnuchin released last year. Notably, the IMF was instrumental in causing the complete collapse of the Argentinian economy in 2001, sending a poor omen for last year's approval of the record loan package.

Though it was released over a decade ago, this "US coup manual" recently highlighted by WikiLeaks serves as a salient reminder that the so-called "independence" of these financial institutions is an illusion and that they are among the many "financial weapons" regularly used by the US government to bend countries to its will and even overthrow US-disfavored governments.

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