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THE WORLD BANK

Washington, D.C.

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Correspondence - Volume 2

RETURN TO  
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THIS FILE IS CLOSED AS OF  
DECEMBER 1968.  
FOR FURTHER CORRESPONDENCE SEE:  
1969 - 1971.

RECORDS MANAGEMENT SECTION  
February 1969

December 10, 1968

Mr. J. Wrigley  
Assistant Director (Statistics)  
Policy Advisory Bureau (IWP)  
Food and Agriculture Organization of the  
United Nations,  
Via delle Terme di Caracalla  
ROME  
Italy.

Dear Mr. Wrigley,

Thank you for your letter of December 2, enclosing a  
copy of the Volume II for Asia and the Far East.

I appreciate your sending it to us and I have  
circulated it in the Department. We have taken note of the  
fact that it is still confidential. I am sure that if anyone  
here has any comments they will get in touch with you directly.

Yours sincerely,

Samir K. Hattia  
Staff Assistant  
Economics Department

cc: Messrs: Kamarck, Stevenson, Levy and Maccone.

SKHattia:rf

ORGANISATION DES NATIONS UNIES POUR  
L'ALIMENTATION ET L'AGRICULTURE



ORGANIZACION DE LAS NACIONES UNIDAS  
PARA LA AGRICULTURA Y LA ALIMENTACION

FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Via delle Terme di Caracalla ROME

Cables: FOODAGRI ROME

Telex: 61181 FOODAGRI

Telephone: 5797

Ref. SP 33/6 Vol. II

DEC. 2 1968

Dear Mr. Bhatia,

I am enclosing with this letter a copy of the Volume II for Asia and the Far East. As with the other Volume II's this document is not yet released so perhaps you would regard this as confidential. No doubt you will receive in due course the complete report through the official channels.

However, I have permission to release a few copies to those people with whom I have had technical discussions and I thought that you and some of your people might be interested to see the document and perhaps to give me technical comments.

Yours sincerely,

J. Wrigley  
Assistant Director (Statistics)  
Policy Advisory Bureau (IWP)

Mr. Samir K. Bhatia  
Staff Assistant  
Economics Department  
International Bank for Reconstruction and Development  
(IBRD)  
1818 H Street, N.W.  
Washington D.C. 20433  
U.S.A.

10-10-68 10:05

ack Dec 10/68





FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Telephone: 5295

Telex: 6181 FOODAGRI

Cables: FOODAGRI ROME

Via delle Terme di Caracalla ROME

Ref. SP 33/6 Vol. II

DEC 5 1968

Dear Mr. Bhatia,

I am enclosing with this letter a copy of the Volume II for Asia and the Far East. As with the other Volume II's this document is not yet released so perhaps you would regard this as confidential. No doubt you will receive in due course the complete report through the official channels.

However, I have permission to release a few copies to those people with whom I have had technical discussions and I thought that you and some of your people might be interested to see the document and perhaps to give me technical comments.

Yours sincerely,

J. Wrigley  
Assistant Director (Statistics)  
Policy Advisory Bureau (IWP)

Mr. Samir K. Bhatia  
Staff Assistant  
Economic Department  
International Bank for Reconstruction and Development  
(IBRD)  
1818 H Street, N.W.  
Washington D.C. 20433  
U.S.A.

1968 DEC -9 PM 12:02

TELETYPE UNIT  
F.A.O. ROME

Messrs. Lionel J.C. Evans and Andrew M. Kamarek

November 25, 1968

Michael L. Hoffman

Indicative World Food Plan

At last week's meeting of the ACC Sub-Committee on DD II, Mr. Pawley of FAO gave an up-to-date report on the status of the indicative plan, which may be of interest to you.

He said they have now completed four regional studies, which are rather massive, and have summaries of each, which is what they expect their governing bodies to read. Their regions are South America, Africa South of the Sahara, the Middle East and Asia. Each study looks ahead to 1985 and covers projections for internal demand, export opportunities, policies for development of natural and human resources, production problems of various sectors (grains, plantation crops, fisheries, etc.), estimates of physical inputs and investment requirements. Evidently these projections are made for each country in the region.

These summaries go before four regional conferences at which they expect to get a good deal of discussion of details, which Pawley said was needed. The drafting of the world plan will be done in the first half of 1969, to be ready by August. They are building up to a second World Food Conference in June 1970.

FAO is now turning to the operational implications of what they have learned, and is working toward national agricultural development strategies at least for major countries. Pawley said their objective can be stated in terms of achieving an increase in the efficiency with which the approximately \$70 million outlay of FAO is spent. As he put it, a 5 per cent increase in efficiency would more than cover the cost of the study.

One general thing they have learned, Pawley said, is that solutions to agricultural problems cannot be found entirely, or perhaps even mainly, in the agricultural sector itself.

cc: Mr. Demuth  
Mr. Consolo

MLH:mt

*nest*

Mr. W. Macone

October 28, 1968

Godwin E. Okurume

FAO Indicative World Plan for Agricultural Development to 1975 and 1985,  
Africa, South of the Sahara, Volume II

1. I am sending you the above-mentioned document which I have just received from Mr. J. Wrigley of the FAO on behalf of Mr. Bhatia. This volume is not yet released and should be regarded as confidential.
2. Mr. Wrigley would appreciate your technical comments on the document.
3. Please return the document to Mr. Bhatia in Room 803.

Attachment

*Geo*  
GEOkurume:rk

May 9, 1968

Mr. J. Wrigley  
Statistician, Central Unit  
Indicative World Plan  
Food and Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
Rome, Italy

Dear Mr. Wrigley:

In the absence of Mr. Kamarck, who is expected to be back in the office next week from Ethiopia, I should like to acknowledge your letter of April 29, 1968.

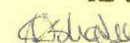
Although it would seem likely that Mr. Kamarck will be in the office from May 22 - 24, I will, however, check this with him on his return and advise you accordingly.

Yours sincerely,



Samir K. Bhatia  
Staff Assistant  
Economics Department

cc: Mr. Kamarck  
Mr. Demuth

  
SKBhatia/rk



ORGANISATION DES NATIONS UNIES POUR  
L'ALIMENTATION ET L'AGRICULTURE



ORGANIZACION DE LAS NACIONES UNIDAS  
PARA LA AGRICULTURA Y LA ALIMENTACION

FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

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Via delle Terme di Caracalla ROME

Cables: FOODAGRI ROME

Telex: 61181 FOODAGRI

Telephone: 5797

Ref. 88-30/10

APR 29 1968

Dear Mr. Kamarok,

Dr. Sen visited your office last month and has told me of the discussions he had. You may recall that we met when you attended the meeting of the Director-General's Panel of Experts last autumn.

I shall be in Washington from May 22nd-24th mainly to visit the USDA and I would like to take the opportunity of discussing with you and your colleagues the work we have been doing on the statistical frame for the Indicative World Plan for Agricultural Development.

I should be grateful if you could let me know whether it will be convenient to visit your office during the period of my visit to Washington.

Yours sincerely,

J. Wrigley  
Statistician, Central Unit  
Indicative World Plan

Mr. A. M. Kamarok  
Director, Economics Department  
International Bank for Reconstruction and Development  
1818 H Street, N.W.,  
Washington D.C. 20433  
U.S.A.

1028 MAY -2 PM 1:28

COMMUNICATIONS  
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acc 5/9/68



FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS  
SPECIAL DELIVERY

Telephone : 5287

Telex : 61181 FOODAGRI

Cables : FOODAGRI ROME

Via delle Terme di Caracalla ROME

Ref. 88-50/10

APR 28 1968

Dear Mr. Kamarck,

Dr. Sen visited your office last month and has told me of the discussions he had. You may recall that we met when you attended the meeting of the Director-General's Panel of Experts last autumn.

I shall be in Washington from May 22nd-24th mainly to visit the USDA and I would like to take the opportunity of discussing with you and your colleagues the work we have been doing on the statistical frame for the Indicative World Plan for Agricultural Development.

I should be grateful if you could let me know whether it will be convenient to visit your office during the period of my visit to Washington.

Yours sincerely,

J. Wrigley  
Statistician, Central Unit  
Indicative World Plan

Mr. A. M. Kamarck  
Director, Economics Department  
International Bank for Reconstruction and Development  
1818 H Street, N.W.,  
Washington D.C. 20433  
U.S.A.

1968 MAY -6 AM 7:56  
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## CROSS REFERENCE SHEET

COMMUNICATION: SENIOR STAFF MEETING SSM/M/68-15

DATED: April 15, 1968

TO:

FROM:

FILED UNDER: SENIOR STAFF MEETING

SUMMARY:

### WORLD AGRICULTURAL PLAN

6. Mr. Kamarck reported that Dr. S. R. Sen, the FAO's consultant on a proposed World Indicative Plan of Agricultural Development, during a recent visit to the Bank, had indicated that by the fall of 1969 it was hoped, as a result of work being undertaken, to have a fairly good indication of the world's agricultural needs and production in 1975 and 1985, by country and by region, in order to assess the likely impact of these agricultural developments on world trade, etc. This was the first review of its kind to be undertaken by the FAO.



## OFFICE MEMORANDUM

TO: Files

DATE: April 10, 1968

FROM: Badri Rao *BR*SUBJECT: Indicative World Plan for Agricultural Development - Dr. Sen's visit

1. Dr. S.R. Sen, a co-adviser with Dr. Tinbergen to the FAO on the Indicative World Plan for Agricultural Development (IWPAD), visited the Bank during the week of March 25th. The purpose of his visit was to obtain our reactions to a draft note on the "Implications of International Aid for IWPAD" and specifically to enquire whether we could indicate, if only in a general and informal manner, what the probable magnitude of economic assistance to the LDCs by geographic regions would be in 1975 and 1985, the target dates implicit in IWPAD. He met with Messrs. Friedman, Kamarck, Avramovic, Kalmanoff, Hulley and me.
2. Dr. Sen outlined the present status of the IWPAD Study as follows: FAO is in the process of preparing four regional studies of the estimated domestic and foreign requirements for agricultural investment under IWPAD. The regions studied are: Latin America, Africa, the Near East and Asia. Concurrently UNCTAD, jointly with the UN Secretariat, is engaged in a world review of LDC capital requirements. The first drafts of the regional agricultural studies are expected to be completed by the middle of this year and the UNCTAD/UN world review by January 1969. Thereafter, the regional agricultural studies will be revised in the light of the world review and finalized by September 1969 in time for the FAO Conference scheduled for October 1969.
3. The estimates of external capital flows, in Dr. Sen's note, are based on two alternative assumptions: one is that the aggregate net flow of financial resources to LDCs would continue through 1975 and 1985 at the current level of around \$11 billion; the other is that donor countries would comply with the UNCTAD recommendation that they provide net assistance to LDCs in an amount corresponding to 1% of their GNP annually. To derive the gross flow data from the net flows thus estimated, Dr. Sen said that it was essential to get some realistic idea about the probable magnitude of the repayments of principal by all LDCs, as well as by regions, in 1975 and 1985. It was in this area that he hoped the IBRD could make a contribution.
4. Dr. Sen was told that the only long term estimates we make in this regard are for service on external public debt reported to be now outstanding; such projections extend through 1976. We said that our own projections of prospective additions to existing debt and service payments extend only a few years, not as far as 1975. We felt that UNCTAD and the UN, who are already working on the World Review, had more experience with such long-range estimates. Dr. Sen was informed, that under these circumstances, the contribution we could most usefully make would be on technical points, along the lines of the comments we had already made on his first draft (vide my memorandum dated February 13, 1968).



Files

- 2 -

April 10, 1968

5. At. Dr. Sen's request, a letter stating the above position was sent to him by Mr. Kamarck. He had already been given a copy of EC 156 projecting service on external public debt now outstanding.

Cc: Messrs. Friedman  
Avramovic  
Kamarck  
Kalmanoff  
Takahashi

seen in draft: Mr. J. Hulley

BRao:mk

April 3, 1968

Dr. S. R. Sen  
Food and Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
Rome, Italy

Dear Dr. Sen:

It was a pleasure meeting you last Friday and learning about the present status of the FAO's study on an Indicative World Plan for Agricultural Development and of your association with it. I was particularly interested in your outline of the regional studies of agricultural investment requirements currently under way and I look forward to seeing the end-product.

On the questions you raised about aid flows in 1975 and 1985, our own projections do not usually go beyond a few years; we are thus not in the best position to make a formal contribution to your study. The U.N. Secretariat and the UNCTAD staff, with whom I understand you are in touch, have more experience in this type of long-range projection.

We were glad to assist, in a purely consultative capacity, with comments on technical aspects of the projections set forth in the drafts of the paper you have shown us and would be happy to continue to provide this sort of help if you find it useful.

Sincerely yours,

*AMK*

Andrew M. Kamarek  
Director  
Economics Department

Cc: Mr. G. Kalmanoff  
Mr. S. Takahashi

*JH* J. Hulley/jb  
B. Rao

FAO - 9WP  
1/11/0W copy

March 13, 1968

Dear Dr. Sen:

Mr. Takahashi has shown me your letter to him of March 1.  
Mr. Rao and I will be glad to meet with you when you visit Washington.  
at the end of March, and to explore what information we have which  
may be useful for your study.

Sincerely yours,

JH John Hulley, Chief  
International Finance Division  
Economics Department

Dr. S.R. Sen  
Indicative World Plan  
Food and Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
Rome, ITALY



March 13, 1968

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at the end of March, and to explore what information we have which  
may be useful for your study.

Sincerely yours,

W. John Hilly, Chief  
International Finance Division  
Economic Department

Dr. S.R. Sen  
Indicative World Plan  
Food and Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
Rome, ITALY

RECEIVED

March 12, 1968

Dr. S.R. Sen  
Indicative World Plan  
Food & Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
Rome, Italy

Dear Dr. Sen:

Thank you for your letter of March 1. I have passed it on to Mr. John Hulley of the Economics Department who is in charge of the division concerned with external debt data. He will probably be writing to you directly.

I look forward to seeing you when you are in Washington. With best regards,

Sincerely,



S. Takahashi  
Adviser - Agricultural Economics  
Agriculture Division  
Projects Department

cc: Mr. J. Hulley (with incoming letter)

STakahashi:vr



FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Via delle Terme di Caracalla ROME

Cables: FOODAGRI ROME

Telex: 61181 FOODAGRI

Telephone: 5797

Ref. SP 31/4 IBRD

Projects Dept. Correspondence

ANS'D BY S. Takahashi

DATE March 12, 1968

MAR 1 1968

Dear Dr. Takahashi,

Thank you for your kind letter dated 20 February 1968. I am aware that IBRD has not made any projections for 1985. What I am looking for is countrywise data for recent years which will facilitate my making long term projections. For instance, in IBRD's Report No. EC - 122 on "Economic Growth and External Debt" Vol. II, information has been given up to 1962 on "Public and Publicly Guaranteed External Debt" in Table 5, and on "Amortization, Interest and Total Public Debt Service" in Table 8, for a number of developing countries. I am interested in having similar information for 1963, 1964, 1965 and 1966, for as many developing countries as possible. I am also interested in any study of trade gap, savings gap, debt service burden, etc., which may have been undertaken by the IBRD.

I expect to be in Washington from March 25 to 30 next. I would like to take this opportunity to discuss with you, Dr. Rao and any other colleague of yours interested, some of the problems which I am studying and some of the projections of the aid requirement, aid availability and debt service burden which I am attempting. I hope you will be in Washington about that time. If not, will you kindly give me the names of your colleagues whom I should contact?

With kind regards,

Yours sincerely,

S.R. Sen  
Indicative World Plan

Dr. S. Takahashi  
Adviser, Agricultural Economics  
Agriculture Division  
Projects Department  
IBRD  
1818 H Street, N.W.  
Washington, D.C. 20433  
U. S. A.



FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Telephone : 2727

Telex : 81181 FOODAGRI

Cables : FOODAGRI ROME

Via delle Terme di Caracalla ROME

SP 31/4 IBRD

Ref.

Projects Dept Correspondence

DATE

March 12, 1968

1968

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With kind regards,

Yours sincerely,

S.R. Sen  
Indicative World Plan

Dr. S. Takahashi  
Adviser, Agricultural Economics  
Agriculture Division  
Projects Department  
IBRD  
1818 H Street, N.W.  
Washington, D.C. 20433  
U. S. A.



February 20, 1968

Dr. S.R. Sen  
Food & Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
Rome, Italy

Dear Dr. Sen:

I have just received a memo prepared by Mr. Rao of our Economics Department which I am sending on to you. I hope that this will be useful to you.

From the memo and from discussions with other members of the Economics Department, it seems that there are no relevant papers on the subject of the availability of aid in 1975 or 1985. The Bank has not made any studies projecting aid requirements over the long run to 1975 or 85. The Bank does not maintain any comprehensive historical series on flows of financial resources to developing countries different from those compiled by the OECD. The results of OECD compilations, including geographical detail, are to be found in the two series of that organization on The Flow of Financial Resources to L.D.C.'s (the latest of which covers 1961-1965), and on Development Assistance Efforts and Policies (the DAC Chairman's Annual Reports, the latest, written in 1967, covering 1966). UNCTAD has made comprehensive long-term projections of aid requirements for 1975 and 1985, which should now be available in documentation distributed for its present conference which opened in New Delhi on February 1, 1968.

We were somewhat mystified by your indication that both OECD and UNCTAD had suggested that IBRD has done more work on the subject. The IBRD work relating to aid requirements is that which is done in the course of its regular country economic studies which generally have a much shorter time horizon than 1975 or 85, and most of these reports are available at FAO.

I am sorry that it has taken so long to reply to your letter but as you can see Mr. Rao has done a considerable amount of research in order to reply meaningfully to your letter.

With best personal regards,

Yours sincerely,

*St.*

S. Takahashi  
Adviser - Agricultural Economics  
Agriculture Division  
Projects Department

Attachment

Stakahashi:vr

cc Mr Kalmanoff / Mr Rao



## OFFICE MEMORANDUM

TO: Mr. Shigeharu Takahashi

DATE: February 19, 1968

FROM: George Kalmanoff *y.k.*SUBJECT: Reply to Mr. S.R. Sen of FAO on Foreign Aid in  
relation to Indicative World Plan

In reply to your request on the subject, attached are some comments from Messrs. Rao, Hulley, and Hawkins.

It seems to me that in replying to Mr. Sen one should avoid at all costs conveying any impression that Bank staff is endorsing his paper, which to a considerable extent is both unclear conceptually and confused technically.

The following seem to me to be the most important points to be included in your reply:

(1) There are no relevant papers on the subject available at the IBRD. The Bank has not made any studies projecting aid requirements over the long run to 1975 or 1985. As for aid availabilities, it has no comment on Mr. Sen's assumption that they will amount to 1 percent of GNP of developed countries projected to grow at an annual rate of 4 percent. The Bank does not maintain any comprehensive historical series on flows of financial resources to developing countries different from those compiled by the OECD. The results of OECD compilations, including geographical detail, are to be found in the two series of that organization on The Flow of Financial Resources to L.D.C.'s (the latest of which covers 1961-1965), and on Development Assistance Efforts and Policies (the DAC Chairman's Annual Reports, the latest, written in 1967, covering 1966). UNCTAD has made comprehensive long-term projections of aid requirements for 1975 and 1985, which should now be available in documentation distributed for its present conference which opened in New Delhi on February 1, 1968. In view of the above, I am somewhat mystified by Mr. Sen's reference to the fact that both the OECD and UNCTAD told him that he should seek the help of the IBRD, "which has done much more work on the subject". IBRD work relating to aid requirements is that which is done in the course of its regular country economic studies, which generally have a much shorter time horizon than 1975 or 1985, and are, of course, available at FAO.

(2) The financial flows from communist countries to L.D.C.'s are believed to be only about half of the 10 percent cited by Mr. Sen (see Mr. Rao's memo, p.2, first full paragraph). ✓ *Feb. 13/68*

(3) There is a confusion in the paper with respect to the UNCTAD aid target of 1 percent of national income (see Mr. Rao's memo, p.3., paragraph 4). An effort to redefine this as 1 percent of GNP may be made at the current UNCTAD conference. But, more important than that, Mr. Sen seems to be ignoring the fact that private financial flows as

well as official are to be counted as part of the 1 percent. This seems to be true both of his references to past data (e.g., the percentages cited in p.3, last full paragraph and of his treatment of the projections, in which he states (p.4, next to last paragraph) that he has included private flows in the figures for 1975 and 1985, but has kept them at their present level (furthermore, it is not clear how this has been done).

(4) There seems to be a serious error of double counting of amortization in the tables containing Mr. Sen's projections, as explained in Mr. Rao's memo, p.3, paragraph 5.

## OFFICE MEMORANDUM

TO: Mr. George Kalmanoff

DATE: February 15, 1968

FROM: John Hulley *JH*SUBJECT: Mr. Sen's Paper

*Feb 13/68*

Mr. Rao's comments on Mr. Sen's paper are attached. These are primarily concerned with technical questions about Mr. Sen's handling of the data. They do not cover more general questions such as his assumptions about:

- a) Rate of increase of GNP of donor countries;
- b) Percent of GNP devoted to assistance to LDCs;
- c) Percent of such assistance in form of agricultural aid.

jh/jb





FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Via delle Terme di Caracalla ROME

Cables: FOODAGRI ROME

Telex: 61181 FOODAGRI

Telephone: 5797

Ref. SP-33/13  
ASL-33/43

FEB 14 1968

Dear Dr. Kamarck,

I have to thank you for your letter of 16 January with attached comments from Bank staff members on the provisional IWP study for the Near East.

I have only a few comments to make:

- (a) We appreciate the need for a good summary. This will be true of the other regional studies and the world study. So far we have been so busy with preparing the studies that we have not been able to get around to this.
- (b) I have noted Mr. van der Mel's comment that Chapter 2 dealing with the model "is in part confusing to the reader." Mr. van der Mel could, if he wishes, get more information on the reasons for the approach used, since this chapter was written by Mr. Goreux. In any case, the treatment in the other regional studies will be quite different, since it is not intended to present detailed proposals regarding a macro-model on a country basis. I do, however, look forward to discussing the work we have done on a country basis with the Bank as soon as time permits.
- (c) I quite agree with Mr. de Wit's comment that "the emphasis is on measures which push the farmer ahead rather than on incentives that make him run." I do not think this will be true of the other studies. The provisional text on the Near East had to be put together in quite a hurry at the end because we had a meeting of the Near East Planning Commission on Agriculture hanging over us. The work on economic incentives, marketing etc. had not been done in time and therefore could not be included. A lot of attention is being paid to these matters in the other studies.
- (d) I do not think I can agree with the final paragraph of Mr. Bruce's comments on East Africa. (In any case the draft chapters which you received in October 1965 on East Africa did not represent the final form of the study, which has in fact never been published but which, after substantial modifications, will be incorporated within the regional study on Africa South of the Sahara). So far

Dr. A.M. Kamarck  
Director, Economics Department  
International Bank for Reconstruction and Development  
1818 H Street N.W.  
Washington D.C. 20433  
U.S.A.



FOOD AND AGRICULTURE ORGANIZATION  
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Cables: FOODAGRI ROME

Via delle Terme di Caracalla ROME

FEB 14 1968

Ref. 82-23/12  
82-23/12

Dear Dr. Kamark,

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I have only a few comments to make:

(a) We appreciate the need for a good summary. This will be true of the other regional studies and the world study. So far we have been so busy with preparing the studies that we have not been able to get around to this.

(b) I have noted Mr. van der Mel's comment that Chapter 2 dealing with the model "is in part confusing to the reader." Mr. van der Mel could, if he wishes, get more information on the reasons for the approach used, since this chapter was written by Mr. Goreux. In any case, the treatment in the other regional studies will be quite different, since it is not intended to present detailed proposals regarding a macro-model on a country basis. I do, however, look forward to discussing the work we have done on a country basis with the Bank as soon as time permits.

(c) I quite agree with Mr. de Wit's comment that "the emphasis is on measures which push the farmer ahead rather than on incentives that make him run." I do not think this will be true of the other studies. The provisional text on the Near East had to be put together in quite a hurry at the end because we had a meeting of the Near East Planning Commission on Agriculture hanging over us. The work on economic incentives, marketing etc. had not been done in time and therefore could not be included. A lot of attention is being paid to these matters in the other studies.

(d) I do not think I can agree with the final paragraph of Mr. Brice's comments on East Africa. (In any case the draft chapters which you received in October 1965 on East Africa did not represent the final form of the study, which has in fact never been published but which, after substantial modifications, will be incorporated within the regional study on Africa South of the Sahara). So far

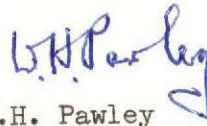
Dr. A.M. Kamark  
Director, Economics Department  
International Bank for Reconstruction and Development  
1818 H Street N.W.  
Washington D.C. 20433  
U.S.A.



as concerns the countries in the Near East which do not have an easy foreign exchange position because of oil - and I speak advisedly of the Near East rather than East Africa - the IWP document envisages a rise in prices not for the sake of cutting local consumption but because we see it as practically inevitable. Resources are so meagre and the livestock industry is in such a primitive state that there is no possibility whatsoever of local production meeting requirements as projected by taking demand at constant prices. Furthermore, the gap is so large that it would hardly seem economically feasible for the countries to pay the large import bill on meat and milk which would result if this theoretical gap were to be filled on the supply side. The situation is then very simple: Demand at constant prices will exceed supply and equilibrium will be reached only at higher price levels. This higher price level would in turn be an important factor in stimulating a change in the structure of the livestock industry, so that it would become economic to produce meat and milk deliberately for the market rather than have it as, for the most part, an incidental by-product of livestock which are kept for other purposes, including their prestige value.

With best wishes,

Yours sincerely,



W.H. Pawley

Director  
Indicative World Plan



February 14, 1968

Dr. S.R. Sen  
Food & Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
Rome, Italy

Dear Dr. Sen:

I have received your letters of January 22 and February 9. I had passed your first letter on to the Economics Department of the Bank for comment and had hoped that I could reply after they had looked at your projections. Unfortunately, your projections are still being discussed within the Economics Department. As soon as I hear from them I will send on their comments.

Best personal regards,

Yours sincerely,



S. Takahashi  
Adviser - Agricultural Economics  
Agriculture Division  
Projects Department

STakahashi:vr

## OFFICE MEMORANDUM

TO: Mr. George Kalmanoff  
(through Mr. John Hulley) JH

DATE: February 13, 1968

FROM: Badri Rao BR

SUBJECT: Availability of Aid for the Indicative World Plan for Agriculture

Reference Mr. Sen's note on the above subject which he has sent to us for comments.

This note deals first with the international flow of financial resources to LDCs in the years 1961-65 and then proceeds to evaluate the likely availability of "aid" for the Indicative World Plan for Agriculture in 1975 and 1985.

Mr. Sen has specifically requested us to comment on his data but a few other comments may be in order.

Throughout the paper, aid is treated as synonymous with "financial resources." To the extent that private capital movements and official capital on conventional terms and conditions are included in the latter, it cannot be regarded as "aid" per se. It would therefore be advisable if the figures cited as "aid" flows were more precisely defined.

On page 1, it is said that higher growth rates have generally been associated with higher receipts of aid per capita. Table 1 based on UNCTAD figures is given in support of this statement. This may well be true of the particular sample and on the specific assumptions made by UNCTAD, but the causal relationship may not be the one implied. The 1967 DAC Review indicates that countries with higher-than-average GNP growth rates also have generally a higher-than-average per capita income; it would seem to follow that countries with higher per capita income also receive more aid per capita. This conclusion is pertinent to the general question as to whether performance or need should be the primary criterion for assistance.

In the last paragraph of page 1, it is stated that when the need for assisting the reconstruction of war-torn economies started to taper off, "foreign aid was progressively switched on to meeting the needs for the economic development of LDCs." This is no doubt historically true but the statement needs some modification. As it now stands, it suggests the pre-existence of a corpus of "foreign aid" funds which could readily be diverted from one purpose to another. There was a hiatus of about five years between the termination of reconstruction aid and the beginning of a meaningful attempt to assist LDCs in their economic development.

Table 2 relates to "net financial flows to LDCs from official and private sources, from non-Communist and Communist countries." This suggests that the data relate only to bilateral flows. The figures are



said to be based on DAC sources but the DAC/OECD figures on total flows include multilateral as well as bilateral flows. It is therefore rather surprising that the aggregate flow data given in Table 2 correspond almost exactly with those of OECD. The OECD figures may be summarized as follows:

|                         | \$ billion  |             |             |             |             |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
|                         | <u>1961</u> | <u>1962</u> | <u>1963</u> | <u>1964</u> | <u>1965</u> |
| Official bilateral, net | 5.6         | 5.8         | 6.1         | 5.9         | 6.1         |
| Private bilateral, net  | 3.1         | 2.3         | 2.6         | 3.2         | 4.0         |
| Multilateral            | <u>0.3</u>  | <u>0.5</u>  | <u>0.7</u>  | <u>0.7</u>  | <u>0.9</u>  |
| Total...                | 9.0         | 8.6         | 9.4         | 9.8         | 11.0        |

---

Source: OECD "Flow of financial resources to less developed countries 1961-65", Table p.24.

---

In speaking of these flows, it is parenthetically stated that the net flow from "Communist" countries to LDCs was about 10% of the total flow from official resources. This is not borne out by OECD data which suggest that the average annual net flow from Sino-Soviet countries was around \$350 million; this works out to more nearly 5% p.a.

The figures in table 3 are based on a different concept of the flow of financial resources; they relate to the assistance efforts of developed countries rather than to net receipts by LDCs. OECD/DAC data on the net flow of official financial resources to LDCs and to multilateral organizations from countries outside the Sino-Soviet Bloc shown below are significantly higher than those given in that table.

|                                 | <u>1961</u> | <u>1962</u> | <u>1963</u> | <u>1964</u> | <u>1965</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Bilateral official(net)         |             |             |             |             |             |
| OECD/DAC countries              | 5,284       | 5,438       | 5,722       | 5,492       | 5,768       |
| Other non-Sino-Soviet countries | <u>(6)</u>  | <u>(6)</u>  | <u>(7)</u>  | <u>(11)</u> | <u>(9)</u>  |
| Total                           | 5,290       | 5,444       | 5,729       | 5,503       | 5,777       |
| Multilateral (net)              |             |             |             |             |             |
| OECD/DAC countries              | 770         | 552         | 365         | 379         | 442         |
| Other non-Sino-Soviet countries | <u>(13)</u> | <u>(9)</u>  | <u>(5)</u>  | <u>(7)</u>  | <u>(1)</u>  |
| Total                           | 783         | 561         | 370         | 386         | 443         |
| GRAND TOTAL                     | 6,073       | 6,005       | 6,099       | 5,889       | 6,220       |

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Source: OECD document cited above. Figures in brackets are OECD estimates.



On page 3, in discussing the effects of tied aid, it is stated that "as a result less real value per dollar of aid was obtained and repayment obligations became larger than what they otherwise would have been." The first part of this statement is incontrovertible but the second part of it has to be amended to mean that the burden of repayment obligations becomes heavier. Needless to say, the absolute level of repayment obligations remains the same whether or not aid is tied.

The note next discusses the problem of debt service and terms of aid. The figures cited from IBRD estimates and those in table 4 based on DAC are in order. DAC figures for later years may be found in "Development Assistance Efforts and Policies", 1967 Review, published by OECD.

The heart of the paper is in pages 4 to 6 wherein Mr. Sen theorizes on the net availability of aid to LDCs and for IWP on the simplistic assumptions that donor countries' GNP would grow at an annual rate of 4%, and that the target set by UNCTAD I for their assistance to LDCs would be met.

Mr. Sen is wrong on two counts. The resolution passed by UNCTAD I (vide Annex A.IV.2 to the Final Act) called on each donor country to supply the LDCs with "a minimum net amount approaching as nearly as possible to 1% of its national income," not GNP.

A more serious error is that Mr. Sen, having computed the combined GNP of donors in 1975 and 1985 by extrapolating from the 1965 level at 4% p.a. and having attributed 1% thereof as the net flow of financial resources in those years, proceeds to adjust those figures for both interest and amortization payments. While a deduction for interest payments is defensible (although the arithmetic in deriving the figure in column 2, row 2 of table 5 is wrong), an adjustment for amortization payments is straight-forward double counting; the 1% of GNP is already a net figure. This double counting leads Mr. Sen to conclude that in 1985 LDCs would have paid out more than they received from the developed countries. Actually, on the basis of his figures, they should be receiving \$26.5 billion net in 1985 after meeting their interest obligations.

The regional and country distribution of this total could be derived by reference to the data for past flows published by the OECD in their series entitled "Geographical distribution of financial flows to less developed countries" which carry detailed figures for 1960-66. A more concise statement may also be found in DAC's Annual Review of "Development Assistance Efforts and Policies."

Cc: Messrs. Kamarck  
Hawkins

br/jb



FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Via delle Terme di Caracalla ROME

Cables: FOODAGRI ROME

Telex: 61181 FOODAGRI

Telephone: 5797

Ref. *BK-1/01*

Projects Dept. Correspondence

ANS'D BY *J. Takahashi*

DATE *Feb 14, 1968*

FEB 9 1968

Dear Dr. Takahashi,

I enclose copy of a letter which I wrote to you on 22 January, 1968. As I have not yet received a reply, I feel it may not have reached you. If so, kindly let me know and I shall send you another copy of the draft note on "Availability of Aid."

With kind regards,

Yours sincerely,

S.R. Sen

Dr. S. Takahashi  
Adviser on Agricultural Economics  
Agriculture Division  
Projects Department  
IBRD  
1818 H Street, N.W.  
Washington D.C.  
U.S.A.

*acc. Feb 14/68*



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OF THE UNITED NATIONS

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Telex : 81181 FOODAGR

Cables : FOODAGRI ROME

Via delle Terme di Caracalla ROME

Ref. 62-101

Projects Dept. Correspondence

ANS'D BY L. Takahashi

DATE Jan 14 1968

475 81881

Dear Dr. Takahashi,

I enclose copy of a letter which I wrote to you on  
22 January, 1968. As I have not yet received a reply, I feel  
it may not have reached you. If so, kindly let me know and  
I shall send you another copy of the draft note on "Availability  
of Aid."

With kind regards,

Yours sincerely,

S.R. Sen

Dr. S. Takahashi  
Adviser on Agricultural Economics  
Agriculture Division  
Projects Department  
IBRD  
1818 H Street, N.W.  
Washington D.C.  
U.S.A.

RECEIVED 13 JAN 1968



22/1/68

Dear Dr. Takahashi,

You may kindly recall the discussions that we had last month at the OECD Seminar held in Paris on "Agricultural Development in Developing Countries and External Aid".

FAO have now asked me to give them some advice regarding aid policy (including availability and requirement of aid) for the Indicative World Plan for Agriculture for 1975 and 1985, which they are formulating.

On the basis of some information which I collected from OECD and UNCTAD I have prepared a short note on availability of aid. This is, however, too global and conjectural. But both OECD and UNCTAD have advised me that the information available with them is too sketchy and that I should seek the help of IBRD, which has done much more work on the subject.

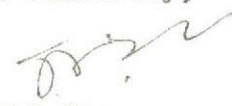
I wonder if it will be possible for you kindly to put me in touch with the concerned experts in the IBRD on the subject. I shall be grateful if they could kindly check the figures given in this note with whatever comparable information they may have and give their suggestions for correction and improvement.

I would also like to know whether there is any way of breaking down the key figures for major regions like (i) Latin America, (ii) Africa, (iii) Near East and (iv) South and East Asia, and also possibly important countries like, India, Pakistan, Ghana, Egypt, Brazil, Argentina, etc.

I would like to have copies of any relevant papers which may have been prepared in the IBRD.

With kind regards,

Yours sincerely,

  
S.R. Sen

Dr. S. Takahashi  
Adviser on Agricultural Economics  
Agriculture Division  
Projects Department  
IBRD  
1818 H. Street, N.W.  
Washington D.C. 20433  
U.S.A.

## OFFICE MEMORANDUM

TO: Mr. John C.L. Hulley

DATE: February 5, 1968

FROM: E.K. Hawkins SUBJECT: Request from FAO

I have looked at the attached papers and I doubt that we can be of any assistance to Mr. Sen. You will know that we have considerable difficulty in reconciling our historical data on country economic reports with the sources he is quoting. As far as projections are concerned, we have nothing available for 1975 and 1985.

EKHawkins/w

ROUTING SLIP

Date

1/29/68

NAME

ROOM NO.

Mr. Hulley

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

RE: AS

Mr. Takahashi has asked for our advice in replying to this request. Please consult with Mr. Hawkins and let me know what you think.

From

S. Kalmanoff



Form No. 75  
(2-60)

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE  
CORPORATION

INTERNATIONAL DEVELOPMENT  
ASSOCIATION

ROUTING SLIP

Date

Jan 26, 1968

NAME

ROOM NO.

Mr. Kalmanoff

873

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

Thanks  
S.T.

From

S. Takahashi



FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Via delle Terme di Caracalla ROME

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Telex: 61181 FOODAGRI

Telephone: 5797

Ref.

BK 1/01  
XSP-31/4

Projects Dept. Correspondence

ANS'D BY Feb 14 1 20, 1968

DATE S. Takahashi

JAN 22 1968

Dear Dr. Takahashi,

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FAO have now asked me to give them some advice regarding aid policy (including availability and requirement of aid) for the Indicative World Plan for Agriculture for 1975 and 1985, which they are formulating.

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I would like to have copies of any relevant papers which may have been prepared in the IBRD.

With kind regards,

Yours sincerely,

S.R. Sen

Dr. S. Takahashi  
Adviser on Agricultural Economics  
Agriculture Division  
Projects Department  
IBRD  
1818 H. Street, N.W.  
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acc. Feb. 14/68  
+ Feb. 20/68



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Projects Dept. Correspondence  
ANS'D BY 14 1 50 1448  
DATE 14 1 50 1448  
JAN 25 1968

Rel. 62-211  
62-211

Dear Dr. Takahashi,

You may kindly recall the discussions that we had last month at the OECD Seminar held in Paris on "Agricultural Development in Developing Countries and External Aid".

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With kind regards,

Yours sincerely,

S. R. Sen

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Adviser on Agricultural Economics  
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U.S.A.

new file 14/1/68  
for 20/1/68



Availability of AID for INP

Economic development based entirely on endogenous effort may be heroic but is an unduly slow and painful process. Most of the countries, which are counted as developed (DC) today, benefitted considerably from inflow of capital and technical know-how in the earlier stages of their development. The rate of growth was relatively low during periods when such inflow was small.

In the post-World War II period, the rehabilitation and subsequent development of most of the European countries have been assisted greatly by foreign aid, which in per capita terms was much higher than what the less developed countries (LDC) have received so far. Considering the lags that most of the LDC's have to make up in terms of education, technology and infra-structure development, and low level of savings resulting from low level of income, the need for foreign aid is not only greater per capita, but also for a much longer period than what was provided to DC's of Europe after World War II.

Recent experience shows that these LDC's which have received relatively higher per capita aid have tended to achieve a relatively higher growth rate, as may be seen from the following table giving average net official and private financial flows for 54 LDC's.

Table I

| Category                                | Number | 1963          | Average 1961 - 65            |                                    | Average 1961 - 65             |                                |
|-----------------------------------------|--------|---------------|------------------------------|------------------------------------|-------------------------------|--------------------------------|
|                                         |        | Pop.<br>Mill. | Official flows<br>million \$ | Net Priv.<br>fin.flows<br>mill. \$ | Off.flows<br>(per cap.)<br>\$ | Priv.flows<br>(per cap.)<br>\$ |
| 1. High growth countries<br>(over 6%)   | 18     | 182.4         | 1047.1                       | 510.8                              | 5.74                          | 2.80                           |
| 2. Medium growth countries<br>(4 to 6%) | 21     | 391.4         | 1624.9                       | 709.9                              | 4.15                          | 1.81                           |
| 3. Low growth countries<br>(below 4%)   | 15     | 686.8         | 4471.4                       | 158.9                              | 2.14                          | 0.23                           |
| 4. Total LDC's                          | 54     | 1260.6        | 4143.4                       | 1379.6                             | 3.29                          | 1.10                           |

[Source: UNCTAD Secretariat]

During the earlier post-World War II years, foreign aid was concentrated largely on the rehabilitation of war devastated DC's. When the need for such aid started tapering off, foreign aid was progressively switched on to meeting the needs for the economic development of LDC's. Between 1956 and 1965, all DAC countries

provided to LDC's a total of \$ 51.5 billion of aid through official sources. In addition, there was some transfer of funds through private sources and official aid from communist countries.

According to an estimate made by DAC, total net financial flows to LDC's from official and private sources, from non-communist and communist countries, during the period 1961 to 1965 were as under:

Table 2  
(billion dollars)

|             | 1961 | 1962 | 1963 | 1964 | 1965 |
|-------------|------|------|------|------|------|
| 1. Official | 6.0  | 6.4  | 7.0  | 6.9  | 7.4  |
| 2. Private  | 3.0  | 2.2  | 2.4  | 3.0  | 3.6  |
| 3. Total    | 9.0  | 8.6  | 9.4  | 9.9  | 11.0 |

[Source: DAC quoted by Kauffman]

Of the total flow from official sources about 10 percent was from communist countries.

Official financial flows from non-communist DC's to LDC's and multi-lateral organisations during this period have been estimated by the UNCTAD Secretariat as in the following table:

Table 3  
(million dollars)

|                                            | 1961 | 1962 | 1963 | 1964 | 1965 |
|--------------------------------------------|------|------|------|------|------|
| 1. Bilateral flows, gross                  | 5120 | 5347 | 5696 | 5786 | 6083 |
| 2. Less: amortization and interest payment | 600  | 598  | 683  | 959  | 1043 |
| 3. Bilateral net transfer                  | 4520 | 4749 | 5013 | 4827 | 5040 |
| 4. Multilateral flows                      | 764  | 491  | 350  | 387  | 471  |
| 5. Total, Lines 3 + 4                      | 5284 | 5240 | 5363 | 5214 | 5511 |

[Source: UNCTAD Secretariat]



The terms in regard to proportion of grants and loans and interest, grace period and maturity period for loans varied considerably from source to source as well as time to time, as will be seen from Table 4. A large proportion of the aid was "tied" so that purchases could not be made by world tender from the cheapest market. As a result less real value per dollar of aid was obtained and repayment obligations became larger than what they otherwise would have been.

While some countries progressively liberalised their terms of loans, others sometimes made them stiffer. For instance, the most important donor country, U.S.A., has stiffened their terms considerably in recent years; average interest rate has been increased from 2 percent in 1963 to 3.3 percent in 1965, average maturity period has been reduced from 32.5 years in 1963 to 28 years in 1965, and proportion of gross AID expenditures spent outside the donor country has been reduced from 59 percent in 1961 and 39 percent in 1963, to 20 percent in 1965. Terms of private loans are, however, substantially higher. Loans from communist countries usually carry an interest rate of 2½ percent, grace period of 2 years and repayment period of 12 years.

Debt servicing obligations were imposing a burden on the LDC's which was becoming progressively heavy relative to their GNP as well as export earnings. According to an IBRD estimate, the external public debt outstanding (disbursed and undisbursed) of 95 LDC's rose from approximately \$10 billion in 1956 to \$39.2 billion in 1965. Payments by LDC's of interest and amortization on such debts increased from \$0.8 billion in 1956 to \$3.6 billion in 1965, and they now equal the entire amount of grants and grant-like contributions from DC's to LDC's. On the basis of present terms, they are expected to rise to \$10.4 billion in 1975.

The burden, however, varied widely from country to country, the most serious situation being in Latin American countries, which started earlier than other LDC's in getting foreign aid. For Latin America, the cost of servicing of U.S. loans averaged 41 percent of gross aid from U.S.A. in 1965, while the corresponding figure for all LDC's was 19 percent.

As regards volume of Aid, UNCTAD had recommended in 1964 that DC's should provide at least 1 percent of their GNP as "net aid" to LDC's per annum. Only 5 DC's have reached this figure, others have seriously lagged behind. In fact, taking all LDC's together, there has been actually a deterioration in the situation and the figure has gone down from 0.87 percent in 1961 to percent in 1965, and 0.62 percent in 1966.

As regards the situation regarding availability, terms and servicing obligations of aid in future, especially 1975 and 1985, it is very difficult to make



TABLE 2. AVERAGE FINANCIAL TERMS OF BILATERAL LOAN COMMITMENTS BY D.A.C. MEMBERS, 1961 - 1964

| Countries                                 | Loans as Percentage of Total Commitments <sup>(a)</sup> |      |      |      | Weighted Average Maturity of Loan Commitments (Years) |        |        |        | Weighted Average Interest of Loan Commitments (per cent) |       |      |       |
|-------------------------------------------|---------------------------------------------------------|------|------|------|-------------------------------------------------------|--------|--------|--------|----------------------------------------------------------|-------|------|-------|
|                                           | 1961                                                    | 1962 | 1963 | 1964 | 1961                                                  | 1962   | 1963   | 1964   | 1961                                                     | 1962  | 1963 | 1964  |
| Austria                                   | -                                                       | 72   | 36   | 81   | -                                                     | 5.0    | 20.0   | (9.0)  | -                                                        | (6.0) | 3.0  | (5.2) |
| Belgium <sup>(b)</sup>                    | -                                                       | -    | 3    | 3    | -                                                     | 7.5    | 8.7    | 20.0   | -                                                        | -     | 1.3  | 3.0   |
| Canada                                    | 36                                                      | 19   | 59   | 50   | 10.7                                                  | 11.6   | 12.5   | 25.0   | 6.0                                                      | 6.0   | 6.0  | 4.7   |
| Denmark <sup>(c)</sup>                    | 23                                                      | -    | -    | 25   | ..                                                    | -      | -      | 19.1   | ..                                                       | -     | -    | 4.0   |
| France <sup>(b)</sup>                     | 13                                                      | 14   | 19   | 22   | (22.0)                                                | (17.0) | (15.0) | (15.0) | 3.5                                                      | 4.0   | 4.2  | (3.1) |
| Germany                                   | 64                                                      | 54   | 73   | 57   | 14.5                                                  | 15.2   | 18.5   | 18.1   | 4.7                                                      | 4.4   | 4.3  | 3.9   |
| Italy                                     | 80                                                      | 74   | 86   | 82   | 4.1                                                   | 5.8    | 8.7    | (9.5)  | 5.2                                                      | 6.1   | 6.1  | (4.7) |
| Japan                                     | 73                                                      | 62   | 71   | 75   | 12.3                                                  | 8.1    | 13.1   | 9.7    | 6.8                                                      | 6.3   | 5.8  | 5.9   |
| Netherlands                               | 8                                                       | 24   | 43   | 30   | 29.0                                                  | 26.5   | 23.8   | 26.7   | 2.8                                                      | 4.0   | 4.8  | 3.2   |
| Norway                                    | -                                                       | -    | 4    | -    | -                                                     | -      | 17.0   | ..     | -                                                        | -     | ..   | ..    |
| Portugal <sup>(c)</sup>                   | 85                                                      | 93   | 84   | 82   | 13.9                                                  | 18.9   | 20.2   | (19.8) | 4.7                                                      | (4.0) | 3.3  | (3.6) |
| United Kingdom                            | 56                                                      | 58   | 46   | 52   | 21.4                                                  | 24.3   | 21.0   | 23.9   | 5.7                                                      | 5.8   | 4.8  | 3.8   |
| Weighted Average, excluding United States | 44                                                      | 40   | 49   | 46   | 15.4                                                  | 16.4   | 16.4   | 16.9   | 5.2                                                      | 5.2   | 4.8  | 4.3   |
| United States                             | 33                                                      | 34   | 37   | 42   | 22.0                                                  | 28.6   | 32.5   | 33.4   | 4.1                                                      | 2.5   | 2.0  | 2.5   |
| Weighted Average, all D.A.C. Countries    | 37                                                      | 36   | 42   | 44   | 18.9                                                  | 23.6   | 24.6   | 27.6   | 4.6                                                      | 3.6   | 3.4  | 3.1   |

(a) See Footnote (b), Table 1

(b) Gross disbursement data in all years

(c) Gross disbursement data 1961 and 1962

to make any forecast at the moment. The entire question of aid, its volume as well as terms, will be considered at UNCTAD II during February/March, 1968 and the donor countries will take some time after that to reach a firm decision. The situation is thus rather fluid. Another problem is that the time profile of various aids and repayments, especially upto 1985, is very difficult even to guess.

However, three very rough alternative forecasts have been attempted below in Table 5, on the basis of whatever sketchy information and expert views are readily available on the subject, just for the limited purpose of indicating the broad orders of magnitude involved, on the assumption that the GNP of DC's will increase at the compound rate of 4 percent per annum and that the "net aid" will be 1 percent of GNP as recommended by UNCTAD I.

Table 5

| Net aid                                                     | 1975                  |             | 1985                  |             |
|-------------------------------------------------------------|-----------------------|-------------|-----------------------|-------------|
|                                                             | Total<br>(billion \$) | % of<br>GNP | Total<br>(billion \$) | % of<br>GNP |
| 1. Aid (1 percent of GNP)                                   | 18.5                  | 1           | 27.5                  | 1           |
| 2. Aid - interest payment at present terms                  | 17.0                  | 0.81        | 24.0                  | 0.87        |
| 3. Aid - interest and amortization payment at present terms | 8.0                   | 0.43        | (-) 3.5               | (-) 0.13    |

Private flows have been kept at the present level and included in the above estimate for 1975 and 1985. If their proportion increases, interest and amortization payments may be higher.

The situation would, of course, vary considerably from country to country. On the basis of the third alternative in the above table, for several Latin American countries "net aid" will be negative even in 1975, if the present terms continue.

Net

omit  
(J.N.)



If any LDC has to make large payments of interest and amortization in a particular year, the DC's as a group will have, in the last analysis, to create conditions for the import of products of equivalent value from that country, either into a DC, or into some other LDC to which DC's will be giving aid. In 1985, when LDC's as a group will be making net payment of the order of \$3.5 billion to DC's as a group, the latter will have to import products of that value from LDC's as a group over and above their normal imports. To the extent the original "aid" was "tied" to a DC source, there may be a demand that the payment of interest and amortization should be also "tied" to the relevant LDC source. All these will naturally raise important issues of trade.

Aid from communist countries have been in the recent past about 10 percent of that from non-communist DC's. In their case forecasting is even more difficult because informed knowledge is much more meagre. Considering the various relevant facts, e.g., their national products is likely to increase at a somewhat faster rate than 4 percent, their aid programme is still in the process of building up, grant ratio is smaller, the rate of interest on their loans is 2½ percent, the period of repayment is 12 years, etc., it may not be unrealistic to assume that their aid may be somewhat of the order given in Table 6.

Table 6

(billion dollars)

| Net aid<br>from communist countries                               | 1975 | 1985  |
|-------------------------------------------------------------------|------|-------|
| 1. Aid                                                            | 2.0  | 3.0   |
| 2. Aid- interest payment<br>at present terms                      | 1.8  | 2.5   |
| 3. Aid- interest and<br>amortization payments<br>at present terms | 0.8  | - 0.5 |

Net

OMIT  
JH



The total aid available from non-communist and communist countries may be thus estimated as in Table 7.

Table 7

(billion dollars)

| Net aid<br>from non-communist<br>and communist countries          | 1975 | 1985    |
|-------------------------------------------------------------------|------|---------|
| 1. Aid                                                            | 20.5 | 30.5    |
| 2. Aid - interest payment<br>at present terms                     | 18.8 | 26.5    |
| 3. Aid - interest and<br>amortization payment<br>at present terms | 8.8  | (-) 4.0 |

Of the total aid given in recent years by DC's, about 10 percent has been for agriculture. The proportion, of course, varies widely from country to country and time to time. There is at present a strong move to increase the proportion somewhat in view of the higher priority deserved by agriculture. Keeping in view the needs of the other sectors of the economy of LDC's, it may not be realistic to raise this proportion to more than 15 percent.

January 16, 1968

Dear Mr. Pawley:

Enclosed are relevant excerpts from memoranda by country economists in the Bank commenting on the Near East and East Africa chapters of the Indicative World Plan. I believe that the comments are self-explanatory and I hope that they will prove helpful to the people working on these chapters. The comments are, of course, purely personal ones on the part of the writers.

I enjoyed seeing you again in Rome and participating in the panel discussion.

Sincerely yours,

A. M. Kamarck (signed)

Andrew M. Kamarck  
Director  
Economics Department

Mr. W. H. Pawley  
Director, Indicative World Plan  
Food and Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
Rome, Italy

cc: Mr. Friedman  
Mr. Evans

*C. J. M.*  
A. J. Maccone/hl

*cc Tel. 14/68*



## EXCERPT OF COMMENTS BY BANK STAFF MEMBERS

### Comments by Mr. van der Meel on chapter on Near East

"The basic importance of this study is beyond question. It meets a real need by analyzing the problems surrounding the food gap in a comprehensive way, for a wide area and for a period long enough ahead to provide the right perspective. Despite important gaps in existing information the study in its present form convincingly shows the difficult problems faced in developing adequately the crucial agricultural sector. It is to be hoped that detailed discussions in the countries concerned, as intended, will help in reducing gaps in information and in stimulating necessary action.

While the study is on the whole convincing in its analysis of problems and in its recommendations, it is in part weak in its quantitative aspects. The results of the efforts to relate demand and supply prospects for agricultural commodities to the overall economic outlook of the area for no less than 20 years ahead, obviously cannot be more than very tentative in view of the major uncertainties underlying many assumptions. The authors show awareness of this.

For instance, they point out (on p.19) that the future growth in export earnings from oil in the area (which affect income growth and related demand for food) will depend on (a) the expansion in world import demand for oil; (b) the share of the Near East in world exports; (c) the price of oil on world markets and (d) the types of contracts made with oil companies. "Any projection in this field is very risky for a 20-year period." It is also admitted that the estimates made of total investments are very crude, since no detailed assessment was possible of investment requirements outside agriculture and largely fictitious overall capital/output ratios had to be applied. The assumed growth rates for the non-agricultural sectors, "selected after an examination of the national plans available and of various studies conducted in national and international agencies" (p.11) can be no more than rough guesses.

In view of these and other problems there seems to be no point in spending much time in trying to improve the macro-projections. Fortunately, the inevitable unreliability of long-run forecasts would appear to be not too much of a problem. The broad lines of required action are clear and adjustments in policies obviously will be needed in the light of changing circumstances.

The study in its present form is difficult to read. Above all, there is need for a good summary. Chapter 2 (dealing with the model) is in part confusing to the reader; the methodology followed should be described more clearly and a better distinction made between assumptions (which should be spelt out completely) and results of the calculations. Some of the comments on the methodology given in the Introduction of Volume II should be included in Chapter 2.



"Also, it is felt that the usefulness of the study would be increased by the availability of summaries for individual countries which would bring together the data provided for these countries and relevant parts of the analysis and conclusions. Country summaries seem desirable because the Plan will have to be implemented largely on a country-by-country basis. It would also make the study more valuable for the Bank's purposes. Admittedly, the regional analysis remains basic for (a) analysing features common to the countries; (b) inter-country comparisons and (c) assessing net requirements of the area as a whole (including the needs for inputs and manpower from abroad).

Finally, to be fair to FAO, the following sentences may be quoted: "The present study is still in the form of a working paper and subject to important modifications and revisions. A revised version will be issued in due course taking into account new data and the experience gained in the development of other sub-regional studies" (Volume II, p. VIII)."

Comments by Mr. de Wit on chapter on Near East

"The subregional study for the Near East discusses the obstacles to agricultural development and proposes a number of measures to be taken for the promotion of agriculture in the area. The descriptions of the presently prevailing circumstances are very much to the point and in general the recommendations for improvement (agricultural credit, extension, market facilities, and a change in social structure) seem acceptable. One may have some reservations with respect to the rigid recommendation for a concentration of promotional efforts in "focal zones", defined as "underdeveloped but potentially promising regions". This recommendation might be interpreted to imply a reduction in the services in more or less developed areas or abandoning altogether the development effort in regions of below average potential.

The emphasis is on measures which push the farmer ahead rather than on incentives that make him run. The question of subsidies is only mentioned (para. 47); input subsidies, e.g. on fertilizer, deserve a greater attention since, as the study non-committingly mentions, "input subsidies benefit only those farmers who are applying the new technique". But there are many other conceivable incentives which are not at all mentioned or evaluated. One could think of a surcharge on imports of foodstuffs and agricultural products the proceeds of which are to be used for stabilizing the income of rain-fed farms meeting minimum requirements. Such a scheme would increase the farmer's credit-worthiness. Premiums for quality or above average productivity and other financial incentives, devised to create a development effort from within the farmers' community, should also be discussed to complete the picture.



"There is scope for improvement in the presentation of the study. There is need for a summary of the recommendations and objectives of the Indicative World Plan and for separate paragraphs on each country, indicating to what extent the conditions there differ from the general trend. Moreover, some further elaboration of the basic problem, the increasing food gap, would be instructive. The reader wants to have some idea of the total potential of the area and how many people it could sustain when fully developed, taking into account the growth in incomes and restricting further increases in net food imports."

Comments by Mr. Bruce on chapter on East Africa

"The latest year given for the various economic indicators is 1962, and the projections for 1985 are given from the base year, 1962. This is unfortunate, not merely because 1962 is five years ago, but most countries included in the East African group gained their independence around or soon after 1962. There is surely adequate information available for 1964, if not 1965, for all the countries. I have no quarrel with the major development strategy suggested, but one would have greater confidence in the model and its projections, if a later base year were taken, and developments (sometimes very considerable ones) since 1962 were taken into account. Also some of the projections of external and of inter-regional trade would have to be modified as a result of more recent developments.

It is virtually impossible to check many of the figures given and the conclusions derived from them because of the regional and sub-regional groupings given. Thus, some of the comments and conclusions are inaccurate and wrong if applied to individual countries within the region or sub-regions. However, I suppose this is inevitable in a broad study like this, although it does point to the need for careful interpretation, and perhaps, more qualifications in the text.

One of the major conclusions of the report is that meat exports can be increased considerably. Certainly this is a distinct possibility, but I question very much the suggestion that local consumption should be cut by increasing prices. Apart from the nutritional aspects, this would be politically unacceptable in many countries. Production possibilities are such in many countries that exports could be increased, while at the same time meeting increasing home demand."



Dr. Harold Larsen

December 11, 1967

Colin Bruce

FAO's Indicative World Plan: Chapter on East Africa

1. I have been able to read the above draft chapters only very quickly, but have the following two general comments.

- (a) The latest year given for the various economic indicators is 1962, and the projections for 1985 are given from the base year, 1962. This is unfortunate, not merely because 1962 is five years ago, but most countries included in the East African group gained their independence around or soon after 1962. There is surely adequate information available for 1964, if not 1965, for all the countries. I have no quarrel with the major development strategy suggested, but one would have greater confidence in the model and its projections, if a later base year were taken, and developments (sometimes very considerable ones) since 1962 were taken into account. Also some of the projections of external and of inter-regional trade would have to be modified as a result of more recent developments.
- (b) It is virtually impossible to check many of the figures given and the conclusions derived from them because of the regional and sub-regional groupings given. Thus, some of the comments and conclusions are inaccurate and wrong if applied to individual countries within the region or sub-regions. However, I suppose this is inevitable in a broad study like this, although it does point to the need for careful interpretation, and perhaps, more qualifications in the text.
- (c) One of the major conclusions of the report is that meat exports can be increased considerably. Certainly this is a distinct possibility, but I question very much the suggestion that local consumption should be cut by increasing prices. Apart from the nutritional aspects, this would be politically unacceptable in many countries. Production possibilities are such in many countries that exports could be increased, while at the same time meeting increasing home demand.

cc: Mr. Krishna

CB:tj



## OFFICE MEMORANDUM

TO: FILES

DATE: October 18, 1967

FROM: Andrew M. Kamarck *AK*SUBJECT: Meeting of FAO Advisory Panel on Indicative World Plan, Third Session,  
Rome, 9-10 October, 1967

Attached is a list of the participants and a set of notes ✓  
on the first day's meeting.

In the second day's meeting a principal point of the discussion was a point that had been originally raised by Dr. Balogh that the IWP should not attempt to prepare detailed and concrete plans for each country for 1975 and 1985. This I supported as well as bringing out a certain logical inconsistency in the technique of projections in the Plan; that is, it is stated that supply is projected on the basis of extrapolation of past trends while demand is projected on the basis of constant prices. Past trends in supply were influenced by price variations and were not the result of decisions taken on constant prices.

Dr. Sen indicated that the document on the Plan would be presented in 1968 to the World Food Conference. He did not expect, however, that the Indicative World Plan would be completed before some time in 1969.

Director-General's Advisory Panel on Indicative World Plan  
3rd Session, Rome, 9-10 October 1967

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List of Participants

Prof. Dr. Drs.h.c. F. Baade  
Director  
Forschungsinstitut für Wirtschaftsfragen der Entwicklungsländer E.V.  
19 Gierenweg  
53 Bonn  
Federal Republic of Germany

Dr. T. Balogh (Economic Adviser to the Prime Minister, U.K.)  
Cabinet Office  
10 Downing Street  
London, S.W.1.  
England

Dr. M. E. Ben Osman  
Sous-Secrétaire d'Etat au Plan et à l'Economie Nationale  
Kasbah  
Tunis  
Tunisia

Dr. W. H. Cochrane  
Dean, Office of International Programs  
University of Minnesota  
Minneapolis  
Minnesota 55455  
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Prof. A. Hussain (Member of Planning Commission)  
Planning Commission  
Government of Pakistan  
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Mr. A. M. Kamarok  
Director, Economics Department  
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Mr. T. Kristensen  
Secretary-General  
Organization for Economic Co-operation and Development  
2 rue André-Pascal  
Paris XVI<sup>e</sup>  
France

Mr. Louis G. Rabot  
Director-General  
General Directorate VI - Agriculture  
European Economic Community  
Bruxelles  
Immeuble Berlaymont  
rue Stévin  
Belgium

Dr. Carlos Sanz de Santamaria  
Chairman  
Inter-American Committee on the Alliance for Progress  
Organization of American States  
Pan American Union  
Washington 6, D.C.  
U.S.A.

Mr. A. Simantov  
Director  
Agriculture and Food Directorate  
Organization for Economic Co-operation and Development  
2 rue André-Pascal  
Paris XVI<sup>e</sup>  
France



Summary Record of the Meeting of the Director-General's  
Advisory Panel on the Indicative World Plan

Morning Session - 9 October 1967

The following participants were present:

Prof. F. Baade  
Director, Forschungsinstitut für  
Wirtschaftsfragen der Entwicklungsländer E.V., Bonn

Dr. T. Balogh  
Economic Adviser to the Prime Minister, UK

Dr. M.E. Ben Osman  
Sous-Secrétaire d'Etat, Tunis

Dr. W.H. Cochrane  
Dean, Office of International Programs, University of Minnesota

Prof. A. Eusain  
Member of Planning Commission, Pakistan

Dr. A.M. Kamarek  
Director, Economics Department, IBRD

Dr. T. Kristensen  
Secretary-General, OECD

Dr. L.G. Rabot  
Director-General, General Directorate VI - Agriculture, EEC

Dr. C. Sanz de Santamaria  
Chairman, Inter-American Committee on  
the Alliance for Progress

Mr. A. Simantov  
Director Agriculture and Food, Directorate, OECD

The Director-General who initiated the discussions, said that there would be no formal agenda to the meetings and that he would like members of the panel to comment freely on any aspect of the progress achieved so far, and the proposed plan of work as set out in the two papers circulated to the meeting. He referred to a number of specific issues on which he sought the panel's advice: for example on whether the place of chapter on economic development should come early in the report as suggested in version two of the outline, or should come towards the end as proposed in version one.



A detailed discussion early on may make the report too heavy. Secondly, the feasibility of arriving at judgments on aid requirements. While recognising the difficulties inherent in the task, he felt it would be desirable to indicate orders of magnitude under alternative assumptions. The treatment of trade problems was another question on which he would welcome advice. Fourthly, there were the range of issues on how a balance was to be struck between considerations of welfare and growth. The problem of employment was closely connected with this.

Dr. Kristensen considered the second version of the outline as more logical in setting out the overall framework of economic development right at the beginning.

Referring to the problem of structural change in paragraph 49 of the Conference paper, he wondered whether it would be desirable or possible to visualise an appreciable increase in large-scale farming. While there may be important technical advantages in such a course, it would also imply aggravation of the problem of landless labourers with its attendant social and economic consequences. This aspect of the problem needed to be kept in view. On a query from the Director-General, Dr. Kristensen said that while too small a farm size might hamper agricultural development, and from this viewpoint the average size of the farm may have to be increased in Asia, a big increase in farm size makes for social problems. A rapid industrialisation seemed essential, to solve the employment problem. The possibilities in this direction may be greater than normally supposed, because of the relative ease with which modern technology can be made to penetrate traditional societies. Public works could at best be a short-term remedy.

Dr. Cochrane felt that too detailed a discussion of the economic background and prospects in the first part might make it too heavy and detract interest from the major conclusions of the IWP. At the same time, he felt it was necessary to set out clearly in part I the assumptions and parameters regarding future economic development.

He did not see clearly the precise purpose of chapter III. A major part of the contents in the proposed chapter could be brought under Chapter 2.

He felt that it would not be meaningful to separate problems of crop production and those relating to livestock development. He suggested that the consideration of livestock development be made part of the Chapters 4 to 7.

In part IV much of the contents of chapter 20 could be shifted to Part I and considerations of employment in Chapter 19 shifted to Part III. The remaining three chapters could then be appropriately titled as international implications of the IWP.



On a query from Dr. Komarck whether the differences between Versions I and II were one of form or of substance, Mr. Pawley explained that it was primarily a question of presentation. However, behind this may lie questions of substance, as for example how far should one go in elaborating growth models. He felt that Chapter 20 could be moved up to Part I, but in this case the discussion should be in non-technical language, leaving the technical aspects to be dealt with in an appendix.

Professor Hussain preferred Version I with the modifications suggested by Dr. Cochrane and Mr. Pawley. He emphasised that quite early in the document there should be a clear statement of the difficulties and limitations of preparing an indicative world plan. The basic data deficiencies should also be highlighted.

Dr. Balogh, while supporting the need for assessing the world wide prospects for agriculture as a means of educating world opinion and of introducing greater rationality in policy making, felt that there were formidable difficulties. He felt that a region was not a realistic unit for planning action. The aggregation of countries and discussing problems in terms of averages could be most misleading. On the other hand, it would not be desirable, even if it were possible, to attempt to prepare detailed and concrete plans for each country. He felt any attempt to do so was likely to create unnecessary controversy and detract from the value of the IWP as a means for focussing attention to the really important issues. He felt that the IWP should only attempt a broad but well-founded prognostication which would show up what inconsistencies are likely to emerge.

The Director-General stated that it was not FAO's intention to prepare detailed country plans, but precisely, as Dr. Balogh had indicated, to provide a broad prognosis, a perspective to guide country plans along more rational lines. Criticisms should not be avoided or shirked. The object was in fact to evoke criticisms and to educate.

Dr. Rabot felt that the first part of the IWP should set out all important assumptions and conclusions to the reader. While agreeing with the Director General about the dangers of making Chapter I too heavy by detailed discussions of overall development prospects, he felt that the solution suggested by Mr. Pawley would probably meet the situation.

Referring to Dr. Balogh's point, he pointed out that the difficulties of reconciling national plans could be not avoided. The outline showed awareness of these problems and the plan was being viewed as subject to improvement in successive stages over the next three years.

Dr. Baade emphasised the dangers of thinking in averages and the necessity for a country-by-country approach. This did not, however, mean country plans.

He agreed with the view that one ought to be cautious in dealing with this problem. The problem is so urgent that it was necessary to be clearly forthright. There was no need to be afraid of criticism.

He felt that there was a general tendency on the part of the FAO to be too pessimistic about future prospects. The recent development in Mexico, Pakistan and other countries seemed to alter the complexion of the future considerably.



The Director-General pointed out that while dramatic developments were taking place in many countries, the cold facts of the development during the last few years did not afford room for optimism, and that it was necessary to draw attention to this.

Dr. Ben Osman supported the suggestions to shift contents of Chapter 20 to Part I and to consider livestock development along with crop production.

He suggested an additional chapter in Part IV on training and on structural changes, both of which he thought were critical issues. He emphasised that the report to the IWP should be such as to make it an effective tool for stimulating action.

The implications for international aid which were discussed in different chapters should be summed up and brought together in one chapter.

Dr. Sanz de Santamaria preferred Version II of the outline with the modifications suggested by Mr. Pawley. He welcomed the enlargement of the scope of the IWP to cover other sectors. This would make for a more meaningful discussion of the problems of the IWP development. But he cautioned against any attempt at sophisticated models in countries where basic data were unreliable or completely lacking. This would tend to weaken the IWP as a means for stimulating positive action. He emphasised the need to highlight the importance of trade and trade policies of the developed countries for rapid development of agriculture, especially in Latin America. More generally, he felt that it would be useful to consider alternative ways of closing the large trade and savings gaps facing developing countries.

Dr. Balogh reiterated his views about the scope and detail of the plan as now being attended. He suggested that the better approach would be to identify key problem areas, and to let others draw the conclusions, rather than to attempt a prognosis in detail.

The Director-General felt that this was a fundamental issue and requested the members of the panel to give their reactions.

Files

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2 118

(by Feb. 18  
pls.)

Morning Session - 9 October 1967

I'm glad I  
don't have to  
decide what action  
to take as a  
result of  
this discussion!

The Director-General who initiated the discussions, said that there would be no formal agenda to the meetings and that he would like members of the panel to comment freely on any aspect of the progress achieved so far, and the proposed plan of work as set out in the two papers circulated to the meeting. He referred to a number of specific issues on which he sought the panel's advice: for example on whether the place of chapter on economic development should come early in the report as suggested in version two of the outline, or should come towards the end as proposed in version one.



A detailed discussion early on may make the report too heavy. Secondly, the feasibility of arriving at judgments on aid requirements. While recognising the difficulties inherent in this task, he felt it would be desirable to indicate orders of magnitude under alternative assumptions. The treatment of trade problems was another question on which he would welcome advice. Fourthly, there were the range of issues on how a balance was to be struck between considerations of welfare and growth. The problem of employment was closely connected with this.

Dr. Kristensen considered the second version of the outline as more logical in setting out the overall framework of economic development right at the beginning.

Referring to the problem of structural change in paragraph 49 of the Conference paper, he wondered whether it would be desirable or possible to visualise an appreciable increase in large-scale farming. While there may be important technical advantages in such a course, it would also imply aggravation of the problem of landless labourers with its attendant social and economic consequences. This aspect of the problem needed to be kept in view. On a query from the Director General, Dr. Kristensen said that while too small a farm size might retard agricultural development, and from this viewpoint the average size of the farm may have to be increased in Asia, a big increase in farm size might pose social problems. A rapid industrialisation seemed essential, to solve the employment problem. The possibilities in this direction may be greater than normally supposed, because of the relative ease with which modern technology can be made to penetrate traditional societies. Public works could at best be a short-term remedy.

Dr. Cochrane felt that too detailed a discussion of the economic background and prospects in the first part might make it too heavy and distract interest from the major conclusions of the IWP. At the same time, he felt it was necessary to set out clearly in part I the assumptions and parameters regarding future economic development.

He did not see clearly the precise purpose of chapter III. A major part of the contents in the proposed chapter could be brought under Chapter 2.

He felt that it would not be meaningful to separate problems of crop production and those relating to livestock development. He suggested that the consideration of livestock development be made part of the Chapters 4 to 7.

In part IV much of the contents of chapter 20 could be shifted to Part I and considerations of employment in Chapter 19 shifted to Part III. The remaining three chapters could then be appropriately titled as international implications of the IWP.



On a query from Dr. Kamardz whether the differences between Versions I and II were one of form or of substance, Mr. Pawley explained that it was primarily a question of presentation. However, behind this may lie questions of substance, as for example how far should one go in elaborating growth models. He felt that Chapter 20 could be moved up to Part I, but in this case the discussion should be in non-technical language, leaving the technical aspects to be dealt with in an appendix.

Professor Musain preferred Version I with the modifications suggested by Dr. Cochrane and Mr. Pawley. He emphasised that quite early in the document there should be a clear statement of the difficulties and limitations of preparing an indicative world plan. The basic data deficiencies should also be highlighted.

Dr. Balogh, while supporting the need for assessing the world wide prospects for agriculture as a means of educating world opinion and of introducing greater rationality in policy making, felt that there were formidable difficulties. He felt that a region was not a realistic unit for planning action. The aggregation of countries and discussing problems in terms of averages could be most misleading. On the other hand, it would not be desirable, even if it were possible, to attempt to prepare detailed and concrete plans for each country. He felt any attempt to do so was likely to create unnecessary controversy and detract from the value of the IWP as a means for focussing attention to the really important issues. He felt that the IWP should only attempt a broad but well-founded prognostication which would show up what inconsistencies are likely to emerge.

The Director-General stated that it was not FAO's intention to prepare detailed country plans, but precisely, as Dr. Balogh had indicated, to provide a broad prognosis, a perspective to guide country plans along more rational lines. Criticisms should not be avoided or shirked. The object was in fact to evoke criticisms and to educate.

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Referring to Dr. Balogh's point, he pointed out that the difficulties of reconciling national plans could be not avoided. The outline showed awareness of these problems and the plan was being viewed as subject to improvement in successive stages over the next three years.

Dr. Baade emphasised the dangers of thinking in averages and the necessity for a country-by-country approach. This did not, however, mean country plans.

He agreed with the view that one ought to be cautious in dealing with this problem. The problem is so urgent that it was necessary to be clearly forthright. There was no need to be afraid of criticism.

He felt that there was a general tendency on the part of the FAO to be too pessimistic about future prospects. The recent development in Mexico, Pakistan and other countries seemed to alter the complexion of the future considerably.



The Director-General pointed out that while dramatic developments were taking place in many countries, the cold facts of the development during the last few years did not afford room for optimism, and that it was necessary to draw attention to this.

Dr. Ben Osman supported the suggestions to shift contents of Chapter 20 to Part I and to consider livestock development along with crop production.

He suggested an additional chapter in Part IV on training and on structural changes, both of which he thought were critical issues. He emphasised that the report to the IWP should be such as to make it an effective tool for stimulating action.

The implications for international aid which were discussed in different chapters should be summed up and brought together in one chapter.

Dr. Sans de Santamaria preferred Version II of the outline with the modifications suggested by Mr. Pawley. He welcomed the enlargement of the scope of the IWP to cover other sectors. This would make for a more meaningful discussion of the problems of the IWP development. But he cautioned against any attempt at sophisticated models in countries where basic data were unreliable or completely lacking. This would tend to weaken the IWP as a means for stimulating positive action. He emphasised the need to highlight the importance of trade and trade policies of the developed countries for rapid development of agriculture, especially in Latin America. More generally, he felt that it would be useful to consider alternative ways of closing the large trade and savings gaps facing developing countries.

Dr. Balogh reiterated his views about the scope and detail of the plan as now being attended. He suggested that the better approach would be to identify key problem areas, and to let others draw the conclusions, rather than to attempt a prognosis in detail.

The Director-General felt that this was a fundamental issue and requested the members of the panel to give their reactions.



Summary Record of the Meeting of the Director-General's  
Advisory Panel on the Indicative World Plan

Afternoon Session - 9 October 1967

Dr. Cochrane stated that despite all their limitations we have to work with averages. The important thing was to get meaningful, representative, averages, which task he thought should be left to the FAO technicians. On the question of the unit of planning, he felt that it was neither possible nor desirable to attempt detailed planning for each country. The world on the other hand was too high a unit of aggregation. The grouping of countries into sub-regions would help to bring out the emerging problems.

He drew attention to the many difficulties of projecting demand, even though the methodology was deceptively simple. The estimates of such key magnitudes as population growth and income elasticities were always controversial. It was therefore important to have a range of projections and alternative assumptions.

It was not enough merely to compare projected demand and production possibilities. This kind of gap analysis had already been done in the past. FAO ought to go further towards spelling out in some detail the implication in terms of resources requirements and highlighting trade imbalances. He thought that the FAO was the most appropriate agency for this undertaking.

Quantification on the production side, including the inputs required to meet specific targets, was useful to give statesmen and leaders the order of magnitude of resources and inputs needed to reach what "could be" achieved. Despite all the "fuzziness" attached to such judgments, they may not be much fuzzier than the concepts involved in trying to judge what "would be" on the basis of past trends and existing policies. It is necessary to have an assessment of what "could be" done on the basis of various assumptions and an assessment of what "would be" to serve as a basis for comparison.

Dr. Kamarek supported the suggestions by Dr. Cochrane and Mr. Pawley about the treatment of overall economic background. He agreed with Professor Balogh on the dangers of going into too much detail. He raised a query about the price assumptions on which supply and demand would be projected. The projection of past trends of supply would not strictly be at constant price projection, because these trends in part reflect the relative price changes. Perhaps one needed to work with different sets of price estimates.



In commenting on the various points made in the course of the previous discussion, Mr. Pawley emphasised that the IWP would explore the implications of alternative assumptions regarding the key variables. At least two alternative sets of estimates of GDP growth and population would be considered and at the regional and sub-regional level an even larger number of variants would be examined. The discussion in the text would take account of the alternative variants of the macro-economic frames. He agreed with the view that the FAO could not prepare country plans, but in order to be meaningful the IWP had to work on country data and attempt a country-wise analysis to arrive at useful overall judgments. Averages could not be avoided, but where used care would be taken to indicate the significance attached to them. He still had an open mind on the treatment of livestock. The regional chapters on target policies and inputs would deal with the feed requirements for livestock in deciding production targets and in evaluating policies regarding land and water use. Referring to Dr. Balogh's question regarding the scope and detail of the proposed plan, Mr. Pawley said the intention was not to give detailed country-wise predictions, but rather it was intended to provide a quantitative framework, however rough, to enable us to keep away from such vague generalisations, /as for example "we need more fertilisers"/ and to give more concrete suggestions for action. The formulation of the quantitative framework was of course not independent of policy assumptions, but the implications for policy, both national and international, could be more meaningfully discussed in relation to a quantitative framework. As regards trade, the intention in the 1968 document was to bring together the demand projections and production targets and to point out the nature of the imbalances implied. At a later stage, perhaps in 1969, the IWP may attempt to get closer to formulating judgments about desirable policies.

Mr. Kristensen reiterated the need for keeping the discussion on framework of economic development as non-technical as possible. Despite the clarifications given by Mr. Pawley about the treatment of livestock, he still doubted the validity of separate treatment of crops and livestock. On the wider questions raised in the meeting he felt that as far as the 1968 document was concerned, he would advise caution in going into great detail about individual countries. It should primarily set out the overall regional projections and give some policy indications. He also felt that even if the IWP set out clearly the assumptions and limitations of the projections, they would be taken by the world at large as FAO's assessment of what was likely to happen. In view of this it was essential that FAO should have the courage to make the estimates of possible developments realistic. He was not in favour of too many alternatives as they tend to be confusing. He felt that it would be useful to spell out the input and resource implications for both the high and low alternatives of production.



Mr. Simentov felt that Part IV should deal with the international implications of the proposed programme. As it stands, the chapter on aid coming as it does at the very end, may give the misleading impression that aid was treated as a residual. On the question of price assumptions, he felt that instead of assuming the likely price changes in the future, the directions of future price changes ought to emerge as a consequence of the imbalances between demand and production thrown up by the IWP.

Dr. Cochrane felt that, ideally, one ought to project to both demand and supply at constant price levels to begin with, and then to examine the imbalances and their implications.

Dr. Balogh said that there were two aspects to this problem. One had to do with the assumptions regarding the relative prices of crops, which was a matter of internal policy, while the question of the relative prices of agriculture and non-agricultural products raised the much wider questions of relationships of developed and under-developed countries. There was again a considerable discussion of the level of detail which the IWP ought to aim at. Dr. Balogh reiterated his point that by being too quantitative, IWP is open to attack on the ground of spurious precision. What one needed was the "more or less" type of statements. He felt that in this context one of the most useful functions of an organisation like FAO was to draw pointed attention to the gaps and imbalances which are emerging without going into details. He felt that FAO should confine itself to showing the general directions of improvements, both in developed and developing countries. This did not need complicated statistical exercises, but rather common sense and some global estimates.

Dr. Cochrane disagreed, pointing out that while "gap analysis" was useful, there has been so much of it already, that there was an urgent need to take the analysis further.

While agreeing with Dr. Balogh that the greater the detail, the greater was the likely criticism, Mr. Rabot said that if one followed Dr. Balogh's line of reasoning to its logical conclusion, there would be very little left. An organisation like FAO should take a few calculated risks and the risk implied in the present version of the IWP was worth taking. For the developed countries, particularly, it would be useful to have a solid, if provocative, document which would enable one to get out of the helpless state of repeating that we should do something about the problem, but without knowing precisely what.

Mr. Ben Osman while appreciating Dr. Balogh's interest in scientific rigour, felt that the IWP with all the imperfections of quantitative projections of the future, was nevertheless useful to provoke the interest of the world and to focus attention on critical issues. It would help developed countries to plan a concerted action. He felt that FAO was the best body to provide some kind of a general quantitative framework to stimulate this process.



Dr. Sanz de Santamaría agreed with Mr. Kristensen about the tendency for projections or targets proposed to be taken as predictions by the FAO. For this reason it was essential to be careful in setting out the basic assumptions. In this context he reiterated his reservations about the overall growth estimates made for Latin America. It was essential to have better coordination between developed and developing countries and for the developed countries to follow more enlightened trade policies. Political irrationality was a fact of life, and the fight against it was inevitably slow. It was nevertheless essential to have a frame of multilateral analysis of problems to help promote greater rationality.

Dr. Cochrane pointed out that it would be very useful if a document like the IWP showed what would happen by way of improvement in the developing countries if the developed countries were to adopt a more liberal trade policy, say in respect of sugar. Such a quantification would greatly help progressive forces in the developed countries to fight pressure groups which opposed such changes.

Professor Hussain thought that mere assessment of global needs was not enough: measures ought to be found to close the gap. He emphasised the inadequacy of aid flow into developing countries. The IWP by quantifying the possibilities and measures needed to realise them would fulfil a useful role, recognising of course that such projections were necessarily imperfect and subject to periodic revision.

Mr. Kristensen referred to the generally bad climate for aid in the developed countries. The IWP could help by providing good arguments for more aid. This would greatly strengthen the needs of progressive elements in the developed countries. At the same time, in order to carry conviction, the IWP must be based on realistic estimates of growth and bring out the relationship of aid and food development.



Summary Record of the Meeting of the Director-General's  
Advisory Panel on the Indicative World Plan

Morning Session - 10 October 1967

The Director-General requested members of the Panel to give their advice on the problem of how to treat international trade in the IWP.

Introducing the subject Mr. Pawley explained that the intention was to concentrate on "gap analysis". It was realised that since trade is generally a small proportion of total supplies, small errors in the figures for production and demand tend to get magnified in the case of trade. At the same time he stressed that it was not intended to treat trade as a residual element. Trade policies as well as production policies had their place in aiming at proposed production targets. Nevertheless, as a starting point, it was intended to estimate "import requirements" and "export availabilities". The provisional document to be issued in 1968 will not speak in terms of trade targets, but would highlight the imbalances between "export availabilities" and "import requirements" at the regional and the world level and point out the kind of problems arising from them. In the subsequent stage the idea was to examine ways of resolving imbalances and to consider alternative solutions.

Dr. Kamarchk felt that the outline set out all the important elements which would have to be considered, but he was afraid that the total picture may not be valid or consistent. For instance, he pointed out imbalances are viewed on the one hand as projections, not as predictions. On the other hand, when the document also speaks of examining the implications of these imbalances and ways of resolving them, he considered that "prediction" was implied. The element of prediction goes further when production targets for countries in the regions are decided on the basis of anticipated trade possibilities. This was a particularly hazardous undertaking if attempted at the country level.

Dr. Sen said that the intention was clearly not to prepare country-wise plans, but rather to find ways of handling this difficult problem in a viable framework. He would welcome the Panel's advice on this.

Dr. Sanz de Santamaria felt that the IWP could help to bring out strikingly the present and potential imbalances. As for the outline, he felt that the macro-economic frame should be spelt out, and the question of the level of aid and technical assistance required to



maintain satisfactory growth rates ought to be examined. Trade was a subject of particular importance in Latin America. He also felt that in the modern context it was not enough to have economic development per se. Something ought to be done at the same time to further the cause of social justice. He suggested that the provisional work on Latin America trade, though necessarily approximate, was useful to the countries of the region and should be made available to them. He also referred to the possibilities of greatly increased agricultural potential in Latin America by inter-country cooperation in development of water resources for inland transport, power and flood control.

Dr. Balogh thought the outline interesting, and if it could be filled in it would undoubtedly help proper appreciation of long-term trade problems, but he felt the problem was exceptionally difficult to handle in terms of both concept and of estimation. The problems presented by the emergence of substitute materials, the changes in the technological possibilities of agriculture, the unequal nature of the partnership of developed and developing countries, and the difficulty of predicting the behaviour of the Soviet Union and China in relation to international trade, all made a satisfactory treatment of the problem extraordinarily difficult.

Dr. Cochrane while agreeing with Dr. Balogh on the difficulties of analysing trade, felt that one nevertheless had to get to grips with the future in some systematic way. He would prefer an approach which would begin with the estimate of demand followed by an assessment of what could be produced under the specified conditions. The juxtaposition of the two would give an idea of the imbalances between demand and production in different regions and at the world level. One could then work back under alternative assumptions of trade policies to revising the projections of supply of production and demand. The possibility of projections being treated as predictions could be avoided by discussing alternatives which are far enough apart from each other.

Professor Baade emphasised the need for a change of techniques in developing countries and the catastrophic consequences which would follow if these changes did not take place. He thought that the "package" approach was a revolutionary development in extension techniques, which was beginning to catch on in a number of countries. The examples of such experiments should be given by way of illustrations in the report. He pleaded for greatly expanded expenditure on education and extension.



Mr. Kristensen said that the preliminary studies in the OECD made on behalf of the FAO showed that the production capacity of developed countries was big enough to meet the import needs of developing regions up to 1985. Of course utilization of this capacity would mean larger aid because such a volume of imports into developed regions could not be financed by their own resources. Nevertheless, it was good to know that developed countries have this capacity to tackle emergencies in the rest of the world. While agreeing with the need for and possibilities of various new technological development, extension techniques, etc. he emphasised the difficulties of adapting them to the conditions of developing countries and of ensuring a rapid rate of spread of these techniques. One should guard against excessive optimism. On the other hand, it would be preferable for the IWP to help arouse a sense of urgency about these problems.

Mr. Ben Ganan felt that one should not lose sight of the initial aim of the IWP which was to analyse the problem of hunger and ways of solving it. From this viewpoint a clear set of priorities should be indicated. He felt that the first priority should be to indicate guidelines of economic and technical assistance from developed to developing countries to solve the problem of hunger. This was more important than indicating the extent to which developed countries could make good deficits in developing countries.

Mr. Rabot agreed with Dr. Cochran's views and the idea of Mr. Pawley that the 1968 document should highlight imbalances, leaving the policy implications to be dealt with in the 1969 document. He felt that it was possible to assess the magnitude and areas of imbalance, but he cautioned against projecting apparently impossible dimensions which would only frighten people. The object should be to show that there was a problem and that the problem was of manageable dimensions. This would help those persons in the developed countries who are trying to bring home to their governments and populations that the problem was urgent and that something ought to be done about it.

Professor Hussain wanted the role of developed countries to be better clarified. In discussing this institutional development it was essential to quantify the requirements of such items like credit. He also felt that the emphasis of massive public works programmes was too categorical and would need to be modified. On the basic research he pointed to the difficulties of identifying what was precisely basic research. He also felt that the organizational, personnel and cost implications ought to be spelt out.



Dr. Ojala said that in the work done so far, trade was treated as a residual and considerable work was being done in assessing imbalance based on analysis of trends of production adjusted for known changes in policy. But he felt the IWP cannot just treat trade as residuals, but should take trade as given for formulating production targets. This being so, the imbalance emerging from the IWP was more of a reflection of the imperfections of the process of arriving at the magnitudes rather than pure imbalances. These imbalances need to be adjusted further not just to get consistency but in relation to the overall trade prospects and policies and questions of international specialisation. The implications for trade of continuation of apparent policies of developed countries could be considered. In addition, alternative policies of developed countries could be postulated and their effects examined.

Dr. Kanarok felt that the question of the extent of detail to be attempted at the country level had apparently not been decided. He argued for caution in going into too much detail.

Mr. Pawley said that the IWP approach recognised the difficulties of the problem of trade but nevertheless felt the necessity to evolve a systematic approach to analysis of future trade problems. The analytical and conceptual issues were still exercising the minds of the IWP group and the Commodities Division and they were feeling their way. It was not the intention to put forward any particular trade figures as targets nor was it yet clear how much further one could go in considering policy implications.

Dr. Cochrane felt that it was generally agreed that country-wise trade targets would be considerable. Some estimate of demand and supply was however essential to get to grips with the problem. Trade should not be viewed purely as a residual, but the residual approach might serve as a starting point. This can be refined later in the light of analysis of implications of alternative policies.

Mr. Simantov also preferred treatment of trade as a residual to begin with. He felt that independent projections of trade especially in food grains, raised many difficulties. He thought that the reference to production "targets" in the outline gave rise to some confusion since these magnitudes took into account trade. Perhaps "projections" would be a better term than "targets".

Dr. Sen then invited discussion on the role of processing industries in economic development. Mr. Kristensen felt that the discussion should cover the production of inputs, storage and other activities, all of which had a very important bearing on agricultural development. He could not see any reason for singling out the processing industries. Dr. Balogh agreed with Mr. Kristensen's views.



The Director-General said that the role of processing industries needed to be viewed in a wider context such as their impact on conservation and transport of food, their effect on improving nutritional quality, their role as a source of work for people in rural areas, and as a means of reducing seasonal fluctuations in prices.

Summary Record of the Meeting of the Director-General's  
Advisory Panel on the Indicative World Plan

Afternoon Session - 10 October 1967

Mr. Pawley explained that he fully recognized the importance of input industries as well as activities like storage and transport for agricultural development. The requirements of inputs and the problems of increasing their production was to be dealt with in detail in Chapter 12, while other supporting activities would be considered under economic incentives and marketing. The discussion on processing industries was meant to highlight their role in promoting economic development and not just from the technological viewpoint. In order to facilitate a meaningful consideration of the issues, different types of processing industries had been distinguished. The outline proposed was based on a fairly broad approach.

Professor Beade felt that agricultural input industries, and in particular fertilisers, were much more important to agricultural development than processing. The input industries and problems of their development should be discussed at greater length, particularly in view of the anticipated lag between production and requirements of fertilisers in developing countries for several years ahead. The possibilities of developed countries providing fertiliser assistance along the lines of FI480 did might be considered. A discussion of the economics of importing finished fertilisers as against semi-processed nutrients, for example anhydrous ammonia, would also be of relevance.

Mr. Pawley clarified that the IWP did not minimise the importance of inputs. The report will deal fully with the input requirements for achieving projected level of output and the problems of increasing their supply in the measure needed. The separation of inputs and processing reflected in part the internal division of responsibilities within FAO. A detailed outline had emerged on processing because it had been necessary to establish an inter-divisional working party to cover a subject widely dispersed over FAO.

Dr. Cochrane felt that marketing and processing were rather difficult to plan and that it would perhaps be better to focus on the measures needed to provide a proper climate for their satisfactory growth. Detailed planning of the scale and location of processing activities was of doubtful value. On the other hand, in the case of inputs, which are far more important to agricultural development, the governments should take more direct responsibility for production and distribution.



Dr. Komarck preferred the outline set out in the appendix to the summary. The contents as proposed in the main outline suggested that the report would go into details of plant size, costs, employment, etc. all of which were too complicated and probably outside FAO's competence. Mr. Pawley explained that the IWP would of course not go into plant design. However, he felt it was important to point out situations where the small size of the market made domestic production uneconomic, and where the domestic market was so large that large-scale imports would be out of the question.

Professor Hussen while agreeing on the need for greater attention to input industries, felt that these were generally far more sophisticated than processing activities. Not all countries could expect to develop input industries in the immediate future. On the other hand, processing industries could have an important role in the early stages of development. He also felt that discussion of costs could not be avoided.

The Director-General stated that the IWP ought to discuss the general magnitudes and problems, leaving the decisions about how much should be produced in each country and further detailed planning to national governments. Mr. Pawley said that while there was undoubtedly a large grey area where it was difficult to indicate precisely the relative advantages of domestic production and imports, there were extreme cases where the size of market and overall balance of payments considerations did point to definite conclusions on the desirability of internal production as against imports.

Dr. Sans de Santamaría felt that processing industries were also important from the social viewpoint and for ensuring better utilisation of output. He did not really think that input and processing industries could be separated. Both were significant for stimulating agriculture. He also pleaded that the IWP should throw its weight behind more rational planning of input industries in the smaller countries with a view to discouraging uneconomic units of production based on purely national markets. In view of the fact that the Session of the Panel was coming to a close, Dr. Sans de Santamaría wished to reiterate his strong support for what the Director-General was attempting to do with the Indicative Plan.

Dr. Cochrane stated that in his view this meeting had come to grips with the problem quite well. He was pleased with the more effective organisation in FAO for preparing the Indicative Plan compared with the situation a year ago. In general he felt that the whole process was moving. He considered that another meeting of the Panel should be called only after the provisional world study and provisional regional studies were ready.

In a brief discussion there was a general consensus of opinion if at all possible it would be useful to have the next meeting of the Advisory Panel after there had been time to study the provisional documents and before the World Food Congress.

The Director-General thanked all the panel members for attending the meeting and contributing to the discussion, and he looked forward to continued advice and cooperation from them in the future.



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FROM:

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MR. KAMARCK

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August 9, 1967

Mr. W. H. Pawley  
Director  
Indicative World Plan  
Food and Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
Rome, Italy

Dear Mr. Pawley:

Thank you for your letter of August 4 ✓ inviting me to the next meeting of the Advisory Panel on the Indicative World Plan.

As far as I know at this time I would be able to attend. As you know, however, it is a somewhat awkward period since it is so soon after our Annual Meeting which takes place in Rio this year and runs to October 1. Consequently, if the meeting could take place towards the end of October, it would be much more convenient to attend. However, if the meeting remains on the 9 and 10 October, I will definitely try to attend.

With all best wishes.

Sincerely yours,

A. M. Kamarck (signed)

Andrew M. Kamarck  
Director  
Economics Department

AMK:ner



FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Via delle Terme di Caracalla ROME

Cables: FOODAGRI ROME

Telex: 61181 FOODAGRI

Telephone: 5797

Ref. SP 30/2

AUG. 4 1967

Dear Mr. Kamarck,

The Director-General has asked me to inform you that he would like to have another meeting of his Advisory Panel on the Indicative World Plan in October, in accordance with the practice already established in the two previous years.

The Director-General's main purpose at this session of the Panel will be to have your advice on the lines of the overall world document, namely the provisional Indicative World Plan, which should go to press at the end of April next year. We have been working for some time on an annotated outline and I am sending you a copy of this under separate cover. The annotations for many of the chapters will however be reworked and enlarged between now and October, particularly as the various subject-matter Divisions have not yet submitted their proposals. Although we have given a lot of thought to the contents and organization of this document, our thinking is naturally in a continuous state of evolution and it is probable that I shall be sending you a revised draft in September.

The Director-General feels that the meeting need not be long and proposes to have it over the two days 9 and 10 October. He appreciates that you may very well have other commitments for these dates, but has asked me to express the hope that you can make every endeavour to attend this session of the Advisory Panel. Since the session will be concerned with the central aspect of the IWP work, namely the approach to the overall world document, this will be a most important meeting of the Panel. Should it be impossible for you to attend the session, the Director-General feels that the subject is of such importance that he would still like to have the benefit of your valuable advice and experience. The views of the Advisory Panel

.../..

Mr. A.M. Kamarck

Director

Economics Department

International Bank for Reconstruction and  
Development

1818 H Street NW

Washington D.C. 20433

U.S.A.

ack August 9, 1967





FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Telephone : 2787

Telex : 81881 FOODAGRI

Cables : FOODAGRI ROME

Via delle Terme di Caracalla ROME

Ref. SP 30/5

AUG 4 1967

Dear Mr. Kamark,

The Director-General has asked me to inform you that he would like to have another meeting of his Advisory Panel on the Indicative World Plan in October, in accordance with the practice already established in the two previous years.

The Director-General's main purpose at this session of the Panel will be to have your advice on the lines of the overall world document, namely the provisional Indicative World Plan, which should go to press at the end of April next year. We have been working for some time on an annotated outline and I am sending you a copy of this under separate cover. The annotations for many of the chapters will however be reworked and enlarged between now and October, particularly as the various subject-matter Divisions have not yet submitted their proposals. Although we have given a lot of thought to the contents and organization of this document, our thinking is naturally in a continuous state of evolution and it is probable that I shall be sending you a revised draft in September.

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...

Mr. A.M. Kamark  
Director  
Economics Department  
International Bank for Reconstruction and  
Development  
1818 H Street NW  
Washington D.C. 20433  
U.S.A.

will be extremely helpful to him in preparation for discussion of the Indicative Plan at the next session of the FAO Conference which begins in November.

I would appreciate it if you could let me know whether you will be able to attend. On confirmation I shall have the necessary arrangements made for your travel, including having a ticket sent to you.

With kindest regards,

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'W.H. Pawley', is written above the typed name.

W.H. Pawley  
Director  
Indicative World Plan



| IDA                                                                                     |  | IBRD                       |                 | IFC |  |
|-----------------------------------------------------------------------------------------|--|----------------------------|-----------------|-----|--|
| FORM NO. 92<br>(10-61)                                                                  |  | CORRESPONDENCE RECORD FORM |                 |     |  |
| FROM                                                                                    |  |                            | DATED           |     |  |
| F A O<br>Rome                                                                           |  |                            | May 5, 1967     |     |  |
| SUBJECT                                                                                 |  |                            |                 |     |  |
| Provisional Agenda - 48th session<br>Indicative World Plan for Agricultural Development |  |                            |                 |     |  |
| Addressed to President, IBRD                                                            |  |                            |                 |     |  |
| REFERRED TO                                                                             |  |                            | DATE RECEIVED   |     |  |
| Mr. Woods                                                                               |  |                            | June 2, 1967 mp |     |  |

## OFFICE MEMORANDUM

TO: FILES

DATE: April 6, 1967

FROM: Andrew M. Kamarck *Amk*SUBJECT: FAO's Indicative World Plan -- Chapter on Near East

In a discussion with Mr. Thompson we agreed that in the absence of any follow up from Rome we would take no action to collate comments. FAO had earlier suggested they might send someone to Washington to get the Bank staff reactions. Since Mr. Goreux is leaving FAO and because of the absence so far of any successor, there does not appear to be any immediate need for us to react.

cc: Messrs. Thompson  
Hoffman  
Evans  
Friedman

AMK/nme



Files ✓

March 27, 1967

Marinus van der Mel *MvM*

FAO - Indicative World Plan for Agricultural Development, 1965-85;  
Sub-Regional Study No. 1 for Near East

The purpose of this memorandum is to give an impression of the major contents of the above study and to present some comments. The following excerpt is sketchy and somewhat uneven; since the main text (Volume 1) of the study consists of 177 pages, a more complete summary would have taken numerous pages. The comments have been limited to some general ones.

Contents

Chapter 1 emphasizes the increasing "food gap" in the area since the 1950's, especially since 1957-58. Demand for food was stimulated by growing population and rising income levels. Output lagged and was raised principally by extension of the area under cultivation rather than by intensification of production in the more favored areas. Agricultural production techniques and institutional arrangements remained poor. Production of cereals, basic to the food situation and to livestock expansion, increased still more slowly than that of food as a whole. Livestock production also moved very slowly.

Estimates of the expected expansion in demand for food commodities and the related proposed increases in agricultural output have been integrated with an economic growth model for the area, covering the two decades 1965-75 and 1975-85. The model is discussed in Volume 1, Chapter 2 and Volume 2, Introduction. It gives forecasts for GNP, consumption, savings, investment, exports, imports and the resulting need for external capital.

Eight sets of data are presented, since the total area is divided into four groups (non-oil low income, non-oil high income, oil low income and oil high income countries respectively) and for each of these groups two variants are presented. Variant 2 (with different assumptions for the four groups) implies less drastic constraints on imports than Variant 1. Forecasts for individual countries are also given, but only for Variant 1.

Estimates of demand for agricultural commodities produced by the area (based on projected population, nutritional objectives and export prospects) and of agricultural production possibilities were first made independently and then linked to the macro-projections by a series of adjustments of initial data.

"With the assumptions made in Variant 1 the demand for food in the region would increase by 3.9% per year. But the detailed analysis of production possibilities has led to the selection of food production targets averaging only 3.5% per year" (p.20).

"If domestic food production cannot increase by more than 3.5% per year and if net food imports are not allowed to rise by more than 4% per year, domestic food consumption cannot increase by more than 3.6% per year. This corresponds to an average demand elasticity of 0.4%. If the elasticity is higher



than 0.4%, the only way out is to change the balance between food and non-food by increasing the relative price of food in relation to non-food or to reduce the growth of the overall purchasing power" (p.21).

Chapters 3-8 deal in considerable detail with present levels of food consumption and nutrition in the area and desired improvements; external trade (overall and in agricultural commodities) and the outlook for external trade in major commodities; agricultural production, land-use objectives and overall policies; policies for improved irrigation development and output from irrigated land; and the crucial role of increasing cereals and livestock production.

"In view of the predominance of cereals and the low supplies of other foods, the diets require considerable improvement. A certain amount of under-nutrition is to be found in all countries of the Near East" (p.32).

"Cereals would make the most important contribution to filling the calorie deficit" (p.35).

"The extremely critical situation foreseen in respect of the supply of livestock products is one of the principal conclusions of the Plan for the Near East" (p.38).

"The outlook for agricultural exports is dominated by cotton. Agricultural exports as a whole are projected to increase by 2.7% a year in the first decade, and by 1.5% in the second, while cotton exports expand by 2.5% a year and 1.8%. A fall in cotton prices would have a major impact" (p.53).

"The difficulties in overcoming the food gap are illustrated by the fact that meeting the full cereal requirements for 1985 from domestic production would require a 135% increase over 1961-63 (4.4% p.a.), whilst to meet the potential demand for meat, eggs and milk would require annual growth rates of 4.6, 4.9 and 4.4% respectively. Such progress is not considered technically feasible" (p.69).

"The Indicative Plan places most reliance on measures for raising productivity. The Plan sets as overall target for crop production a growth rate of 3.6% p.a. from 1962-85. Of this, 3.0% is planned to come from higher productivity and only 0.6% from expansion of arable area" (pp.77/8).

"Irrigated land represents only 31% of the total arable area but 46% of the cropped area. Except in Jordan and Syria, the proportion of irrigated land to total arable area is considerably higher than in South Europe or North Africa" (p.71).

"The provision of modern irrigation with satisfactory drainage and adequate water supply must be a key priority for future development, whether this is achieved through new construction or by improvement of existing systems" (p.73).

Government plans for irrigation provide for an 80% increase in area under modern irrigation during 1965-85. Total irrigated area would increase by 19% (p.85).

Due to social and political factors, irrigation often distributes water thinly over a wide area to serve many farmers rather than concentrating it in a fashion which will allow more intensive use by relatively fewer irrigators. From the economic point of view, the case for intensification is very strong. However,



intensive irrigated agriculture cannot be developed without removing many obstacles, some of which require additional expenditure, both in the public and private sectors. Also, there is need for a strong and well-coordinated institutional program (pp.111-16).

Measures to accelerate and raise returns on investment in irrigation will depend on (a) sound planning, based on properly conducted feasibility studies and economic analysis; (b) rapid completion of construction once works programs are approved and (c) strong on-farm development once water is supplied to the field (p.118).

Recovery of irrigation costs from users requires more emphasis. It can be achieved by betterment levies and water charges. A proper system of water rates can also act as an efficient regulator of water use (p.121).

To realize the targets for cereal production there is need for adequate measures in the land-use, technical, institutional and economic fields. "Inadequacies in any one of these fields would certainly lead to a deepening of the cereals crisis" (p.125).

Proposed price and marketing arrangements for cereals include support prices, subsidization of inputs, threshold prices in combination with import levies, a price coordinating authority and commodity agencies (to undertake support buying and keep buffer stocks, where necessary) (pp.128-131). 1/

For livestock products, the consumption targets of the Plan have for most countries been set below the demand projections (potential demand at constant prices) in view of the very serious constraints on both production and imports. The necessary curtailment of demand will have to be realized by rising prices. These will serve as an economic incentive to production, but are likely to imply a still greater inequality in consumption patterns with the poorer classes eating even less animal protein than they do at present. Only in the poultry sector prospects are more encouraging. The improvements in proposed per capita consumption of livestock products would come almost entirely from imports (pp.133-36).

Even the fulfilment of livestock production targets will require tremendous efforts, radical changes in husbandry systems and a considerable expansion in inputs in the livestock sector. The targets assume that the necessary efforts, policies and inputs will be provided; if these are not forthcoming the deficits will be even greater (p.139).

Chapter 9 discusses the efforts that will be required to correct weaknesses in the institutional structure. The main weaknesses are: (a) lack of incentive to invest owing to land tenure patterns (in particular share-cropping and absentee landlordism); (b) shortage of credit; (c) inadequate supply of inputs (fertilizer, livestock foods, insecticides, etc.); (d) poor marketing facilities; (e) inadequate extension services and (f) absence of organizational arrangements (cooperatives etc.).

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1/ It is interesting to note that these recommendations are very similar to those made in the Bank/FAO Report on Spanish Agriculture. The language used in some paragraphs is almost identical.



The chapter concentrates on how to build a system of field services which can have a sufficient impact on farmers at the local level. The various institutional services required should be better coordinated and it is emphasized that limited resources should be applied only in selected areas of highest potential.

In view of the small staff available at the start in all countries but the UAR, it would take considerable time before a sizeable proportion of the farmers in the area could be motivated to adopt improved agricultural methods. If the whole program would start in 1970, coverage could rise from 5% in 1970 to 30% in 1980 and 60% in 1985.

Training institutions for the area as a whole are considered adequate to meet the requirements of the Plan, but this is not so on a country-by-country basis. Tentative estimates are given of training costs and recurrent expenditures of field staff.

#### Comments

The basic importance of this study is beyond question. It meets a real need by analyzing the problems surrounding the food gap in a comprehensive way, for a wide area and for a period long enough ahead to provide the right perspective. Despite important gaps in existing information the study in its present form convincingly shows the difficult problems faced in developing adequately the crucial agricultural sector. It is to be hoped that detailed discussions in the countries concerned, as intended, will help in reducing gaps in information and in stimulating necessary action.

While the study is on the whole convincing in its analysis of problems and in its recommendations, it is in part weak in its quantitative aspects. The results of the efforts to relate demand and supply prospects for agricultural commodities to the overall economic outlook of the area for no less than 20 years ahead, obviously cannot be more than very tentative in view of the major uncertainties underlying many assumptions. The authors show awareness of this.

For instance, they point out (on p.19) that the future growth in export earnings from oil in the area (which affect income growth and related demand for food) will depend on (a) the expansion in world import demand for oil; (b) the share of the Near East in world exports; (c) the price of oil on world markets and (d) the types of contracts made with oil companies. "Any projection in this field is very risky for a 20-year period." It is also admitted that the estimates made of total investments are very crude, since no detailed assessment was possible of investment requirements outside agriculture and largely fictitious overall capital/output ratios had to be applied. The assumed growth rates for the non-agricultural sectors, "selected after an examination of the national plans available and of various studies conducted in national and international agencies" (p.11) can be no more than rough guesses.

In view of these and other problems there seems to be no point in spending much time in trying to improve the macro-projections. Fortunately, the inevitable unreliability of long-run forecasts would appear to be not too much of a problem. The broad lines of required action are clear and adjustments in policies obviously will be needed in the light of changing circumstances.



The study in its present form is difficult to read. Above all, there is need for a good summary. Chapter 2 (dealing with the model) is in part confusing to the reader; the methodology followed should be described more clearly and a better distinction made between assumptions (which should be spelt out completely) and results of the calculations. Some of the comments on the methodology given in the Introduction of Volume II should be included in Chapter 2.

Also, it is felt that the usefulness of the study would be increased by the availability of summaries for individual countries which would bring together the data provided for these countries and relevant parts of the analysis and conclusions. Country summaries seem desirable because the Plan will have to be implemented largely on a country-by-country basis. It would also make the study more valuable for the Bank's purposes. Admittedly, the regional analysis remains basic for (a) analyzing features common to the countries; (b) inter-country comparisons and (c) assessing net requirements of the area as a whole (including the needs for inputs and manpower from abroad).

Finally, to be fair to FAO, the following sentences may be quoted: "The present study is still in the form of a working paper and subject to important modifications and revisions. A revised version will be issued in due course taking into account new data and the experience gained in the development of other sub-regional studies" (Volume II, p. VIII).

cc: Mr. Thompson  
Mr. de Wit

IBRD  
NyanderMel:cc

Mr. A. M. Kamarek

March 17, 1967

C. H. Thompson

FAO's Indicative World Plan: Chapter  
on Near East: Your Memoranda of  
December 7 and March 2 ✓

We are studying the two volumes and, in formulating comments, it will be helpful to know the way in which it is intended to provide FAO with reactions from the Bank. In your first note you indicated that FAO was hoping to send some of the authors of the report to Washington for discussions with interested Bank economists. There is also the question of how it is intended to coordinate comments on each individual report from various points within the Bank. A difficulty seems to arise straight away from the manner in which the material is presented, at least in the Near East regional report. Unlike Bank reports, there is no summary as such and readers, other than commodity specialists, have to wade through the whole document.

We also have another difficulty in that the definition of the "Near East" goes beyond the bounds of the "Middle East" in the Bank. It includes the Sudan on the west and Iran and Afghanistan on the east.

I suggest that it would be helpful for a small meeting to be held to discuss these questions with those concerned. I notice that you have asked for comments by "about the end of March". Mr. van der Mel, who had discussions in Rome with Goreaux a year ago, is studying the volumes. He leaves at the end of next week for a two-week visit to Spain.



CHThompson:mb  
cc: Mr. van der Mel



Mr. C. H. Thompson

March 14, 1967

Gerrit M. de Wit

FAO - Indicative World Plan for Agricultural Development, 1965-85

1. The Subregional Study for the Near East discusses the obstacles to agricultural development and proposes a number of measures to be taken for the promotion of agriculture in the area. The description of the presently prevailing circumstances are very much to the point and in general the recommendations for improvement (agricultural credit, extension, market facilities, and a change in ~~social~~ structure) seem acceptable. One may have some reservations with respect to the rigid recommendation for a concentration of promotional efforts in "focal zones", defined as "underdeveloped but potentially promising regions." This recommendation might be interpreted to imply a reduction in the services in more or less developed areas or abandoning altogether the development effort in regions of below average potential.

2. The emphasis is on measures which push the farmer ahead rather than on incentives that make him run. The question of subsidies is only mentioned (para. 47); input subsidies, e.g. on fertilizer, deserve a greater attention since, as the study non-committingly mentions, "input subsidies benefit only those farmers who are applying the new technique." But there are many other conceivable incentives which are not at all mentioned or evaluated. One could think of a surcharge on imports of foodstuffs and agricultural products the proceeds of which are to be used for stabilizing the income of rain-fed farms meeting minimum requirements. Such a scheme would increase the farmer's credit worthiness. Premiums for quality or above average productivity and other financial incentives, devised to create a development effort from within the farmers' community, should also be discussed to complete the picture.

3. There is scope for improvement in the presentation of the study. There is need for a summary of the recommendations and objectives of the Indicative World Plan and for separate paragraphs on each country, indicating to what extent the conditions there differ from the general trend. Moreover, some further elaboration of the basic problem, the increasing food gap, would be instructive. The reader wants to have some idea of the total potential of the area and how many people it could sustain when fully developed, taking into account the growth in incomes and restricting further increases in net food imports.

GM de Wit/pal

Mr. Shigeharu Takahashi

March 14, 1967

Samuel Lipkowitz

FAO's Indicative World Plan: Study on Near East

1. Confirming our telephone conversation, I am sending you the memorandum from Mr. Kamarck on the above subject and call your attention to their desire to have comments on the Study by the end of March.

2. I would appreciate it, if you sent me a copy of any memorandum prepared in this connection. I am, of course, prepared to consult with whoever is handling the assignment if he finds it useful to do so.

SK  
SLipkowitz:bw  
IBRD

Attachment

cc: Mr. Bell



March 9 1967

Dear Mr. Pawley,

Thank you for your letter of February 8 enclosing the IWP work program for 1967. I note that the original plan of publishing individual sub-regional volumes has been dropped, and that the next studies will relate to the continent of South America, Africa south of the Sahara and selected countries in Asia and the Far East.

I have also received the sub-regional study on the Near East. I have circulated it among the Bank economists working in this field, and shall pass on their comments to you when I have them.

With best personal regards,

Yours sincerely,

(signed) Irving S. Friedman

Irving S. Friedman  
The Economic Adviser to the President

Mr. W.H. Pawley  
Director  
Indicative World Plan  
Food and Agriculture Organization  
Via delle Terme di Caracalla  
Rome  
Italy

cc: Mr. Kamarck  
Mr. Macone

1967 MAR 10 11:25  
COMMUNICATIONS

March 9 1967

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Irving S. Friedman  
The Economic Adviser to the President

Mr. W. H. Pawley  
Director  
Indicative World Plan  
Food and Agriculture Organization  
Via delle Terme di Caracalla  
Rome  
Italy

cc: Mr. Kambick  
Mr. Maccone

1967 MAR 10 PM 11:52  
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March 6, 1967

Dear Mr. Pawley:

*(with Mr. Maccone)*  
With regard to your letter of December 27, 1966 on the Near East Study for the Indicative World Plan, perhaps I should confirm, to remove any possible doubt, that we do plan to send comments. I have asked the competent economists in the Bank to give the Study a critical reading and hope to have comments some time in April.

Sincerely yours,

Andrew M. Kamarck  
Director  
Economics Department

Mr. W. H. Pawley  
Director, Indicative World Plan  
Food and Agriculture Organisation  
of the United Nations  
Via delle Terme di Caracalla  
Rome, Italy

*AJMaccone*  
AJMaccone/hl

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MAR 12 1967

March 6, 1967

Dear Mr. Pandey:

With regard to your letter of December 27, 1966 on the Near East Study for the Indicative World Plan, perhaps I should clarify, to remove any possible doubt, that we do plan to send comments. I have asked the competent economists in the Bank to give the Study a critical reading and hope to have comments some time in April.

Sincerely yours,

Andrew M. Kassarof  
Director  
Economic Department

Mr. W. R. Pandey  
Director, Indicative World Plan  
Food and Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
Rome, Italy

Attn: Mr. Pandey

1967 MAR -7 PM 4:42

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Mr. Samuel Lipkowitz

March 2, 1967

Andrew M. Kasarek

FAO's Indicative World Plan: Study on Near East

1. As you know, the FAO is engaged in a broad study entitled "Indicative World Plan for Agricultural Development", the aim of which is to examine the possible role of agriculture and world agricultural trade in the economic development of the less developed countries during the next 10 and 20 years.

2. For your information a copy of FAO's most recent progress report on this study is enclosed. This may serve to elaborate on the concept and methodology of the study. As of the present, preliminary world demand and trade projections have been made in FAO for the major agricultural commodities. In addition a sub-regional study on the Near East has been completed in provisional form and is being officially circulated by FAO to governments in the region for their comments.

3. Since the inception of the Indicative World Plan study FAO has from time to time asked for, and the Bank has provided, comments and advice on substantive aspects of the study which touch on areas in which we have special interest or competence. FAO is now asking us for comments on the Near East study.

4. Enclosed is the two-volume study on the Near East. Volume I contains the textual analysis of the study. Volume II contains the statistical appendix but also includes the detailed quantitative assumptions and long term projections on which the text is based.

5. It would be appreciated if you would have the study reviewed in the appropriate divisions of the Projects Department. Comments on any aspect of the study would be welcome. We would like to have such comments by about the end of March. We will be happy to answer any questions which you may have on this matter.

c.c. Mr. B. A. de Vries  
Mr. G. Kalmanoff

*AK*

AJMaccone/hl

Mr. C. H. Thompson

March 2, 1967

Andrew M. Kamarek

FAO's Indicative World Plan: Study on Near East

1. Further to my memorandum of December 7, 1966 on this subject I enclose a copy of Volume I of FAO's provisional draft of the sub-regional study covering the Near East. This volume contains the textual analysis of the study. Volume II contains the statistical appendix but also includes the detailed quantitative assumptions and long term projections on which the text is based. A copy of Volume II was enclosed in my previous memorandum, which also transmitted some of the early draft chapters of Volume I.

2. The Near East study is now being officially circulated by FAO to governments in the region for their comments. As anticipated in my earlier memorandum, Mr. W. H. Pawley, Director of the Indicative World Plan Study in FAO, has also asked for comments from the Bank staff. Accordingly it would be appreciated if you would have this study reviewed in the Europe and Near East Department. Comments on any aspect of the study will be welcome. I think it would be useful, however, if the comments from your Department took particular note of the underlying assumptions and policy implications in the study relating to overall long term economic development and growth in the individual Near East countries and the area as a whole. In this connection you may be interested to know that I am also asking for comments from the Projects Department and within the Economics Department.

3. We would like to have your comments by about the end of March. We will be happy to answer any questions you may have on this matter.

c.c. Mr. B. A. de Vries  
Mr. G. Kalmanoff

AJMaccone/hl

ajh



L  
FAO  
9 w p

February 20, 1967

Mr. W. H. Pawley  
Director  
Indicative World Plan  
Food and Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
Rome, Italy

Dear Mr. Pawley:

✓  
Thank you for your letter of February 8 enclosing a copy of the statement on the methodology and organization of the IWP. I am looking forward to reading it and will forward any comments that I might have.

I also appreciate your having sent me two copies of the Near East Study.

With all best wishes,

Sincerely yours,

Andrew M. Kamarck  
Director  
Economics Department

AMK:rme

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February 20, 1967

Mr. W. H. Pawley  
Director  
Inductive World Plan  
Food and Agriculture Organization  
of the United Nations  
Via della Terme di Caracalla  
Rome, Italy

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Sincerely yours,

Andrew H. Kassarok  
Director  
Economics Department

AMK:rmc

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PARA LA AGRICULTURA Y LA ALIMENTACION

FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Via delle Terme di Caracalla ROME

Cables: FOODAGRI ROME

Telex: 61181 FOODAGRI

Telephone: 5797

Ref. *SP 30/1*  
*x SP 30/2*  
*x SP 33/13*

FEB. 8 1967

Dear Mr. Friedman,

I take pleasure in sending you, as a member of the Director-General's Advisory Panel on the Indicative World Plan, copy of the attached statement which sets out some major elements of the philosophy which have determined the methodology and organization of the IWP work which the Director-General is following in 1967. In the near future I shall send also the narrative text on the IWP which the Director-General is putting forward to the next session of the FAO Conference (November of this year) with regard to the work proposed in 1968 and 1969.

I would greatly appreciate any comments or suggestions with regard to either or both documents.

I also gave instructions early in January that a copy of Volume I (that is the narrative text) of the provisional Indicative Plan for the Near East be sent to you and I hope this has arrived safely. Your evaluation of this document will be particularly helpful for the progress of the work in 1967. As you will see from the attachment to this letter, it is not now intended to publish separate documents at the sub-regional level and the next studies will relate to the continent of South America, Africa South of the Sahara and selected countries in Asia and the Far East.

With best personal regards,

Yours sincerely,

W.H. Pawley  
Director  
Indicative World Plan

Mr. I.S. Friedman  
Economic Adviser to the President  
International Bank for Reconstruction and Development  
Washington D.C. 20433  
U.S.A.

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*ack Feb 20/68*



FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Telephone : 5797

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Cables : FOODAGRI ROME

Via delle Terme di Caracalla ROME

Ref. x 29-30/9  
279-23/13

FEB. 8 1967

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W.H. Pawley  
Director  
Indicative World Plan

Mr. I.S. Friedman  
Economic Adviser to the President  
International Bank for Reconstruction and Development  
Washington D.C. 20433  
U.S.A.

1967 FEB 15 AM 9:26

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OFFICE MEMORANDUM

TO: Director-General

Date: 6 January 1967

FROM: <sup>WKS</sup> W. H. Pawley, Director IWP

SUBJECT: Methodology and Organization of IWP in 1967

1. This memorandum brings together in one place the various proposals which have been placed before you regarding methodology and organization for the IWP work in 1967. It draws upon the memorandum of 15 December, to which you gave your explicit approval, and a number of related ideas which have been put forward in other memoranda. Subject to your approval, this memorandum will serve as a convenient reference source for the guidance of all staff working on the Indicative Plan.
2. Before going into methodology and organization, I believe it useful to take stock of some of the less visible progress which makes it possible to introduce the changes in methodology and organizational pattern which you have approved. That we have encountered many difficulties and had serious delays is evident, but on the assets side we have a number of achievements which make me confident that we can now move forward much more rapidly. Among these may be mentioned the following: (a) very substantial progress has been made in the subject-matter Divisions in understanding what Indicative Plan work means and in gearing themselves to participate in it; (b) the process of recruitment is practically completed, although we still have two important professional posts to fill; (c) the experience gained in 1966 in regard to the capacities of personnel working on the Indicative Plan provides a basis for more effective deployment of the available staff; (d) everybody, both newly-recruited staff and permanent staff working on the Plan in the divisions, has gone through a very important educational process; (e) many problems of methodology have been confronted and reasonably good practical solutions found; (f) three area teams, each fully staffed, with a strong link with all subject-matter Divisions and under a tried and proven leader, have now been established; (g) the two special units on Statistics and National Accounts have both developed their methodology and procedures and are in full operation; (h) we have completed one integrated study involving the participation of all Divisions, and whatever weaknesses it may have it is extremely important to have been through the process once from beginning to end.
3. A fundamental aspect of the approach which you have always stressed is that the Organization can do an effective job of preparing an Indicative World Plan only if the subject-matter Divisions are deeply involved in the work. This means that they must be interested in it, feel that the Indicative Plan will make an important contribution to the overall program and objectives of the divisions, gain experience in how to carry out Indicative Plan type of work and increasingly gear the divisional objectives and organization towards participation in an integrated FAO planning process for food and agriculture. An Indicative Plan which will command the respect of those who know the problems that it deals with in each area cannot be prepared unless the Indicative Plan organization has its roots back in the divisions and draws upon the knowledge and expertise in dozens of fields which the divisions have accumulated over two decades. Furthermore, the subject-matter Divisions and the field organization



of FAO will need to play the key role in working towards the adoption of policy lines recommended in the Indicative Plan and this will not occur unless they participate fully and freely in the preparation of the Plan. I believe it is basic for the Indicative Plan exercise that senior staff in the divisions fully recognize that helping to establish broad guidelines and priorities for agricultural development is a normal part of their regular program of work; and in fact that much of the work is likely to be wasted unless a part of the divisional resources are devoted to an integrated inter-divisional program for establishing broad guidelines for the action programs in the field. The organization and staffing proposals which have been approved for 1967 reflect this approach.

4. We shall have four "streams" of work in 1967: the "World" stream leading to the preparation of a document for the World Food Congress, the African stream, the Latin American stream and the Asian stream. The staffing pattern for 1967 is organized around these four streams, except for the aspects dealt with in the next paragraph.

5. Outside these four streams, and serving all of them, there are the Statistics Unit and the National Accounts Unit. The first is concerned primarily with statistics of agricultural production, consumption and trade and develops comprehensive and consistent series for past trends, the base period (1961-63) with extrapolation to 1965, and makes the demand projections for 1975 and 1985, for which again consistent production/utilization and processing accounts and food balance sheets are developed in a process of consultation which involves every subject-matter Division in FAO. All this material, as well as that from the National Accounts Unit, is placed on the computer - or more exactly some of it comes out off the computer. The National Accounts Unit deals with the macro-economic frame within which agricultural development has to be placed and the main aggregates in the agricultural and related agro-allied industries sectors. It, also, covers past trends, data for the base period and 1975 and 1985, using two alternative targets for GDP as part of a set of integrated national accounts, the alternatives being differentiated mainly by alternative assumptions on the amount of external aid. The national accounts for 1975 and 1985 are worked out first in a provisional form to give the basis for the demand projections and the work of the Production Unit and are then finalized in the light of the conclusions reached as to feasible rates of growth of the agricultural sector of the economy, provided that the policies and measures proposed in the Indicative Plan are implemented. Both of these two basic units are functioning very well indeed.

6. One important change is in regard to the concept of the regional teams. Originally we set out to build up regional teams in which we tried to place expertise over and above that in the divisions. It is clear that we do require in the central coordinating mechanism a team or area leader who constitutes the focal point of the work in the region, but it is not now proposed to continue to build professional expertise into these teams independently of and outside the subject-matter Divisions. The professional expertise needs to come, and in fact can in an effective manner come only, from the divisions. At the beginning most of the divisions were not yet ready to provide professional expertise in a way adapted to the needs of the Indicative Plan, but there has been a big improvement in this respect and the situation is improving rapidly from month to month. For this reason the organizational plan provides for participation through 1967 and the early months of 1968 of each division in



each of the three area "streams of work", which must be carried forward simultaneously and which will in turn feed into the overall world document, namely Latin America, Africa South of the Sahara, and Asia and the Far East. The membership of the three regional teams, which has been worked out in consultation with the divisions concerned, is given in Appendix A.

7. Thus there will be in every division one man with a clearly established responsibility to follow a given regional study through from beginning to end. This does not necessarily mean that this man would have to spend his full time on Indicative Plan work, although in the case of several divisions he will need to be a full-time member of the team. Furthermore, it certainly does not mean that this man does all the work that the division has to contribute. Rather the contrary: he should be responsible, inter alia, for ensuring that the division is kept fully informed on the progress of the work and participates in it as necessary, including the main policy conclusions in fields where the division should have competence and also in the preparation and revision of drafts.

8. It is appropriate at this point to speak about the Production Unit. This Unit remains of crucial importance in the preparation of the Indicative Plan, but experience has shown very clearly that it needs to have much more data at its disposal before it starts its discussions on any given country. At the beginning practically the only guideline given to the Production Unit were the demand projections, and this led to a strong tendency to try to draw up production programs designed to match the anticipated demand by 1975 and 1985 on a country by country basis and thus a consequent built-in bias in the direction of self-sufficiency; it also led to a tendency to over-estimate the practical possibilities of yield increases in the first decade of the Plan, because attention was concentrated mainly on the technical potentialities with a tendency to neglect the serious institutional and social obstacles which stand in the way of rapid expansion in production per hectare in the immediate future. Apart from the need for data in the resource and technical fields (e.g. soil resources, ecological background, appraisal of irrigation possibilities, provisional feed inputs etc.) the Production Unit must have as a basis for its work: (a) demand projections to 1975 and 1985 on the assumption of constant prices; (b) past trends, particularly with respect to per hectare yields; (c) guidance from the RU Division on a practical rate of bringing to farmers an integrated program involving extension, supervised credit, marketing facilities and the provision of production requisites; and (d) provisional national accounts. In future we shall be in a position to provide these data to the Production Unit before it starts its work on other groups of countries, and this will help to correct the built-in bias towards trying to equate production targets with demand projections and also be a factor in arriving at a closer integration between the work of the Production Unit and that of the Rural Institutions and economics divisions. So far as point (c) above is concerned, we have succeeded in the case of the Near East study in developing a technique for a useful quantitative approach; since then further progress has been made in the methodological problems involved in quantifying the various institutional aspects in a way which relates them directly to the technical targets and vice versa.



9. The decision not to prepare separate studies for each sub-region, which in several cases include only four to six countries, represents another important change in procedure, with substantial implications for the timetable. There are some very solid advantages in skipping over the sub-regional level and moving direct to the regional level in respect of the preparation of final studies. The proposals for carrying out eleven sub-regional studies were drawn up at a time when our thinking about how to go about the Indicative Plan was at a quite embryonic stage. It is now clear that we can obtain a major economy of time and effort in not preparing eleven documents on the road towards the Indicative World Plan. Apart from the saving of time involved in preparing a finished document for each relatively small group of countries - which is the major consideration - there will also be substantial savings in the translation and processing load, which would otherwise bear very heavily on the Organization's resources. We shall also have a smaller number of inter-governmental meetings as a result of presenting the area sections of the Indicative Plan on a regional instead of a sub-regional basis. Finally, it is more interesting and also much more significant to prepare an Indicative Plan for a region, such as Africa South of the Sahara or Latin America, than for rather artificial groups of four or five countries. In particular the questions of economic integration and trade can be studied much more meaningfully at the regional level.

10. The procedure which we are now working on, since your approval of the memorandum of 15 December, is to carry through the work on a group of countries (e.g. West South America or East Africa) to the stage where we have the necessary tables in draft form and sufficiently good drafts of the various chapters so that the conclusions and the inter-relationships between the various parts of the work emerge clearly. The draft chapters and tables will then be sent through the Country Representative to the countries concerned and will serve as a basis for discussion with the countries when a team of about three persons visits the countries (or, in the case of some regions, the main countries) two or three months later. It is important that these country visits should not take place before we know that the drafts have been studied in the countries, and for this purpose we hope to have written comments from the countries, which will make us aware of the main points they are likely to raise before the country visits are made. In the meanwhile the regional team will move on to work on another group of countries (e.g. East coast countries in South America or West and Central Africa in Africa South of the Sahara). In this case also the work will be carried to the stage where we have draft chapters and statistical tables which can be sent to the countries as a basis for discussion. It is most important that we strengthen the process of consultation with countries before coming out with a provisional indicative plan for a region. This will give the countries a much stronger sense of participation in the work and will also mean that they will have the opportunity to make important contributions in the preparatory stage to the indicative plan document for the region and, through this, to the Indicative World Plan.

11. The timetable attached as Appendix C provides for having three supporting documents to the provisional Indicative World Plan before the World Food Congress in September 1968. These would be a provisional Indicative Plan for Africa South of the Sahara; a provisional Indicative Plan for eight selected countries in Asia and the Far East (India, Pakistan, Ceylon, Thailand, Malaysia, Philippines, South Korea, Taiwan. It is not proposed to cover certain other countries in the Far East in the provisional plan since the situation is too



chaotic and/or we are not in a position to obtain reliable information); a provisional Indicative Plan for the continent of South America (it is just possible that we might succeed in extending this to cover Latin America as a region, but in view of the need to devote an increasing proportion of the staff to the overall World Plan as time goes on I do not feel able to make a commitment on this.)

12. We are still at an early stage of developing proposals regarding the overall world document. The senior economist of the staff is at present working up proposals which will serve as a basis for discussion in the near future. The outline for the Indicative World Plan and the proposed timetable and procedures for getting it done are so important that they should be the subject of at least one meeting of the broadened Steering Committee consisting of all Division Directors, which you established some months ago. At the early stage it will be mainly the general economists, commodity experts and nutritionists, as well of course as the statisticians, who will be most heavily engaged in this work. It will be necessary to "hive off" other staff, especially on the production and institutions side, to concentrate on the overall world document as the work proceeds.

13. I believe that it is of the highest importance to put forward alternatives in both the regional documents and the Indicative World Plan. In accordance with the suggestion of the Advisory Panel, we will need something approximating an extrapolation of past trends, which would indicate how serious the situation would be in 1975 and 1985 if there are no changes in policies and no special efforts over and above those already being made. This alternative will bring out clearly the need for the Indicative Plan, but it should not be considered as one of the targets. Over and above this extrapolation it is intended to have two alternative targets for gross domestic product (GDP). Both would require a substantial effort on the part of the countries concerned, both in the agricultural and the general economic spheres; the lower will indicate what is considered about the maximum feasible rate of growth without substantial increases in foreign aid, the higher will show what might be achieved given a transfer of resources from the developed to the developing countries of 1 to 1/2 percent of their projected GDP by 1985. (Extrapolation of GDP trends in developed countries, including the USSR and Eastern Europe in this category, shows that by 1985, one-and-a-half percent of their GDP as aid would mean about \$50 billion.) These alternative rates of growth for the overall economy will of course lead to alternative demand projections for food and agricultural raw materials, but the difference will not be very great except for commodities with a high income elasticity such as meat. The increased demand for cereals for human consumption by 1985 will be mainly due to the increase in population and will not be significantly affected in most countries by a difference of, say, 1 percent in the growth of per caput income. It is also intended to use alternative assumptions on the rate of population growth. The permutations and combinations arising out of these alternatives can easily be handled on the computer, at little extra cost, but we shall of course not follow through the implications of all alternatives for the whole production, trade and consumption pattern, since this would become too complicated. However, the broad consequences of different variants can be pointed out briefly. The income variant which it is intended to work out in detail for the Indicative World Plan for Agricultural Development will be the higher GDP target, since I believe it is essential that the Indicative Plan

*For political purposes*



should bring out clearly what the developed countries as well as the developing countries need to do if good economic growth and satisfactory rates of improvement in nutritional levels are to be achieved in the developing countries.

14. The staffing and organizational patterns for 1967 are transitional to the proposals put forward for the 1968/69 biennium. 1968/69 will also be a transitional period. During the first four months of 1968 we will be able to continue the 1967 level and pattern of staffing, i.e. until the cut-off date (probably about 30 April) for the documentation for the World Food Congress. In the remainder of the biennium it will be necessary to revise the provisional Indicative World Plan as placed before the World Food Congress, not only in the light of the discussion at the Congress but also in the light of the many comments that are likely to be received from member governments, from international organizations and from private individuals working in universities, research institutes etc. We shall likewise need to revise the provisional Indicative Plans for Africa South of the Sahara and Asia and the Far East, broaden the plan for South America to cover the whole of Latin America and prepare an indicative plan for a fourth region, namely the Mediterranean, which will incorporate the work previously done on the Near East, North Africa and Southern Europe. There would then be a revised Indicative World Plan and Indicative Plans for the four broad regions of the developing countries to put before the 1969 Session of the Conference.

15. It is clear that these tasks would occupy the greater part of the IWP staff in the Central Unit and in the divisions during the 1968/69 biennium. It is to be hoped, however, that during the last 20 months of 1968/69 it will be possible to pay increasing attention to the end-objectives of the work, namely (a) the orientation of FAO's own action programs in the field to the policy conclusions of the Indicative Plan; (b) using FAO's influence to press in the direction of adequate and properly oriented national programs of agricultural development; (c) helping to ensure that international discussions and consultations on commodity and other problems take due account of the conclusions of the Indicative Plan. The Central Unit of the IWP and the staff in the divisions - whether financed from IWP money or not - that have devoted all or most of their time to the preparation of the Plan will of course have a major responsibility in this. However, the subject-matter Divisions, the regional offices and the whole field staff must become the arms of FAO for guiding governments towards the implementation of the final policy conclusions of the Indicative Plan. In particular the FAO Country Representatives throughout the world will have a key part to play in getting governments to study and consider the conclusions of the Indicative World Plan and the more detailed analyses in the various regional documents. The Indicative Plan will thus provide an integrated policy framework, and therefore a common term of reference so far as the broad policies and priorities for agricultural development are concerned, for subject-matter Divisions, regional offices and country offices. It should thus greatly facilitate achieving an integrated FAO approach to all aspects of the Organization's work.





## Appendix A

### Organization of Regional Teams

1. Not every detail has yet been worked out, but the following (based on discussions with the Divisions) shows the main elements of the staffing of the three area "streams". It is based on the concept of close integration between area teams and division staff for I.W.P. purposes.

| <u>Latin America</u>     | <u>Africa</u>    | <u>Asia and Far East</u>  |
|--------------------------|------------------|---------------------------|
| Kassebaum (leader)       | Quaix (leader)   | Oram (leader)             |
| Reis (Economic Analysis) | Quaix (Econ.-EA) | Economist from India (EA) |
| * (CO)                   | * (CO)           | * (CO)                    |
| (Wrigley) (ST)           | Wrigley (ST)     | Wrigley (ST)              |
| Kassebaum/Fairchild (RU) | MacCallum (RU)   | Fairchild (RU)            |
| Nestel (AN)              | Creek (AN)       | Nestel/Negrin (AN)        |
| Cranston (PL)            | Loerbros (PL)    | Tahir (PL)                |
| Montoya (LA)             | ** (LA)          | Hrabovszky (LA)           |
| Bocobo (NU)              | Perissé (NU)     | Quiogue (NU)              |
| Reichardt (FO)           | Arnold (FO)      | Gregory (FO)              |
| Robinson (FI)            | Collart (FI)     | Robinson (FI)             |

\* I have discussed with Mr. Evans the need for a designated person in Commodities who would serve as liaison officer with each team.

\*\* Still to be recruited.

Mr. Wrigley is put down in all three cases as his unit feeds in the necessary statistics for the base period and the 1975 and 1985 demand projections. Also Miss O'Loughlin will set up the national accounts for all regions.

2. I fully recognize that more thought is needed as to the World team. For the moment I see:

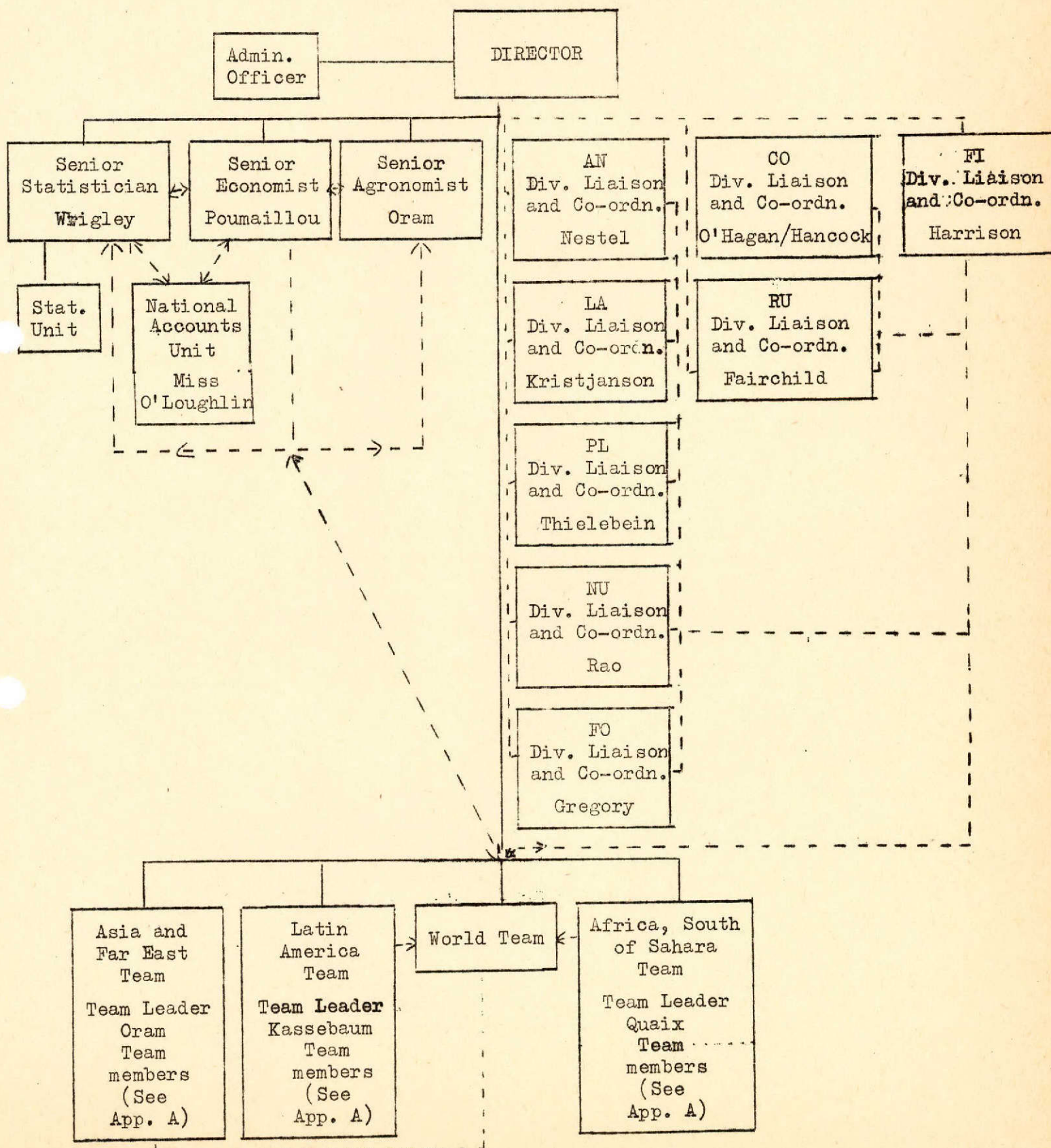
|              |                                                      |
|--------------|------------------------------------------------------|
| Poumaillou   | (Economist and possibly leader)                      |
| Francois     | (Economist)                                          |
| Hancock - or | successor (Commodities)                              |
| Perissé      | (NU - he would not need to work full time on Africa) |

3. Behind the Divisional staff shown in the area teams, agreements have been concluded with Divisions for a substantial number of permanent staff to work part or whole time on feeding into the Indicative Plan requirements, e.g. Rowat (manpower) and Madiman (land tenure and credit) in RU, Doyle (fertilizers) and Tsutsui (water resources) and Bramao (soils) in LA. In AN practically all outposted officers and several EPTA experts are devoting a considerable part of their time to the IWP. In Fisheries the Chief of the Stock Evaluation Branch and his staff are giving a large part of their time to this work. In NU Dr. Rao gives much time to the IWP. In CO the work is spread over many regular program officers in the various commodity branches. This list is far from complete.



APPENDIX B

INDICATIVE WORLD PLAN ORGANIZATIONAL CHART 1967







Schedule of Work for Indicative Plan - 1967

The World Study

1. This schedule covers fully only the three area 'streams', namely Latin America, Africa South of the Sahara, and Asia and the Far East. It is not feasible to provide a similar detailed proposal for the preparation of the Indicative World Plan until the staff position is clearer, but, provided the strengthening on the economic side can be made quickly, it will be possible to prepare a first draft of the first three or four chapters of this document by the end of June. In fact, they could be ready earlier if all staff on the economic side for which there is budget provision were available now.
2. The chapters referred to are those which will deal with:
  - (a) The present state and recent trends in the food situation and the seriousness of the problem which will exist by 1975 and 1985 if there are no substantial policy changes and no special measures are taken over and above those at present contemplated. The second half of this chapter will thus provide the contrast with the 1975 and 1985 position which the Indicative World Plan proposes to aim at.
  - (b) A rough macro-economic frame of the overall economy within the limits of which agricultural development must be placed. This will not be a set of polished national accounts, but will give provisional upper and lower values for such major aggregates as GDP, population growth, investments, savings, the agricultural component of GDP, agricultural population, the demand for food, agricultural imports and exports, etc.
  - (c) The approximate magnitude of the needs for food and agricultural raw materials in the developing countries by 1975 and 1985 in terms of projected population growth and lower and higher targets for GDP; also the market prospects for exports of agricultural products from developing countries. (The Commodity Projections will provide a first approximation for the chapter or chapters dealing with this subject but it is already clear that some substantial modifications will be required).
  - (d) The extent to which nutrition levels would be raised and nutritional patterns improved if the demand projections in (c) are matched by supplies, whether from domestic production or imports.
  - (e) A first rough appraisal of agriculture production possibilities in developing countries, of the probable limits of commercial imports of food and therefore of the food gap which could only be filled by food aid from developed to developing countries. The estimated production possibilities would not yet be based on a country by country study of resources, technical potentials and institutional problems as is being done in the case of the indicative plans for the various regions, except insofar as this data will be already available (Near East,



West South America, East Africa). For the rest it would use the same broad kind of judgements as have been used for the Commodity Projections, except that our experience on the Indicative Plan will enable us to make more realistic judgements for the other parts of the developing regions.

3. The production side of the Indicative World Plan document, based on the appraisals in the regional studies, will be fed in during the second half of 1967. As may be seen from the detailed schedules for preparation of the regional studies (vide C.1, C.2 and C.3), these are to be completed by the end of 1967. (January 1968 for Asia and the Far East). However, in all cases the main conclusions would be clear by the end of September (possibly the end of October in the case of Asia and the Far East), while provisional conclusions on production possibilities, problems and policies would be available for all regions by the end of June or July. It will then be possible to begin to build up a first approximation of the whole production side of the Indicative World Plan. This would be refined in the last three months of 1967, by which time it will also be possible to draft in a fairly final form the early chapters referred to in paragraph 2. During the early months of 1968 the greater part of the Indicative Plan staff would be working on the overall World document with a deadline for going to press of 30 April 1968.

#### The Phases of the Work on the Regional Studies and Explanation of Terminology

4. The terminology used in setting out the proposed schedules for the work on each of the three major regions needs some explanation:

Phase 1. Refers to the statistical work necessary for the base period (1961-63 with an extrapolation to 1965), for the establishment of past trends (1950 to 1964), the demand projections to 1975 and 1985, and the provisional national accounts (a) for the base period, (b) for 1975 and 1985. In terms of the shorthand used within the Indicative Plan set up, it covers:

- A - Recording by the Statistics Division (on standard forms developed in the IWP Statistics Unit) of the production and trade data according to the records of this Division.
- B - Inter-Divisional meetings under the Chairmanship of Mr. Wrigley in which these data are subject to cross-examination and comparison with figures being used by, or available to, other divisions. This includes a very important cross-check between the production and trade data on the one hand and the consumption data hitherto accepted by FAO. Major inconsistencies are often found. The inter-divisional consultations also bring out whether the production data makes sense in terms of local knowledge of the country. (This check is particularly important in the case of figures for meat, milk and eggs).
- 6 - Running the base data through the computer and obtaining from it production/utilization accounts, processing accounts and food analysis data (similar to Food Balance) sheets for 1961/63 and 1965.



- T** - Trends from 1950 to 1964 for production and trade for the main commodities and for yields per hectare for cereals and a few other selected commodities.
- P** - Demand projections to 1975 and 1985. These usually differ somewhat from those in the Commodity Projections and may differ substantially. The reasons for the difference may be any or all of the following: Different data for 1961/63 based upon the work done under B, different GDP targets and possibly different coefficients of income elasticity and even different functions if the data for the base period or the GDP figures are sufficiently changed to require this. In such cases the matter is referred back to the Commodities Division which gives instructions as to the income elasticity and to the function to use. The work then goes back to Mr. Wrigley's Unit and the demand projections are obtained from the computer.
- NIP** - National Income Provisional Data. This consists of an interlocking set of national accounts developed by Miss O'Loughlin for the overall aspects of the economy. They are being made on two alternative GDP targets as explained in paragraph 5 of the memorandum. These GDP targets are subject to modification after the agricultural production targets have been fixed since these may be consistent only with higher or lower figures than those used in Phase 1. The national accounts in the agricultural sector are only prepared after the work of the Production Unit has been completed and definite decisions taken on production and targets (i.e. at end of Phase 4).

In brief, Phase 1 comprises all the work up to the stage where the Production Unit commences.

Phase 2. The heart of Phase 2 is the work of the Production Unit. However, as indicated in paragraph 8 of the memorandum, the Production Unit needs a fairly wide range of information to be able to work efficiently. One of the things necessary is a broad guidance from the Rural Institutions and Services Division on the rate at which an integrated package program (covering at least extension, supply of agricultural requisites, credit and marketing) can be expanded to provide a complete coverage of all important agricultural areas. This work is essentially part of the production-feasibility story and therefore belongs to phase 2. It should, however, be carried out simultaneously with the final stages of Phase 1 and be ready before the beginning of Phase 2. It will, of course, be provisional and may well be revised in the light of the work of the Production Unit and in particular of the decisions taken in Phase 4.

The Production Unit must also have, in addition to the usual demand projections for the domestic market, the best available information on market prospects for export (or potential export) products of agricultural origin. The basic analysis for this is to be found in the Commodity Projections, but sufficient detail on all the export products of a given country is not to be found there. The team leader will therefore ensure that adequate information on this aspect is ready before the end of Phase 1, i.e. is



available for the work on Phase 2 at its inception. For this purpose he will depend primarily upon the Commodities Division, working through the Commodities officer assigned to work with his team.

No attempt is made here to describe in detail the work of the Production Unit. The steps involved are now fairly well-known, but there is need to systematize an account of them in a separate document in the near future. The end result is a series of production targets which may either be at the same level as the target for domestic consumption or well above or below this depending upon the suitability of the country for economic production of a given product and on the prospects on the export market. In arriving at production targets, one has to weigh such factors as desirable changes in patterns of land and water use, the known possibilities of increasing production, relative opportunity costs for a given commodity vis-à-vis other countries, and the special nutritional advantages of certain products such as pulses, fruit, vegetables and milk. It is therefore clear that Phase 2 can only be carried out in close collaboration with divisions other than those originally constituting the Production Unit. The so-called "Production" Divisions are at the heart of the process, and for a proportion of the meetings it would probably be sufficient that only the team members from these divisions are present in addition to the team leader. But the Rural Institutions expert, the Nutritionist, the General Economist and the Commodity expert, also need to come in, together or individually, for a certain proportion of the meetings.

In arriving at these recommended policies and targets - and it is stressed here than the main emphasis should be upon policies even though quantitative targets are essential - the Production Unit will necessarily have to consider the requirements for agricultural production requisites, particularly the inputs of fertilizers, irrigation water, improved varieties and certified seed, farm machinery and, in specialized cases, the requirements for the control of pests and diseases. Here again the conclusions must be quantified within the framework of the broad policy recommendations.

Phase 2 also includes putting the quantitative results from the work of the Production Unit through the computer, in order to obtain the same accounts (Production/Utilization, Processing and Food Balance Sheet) for 1975 and 1985 as have been prepared for the base period and 1965. This aspect of the work is carried out by the Statistics Unit.

Phase 3. With the completion of the Production Unit's work on a given group of countries, comes the appropriate moment for field visits by a member or members of the team. By this time we have provisional conclusions on production possibilities and policy orientation and know precisely what kind of questions to ask. In practice, however, it will not be possible to carry out such visits in all cases because of shortage of staff and the imperatives of the timetable.

This is also the stage for developing the proposals regarding marketing and agro-allied industries, i.e. industries for the processing of agricultural products and industries for the production of inputs. Preliminary work can be done on this aspect during Phase 2 but it is clear that the indicative plan for improvement of marketing and growth of agro-allied industries must be put within the framework of the quantities (inputs and outputs) envisaged in the Plan for 1975 and 1985.



Phase 4. This is the phase in which final conclusions are reached regarding the whole complex of policy recommendations to be made in the Indicative Plan for the group of countries concerned. Final decisions are also taken on all magnitudes such as consumption targets, production targets, implied exports and imports, inputs, quantitative aspects on the institutional side and the main aggregates in the national and agricultural accounts. This work is done in the light of the data and the analyses arising out of Phases 1 and 2, as well as any modifications arising out of Phase 3. In this phase, the Director of the IWP takes an active part in conjunction with the team leader and team members.

At the end of Phase 4 it is possible to finalize the national accounts.

Phase 5. Preparation of tables for Volume II and drafting of chapters for Volume I, in the light of conclusions reached in Phase 4. Where there are still other sub-regions to be studied within the region, the drafting is only taken to a point where the conclusions and inter-relationships between the various chapters emerge sufficiently clearly to make the chapters suitable for despatch to the countries concerned. Where, however, the sub-region is the last to be completed in the region, this phase becomes identical with Phase 7 and, in this case, there is no Phase 6.

Phase 6. Despatch of draft tables and chapters to governments, followed by discussion with governments two or three months later.

Phase 7. Drafting of provisional Indicative Plan for the region. The provisional chapters prepared for the sub-regions studied first are broadened to take account of the conclusions reached on the last sub-region; in the statistical annexe (Volume II) the countries in the final sub-regional study are added to the tables already prepared. This is not, however, to be regarded merely as an additive exercise so far as the text is concerned, since clearly chapters drafted on the first or first and second sub-regions will need substantial modification for the final regional text, quite apart from bringing in the analysis relevant to the additional countries. In fact even the number of chapters and the chapter titles which are appropriate to the final regional document may differ somewhat from those which were appropriate at the sub-regional level.



## C.1. Latin America

5. The schedule provides for completing a study on the continent of South America during 1967. Possibilities of coming out with the provisional Indicative Plan for Latin America in time for the World Food Congress have been carefully examined, but the large number of countries involved and the complications in the Central American and Caribbean area are such that we do not have the possibility of a complete regional study in 1967 within the staff resources and funds available.

6. The Mexico/Central America/Caribbean sub-regions will have to be treated as exogenous for the present in the sense that the Indicative World Plan will take account of the best possible projections regarding imports and exports of agricultural products to those countries, but will omit these countries from the point of view of indicative planning, i.e., the Plan will not deal with the production possibilities, policies and problems in this part of Latin America. Extension of the provisional Indicative Plan for South America to an Indicative Plan for Latin America has to wait until the 1968/69 biennium, when it will become part of the documentation to be made available to the 1969 session of the Conference.

7. The time-table for the work in West South America and East South America is now set out below:

### West South America

Phase 5 - January to mid-February

Phase 6 - Despatch of draft chapters and tables to countries at approximately end February. Discussions with countries May to early June.

### East South America

Phase 1 - February

Phase 2 - March/April

Phase 3 - May-mid-June (The phase 3 visits for ESA countries will be taken in the same trip as the phase 6 visits to WSA countries).

Phase 4 - mid-June-July

Phase 5/7 - (phase 6 omitted). Writing the provisional Indicative Plan for South America: September-October-November.

### Mexico-Central America-Caribbean

Phase 1 - (Wrigley) June

Phase 1 - (Miss O'Loughlin) August

Phase 1 - Demand Projections, September.

This is as far as would be practical to take the work on this sub-region. It will at least give us a consistent set of data for the base period, provisional national accounts and demand projections, so that for the purposes of preparing the Indicative World Plan we know the magnitudes involved.



## C.2. Africa South of the Sahara

8. This study will cover the sub-regions previously defined as East Africa, West Africa and Central Africa. The first task is to bring East Africa to phase 5, so that the draft chapters and tables can be sent out to the countries. The African team will then move to West and Central Africa which should be dealt with as one sub-region, though in view of the large number of countries involved the distinction between two sub-regions may be useful at the early stages of the work.

### East Africa

A difficulty we are facing with East Africa is that to some extent this study has been carried out along different lines from the standard procedure; in particular there has not been adequate participation on the part of several divisions, partly because there has been a tendency for the team to work in isolation from the divisions, partly because some divisions did not in 1966 have the necessary capacity to participate to the necessary degree. Furthermore, since this study (like that on the Near East and West South America) was started on the initiative of one of the divisions before there existed an overall IWP mechanism, the very important work under phase 1, which has now been highly systematized, has been carried out instead by the team itself and is not fully comparable. It is necessary now to bring the work on this sub-region fully within the standard procedures and mechanism for IWP work. On the other hand a great deal of extremely useful work has been done and what we have, therefore, is a process of rapid revision which will at the same time ensure that the work on this sub-region is on a fully comparable basis with the rest of the work on the Indicative Plan.

Phases 1 and 2.(revision) - mid-January to mid-February

Phase 3 - omit

Phase 4 - second half of February. The timing for this phase is kept very short in this case since the work to be done on phases 1 and 2 will already, to a considerable extent, be work of phase 4 type.

Phase 5 - March. (Provisional drafts already exist and have existed for some considerable time for some of the chapters).

Phase 6 - Despatch of draft chapters and draft tables to governments about mid-April. Discussions in principal countries in June.

This is a crash program, but it is absolutely essential that we reach the end of stage 5 by the end of March or we shall immediately upset the whole time-table for the work on Africa South of the Sahara and also that for Asia and the Far East, since Mr. Oram has to serve as Chairman of the Production Unit for East Africa for the revision of phase 2 and cannot take up his responsibilities as team leader for Asia and the Far East until we are clear of East Africa.



### West and Central Africa

- Phase 1 - (Wrigley) March/April. Since Miss O'Loughlin (National Accounts Unit) can only carry out her work on these countries in May and June and phase 2 must commence at the beginning of May, it will be necessary to take first approximations for major GDP targets and also for private consumption per caput and run the demand projections on this basis. This will not throw us very far out and is essential for phase 2.
- Phase 2 - May-June-July. The provisional national accounts will also be prepared in June and are likely to lead to minor modifications of the demand projections which provide one of the important considerations for the work of the Production Unit.
- Phase 3 - omit
- Phase 4 - August-September
- Phase 5/7 (Phase 6 omitted) - Writing the provisional Indicative Plan for Africa South of the Sahara: October-November-December.

### North Africa

This will not be part of the study on Africa South of the Sahara and will eventually fit into the regional plan for the Mediterranean area. However, it is most convenient to mention the work on it here. The situation is very much the same as with regard to Central America and the Caribbean. It will be possible to carry out most of phase 1 (but excluding the preparation of the national accounts). Approximate demand projections will be carried out in the same way as they are to be done in April for West and Central Africa.

- Phase 1 - mid-February to mid-March, including demand projections but without basing these on the standard procedure for working out the national accounts.



C.3. Asia and the Far East

9. Because of the differences between countries of the Region in the adequacy of base statistics and in organization for planning, a somewhat different schedule is considered necessary than for Africa and Latin America. This is designed to allow visits to countries for which data is believed to be unsatisfactory at an early stage in the Team's work on the Region, and to allow those countries which have well developed plans and supporting statistics to be visited later in the process, when the Indicative Plan for the Region is fairly well advanced. Countries in the first group are: Burma, Ceylon, Malaysia, the Philippines, and Thailand. Countries in the second group are: India, Pakistan, South Korea and Taiwan; but at this stage it seems probable that in the latter group only the first two will require a visit, since these are both the most important and those where the main issues of controversy are likely to arise.

The proposed schedule is therefore as follows:

Phase 1 - April

Phase 2 - Production Unit, preliminary round: May-mid-June

Phase 3 - (a) Visit to Philippines, Malaysia, Thailand, Burma, and Ceylon to check and, if necessary, supplement IWP data: mid-June-mid-July

(b) Production Unit, final round: mid-July-mid-August

Phase 4 - (a) Drafting preliminary conclusions: mid-August-September  
(b) Discussion of conclusions with India and Pakistan: October

Phases 5 and 7 (Phase 6 omitted) - Writing the provisional Indicative Plan for Asia and the Far East: November-December 1967 and January 1968.



ORGANISATION DES NATIONS UNIES POUR  
L'ALIMENTATION ET L'AGRICULTURE



ORGANIZACION DE LAS NACIONES UNIDAS  
PARA LA AGRICULTURA Y LA ALIMENTACION

FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Via delle Terme di Caracalla ROME

Cables: FOODAGRI ROME

Telex: 61181 FOODAGRI

Telephone: 5197

Ref.

SP. 33/13 - 12/12/66  
\* BK-4/01

22 December 1966

Dear Dr. Kamarck,

Many thanks for your letter of 12 December. In all honesty I must tell you that it is the Commodities Division and not the Indicative World Plan group which has been responsible for the Commodity Projections. They do, however, provide one very important source of information for the Indicative Plan work.

We have just this week received off the press the text of our provisional Indicative Plan for the Near East which is the first definitive product of our work. I am sending a copy of this to you through our pouch to Washington, and shall also send a copy to Mr. Friedman to whom I intend to write. I am not sending Volume II, namely the statistical appendix, because this was available at the time the Advisory Panel met and I presume you have it.

Needless to say, we shall look forward with much interest to receiving your comments and the reactions of the Bank staff. We are fully conscious of the many shortcomings, some due to lack of data and some due to the limitations of time and staff under which we had to work, but we have attempted to bring together an integrated study of the agricultural development prospects and problems for the Near East region on a 1975 and 1985 time perspective. As indicated on the cover we regard the study as still being quite provisional.

We have already placed the study before a meeting some three weeks ago of the Near East Agricultural Planning Commission, established under the auspices of FAO. Full discussion was not, however, possible because the delegates received only a few advance copies after their arrival at the meeting. The Report is now being officially transmitted to Governments in the Region, and we hope that it will be the subject of careful study in each country and that we shall, in due course, receive the Governments' comments as regards both broad questions of policy and on such detailed matters as the accuracy of the statistics.

I would like to take this opportunity to wish you a Merry Christmas and Happy New Year.

Best personal regards,

Yours sincerely,

W. H. Pawley  
Director

Indicative World Plan

Dr. Andrew M. Kamarck  
Director, Economics Department  
International Bank for Reconstruction and Development  
WASHINGTON, D.C. 20433  
Stati Uniti





FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Telex: 8181 FOODAGRI

Cables: FOODAGRI ROME

Via delle Terme di Caracalla ROME

25 December 1966

Dear Dr. Kamark,

Many thanks for your letter of 12 December. In all honesty I must tell you that it is the Commodities Division and not the Indicative World Plan Group which has been responsible for the Commodity Projections. They do, however, provide one very important source of information for the Indicative Plan work.

We have just this week received off the press the text of our provisional Indicative Plan for the Near East which is the first definitive product of our work. I am sending a copy of this to you through our pouch to Washington, and shall also send a copy to Mr. Friedman to whom I intend to write. I am not sending Volume II, namely the statistical appendix, because this was available at the time the Advisory Panel met and I presume you have it.

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I would like to take this opportunity to wish you a Merry Christmas and Happy New Year.

Best personal regards,

Yours sincerely,

W. H. Pawley  
Director

Indicative World Plan  
1967 JNN-5 W 6:13

Dr. Andrew M. Kamark  
Director, Economics Department  
International Bank for Reconstruction and Development  
WASHINGTON, D.C. 20433  
Staff Unit

| IDA                                                                                              | IBRD | IFC                               |
|--------------------------------------------------------------------------------------------------|------|-----------------------------------|
| FORM NO. 92<br>(10-61)                                                                           |      |                                   |
| CORRESPONDENCE RECORD FORM                                                                       |      |                                   |
| FROM<br><br>FAO<br>Rome                                                                          |      | DATED<br>-----                    |
| SUBJECT<br>1 copy of the "Indicative World Plan for Agricultural Development 1965-85 (NEAR EAST) |      |                                   |
| Addressed and                                                                                    |      |                                   |
| REFERRED TO<br>Mr. Kamarek                                                                       |      | DATE RECEIVED<br>Jan. 10, 1967 mp |



## CROSS REFERENCE SHEET

COMMUNICATION: SENIOR STAFF MEETING SSM/M/66-43

DATED: November 15, 1966

TO:

FROM:

FILED UNDER: SENIOR STAFF MEETING

### SUMMARY:

#### WORLD INDICATIVE PLAN

4. Mr. Friedman reported that during the previous week he and Mr. Kamarck had attended an informal meeting held in Rome to discuss the World Indicative Plan, an ambitious project initiated a year earlier by FAO for the purpose of preparing, by the end of 1967, estimates of world food demand and output for the period 1975-85. The work was being done by FAO which, in addition to assigning members of its regular staff, had engaged temporary staff and consultants for the purpose, in cooperation with various governments and international organizations. The purpose of the meeting had been to obtain personal reactions to the studies already prepared. He and Mr. Kamarck had been impressed by the high quality of these studies, although it was difficult to say how significant the ultimate results would be. The work seemed to be divided between two quite different and, at times, conflicting objectives; first, to prepare, on the basis of technical and economic considerations, forecasts of world food demand and output for 1975-85 and, secondly, to build an economic model of the world economy as it would be during that period. He hoped this difficulty would be resolved by the FAO technicians.

## CROSS REFERENCE SHEET

**COMMUNICATION:** Letter #130**DATED:** November 11, 1966**TO:** Mr. Aldewereld**FROM:** Mr. P. Reid**FILED UNDER:** Liaison- UN F.A.O.**SUMMARY:** Re: Highlights of the 47th Session of the FAO Council - the  
Proposal for a World Food Programme  
Exerpt:

" The progress report on the Indicative World Plan also had a favorable reception from both developed and developing countries. The objectives of the study were strongly supported and it was generally thought that progress had been satisfactory. However only time will tell whether the target date of 1968 can be met."



INCOMING CABLE

DATE AND TIME  
OF CABLE:

OCTOBER 31, 1966

1040

LOG NO.:

RC 57/31

TO:

INTBAFRAD

FROM:

ROMA

TEXT:

ROUTING

ACTION COPY:

MR. DE VRIES

INFORMATION  
COPY:

DECODED BY:

1

MACONE KAMARCK ARRIVED ROME

KAMARCK

FAMILY NOTIFICATIONS BEING MADE

NA

INCOMING CABLE

DATE AND TIME  
OF CABLE  
TO NO.  
TO  
FROM  
TEXT

10:00 AM 10/21/66

IN 21/21

THIRTYTHREE

FROM

ROUTING

ACTION COPY: MR. DE VRIES

INFORMATION COPY:

DECODED BY:

RECEIVED TELETYPE UNIT

KANAKA

INTELLIGENCE INFORMATION

OCT 21 10 38 AM 1966

RECEIVED TELETYPE UNIT



Form No. 27  
(7-61)  
INTERNATIONAL DEVELOPMENT  
ASSOCIATION

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE  
CORPORATION

## OUTGOING WIRE

TO: GOREAUX  
~~FAO~~ FOODHGR1  
ROME

DATE: October 28, 1966

CLASS OF  
SERVICE: ~~Full Rate~~ Relax

COUNTRY: ITALY

255

TEXT:  
Cable No.:

ARRIVING TUESDAY NOVEMBER ONE TWA.840 STAYING HOTEL HAESSLER

FRIEDMAN  
INTBAFRAD

### NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME Irving S. Friedman

DEPT. Office of the President

SIGNATURE *Irving S. Friedman*  
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

For Use by Archives Division

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: *[Signature]*

GRADE: 1  
CLASS OF: 1



FAQ-2nd. W. Pl.  
W/Recovery

OUTGOING WIRE

TO: WELLS  
FOODAGRI  
ROME

DATE: OCTOBER 28, 1966

CLASS OF ~~FULL RATE~~ *TELEX*  
SERVICE:

COUNTRY: ITALY

TEXT:  
Cable No.:

ARRIVING FLIGHT TWA 802 OCT 31 1:05 AM

KAMARCK  
INTBAFRAD

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME Andrew M. Kamarck

DEPT. Economics

SIGNATURE *am Kamarck*  
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

For Use by Archives Division

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: *[Signature]*

(IMPORTANT: See instructions inside for completed form)

ORIGINAL (1st copy)

Checked for Discrepancy

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO ANSWER)

SIGNATURE

DEPT - Economics

NAME Andrew M. Kewatok

MESSAGE AUTHORIZED BY:

OCT 28 9 39 AM 1966

GENERAL FILES  
COORDINATIONS

OCT 28 9 39 AM 1966

CLEARANCES AND/OR DISTRIBUTION:

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IMBVBVVD  
KVMVBOK

VEBIALING EPTONS LMT 80S OCL 3T T:02 VM

TYPE MSG  
TEXT

COPIES: 11/11

HOME  
EODVGEI  
10: METTS

SERVICE  
CLASS OF  
DATE: OCTOBER 28, 1966

OUTGOING MIKE

ASSOCIATION

INTERNATIONAL DEVELOPMENT

RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL BANK FOR

COOPERATION

INTERNATIONAL FINANCE

FORM 100-2



INCOMING CABLE

DATE AND TIME  
OF CABLE:

OCTOBER 27, 1966

300PM

LOG NO.:

TELEX/27

TO:

INTBAFRAD

FROM:

ROME

TEXT:

ROUTING

ACTION COPY: MR. FRIEDMAN

INFORMATION  
COPY:

DECODED BY:

FRIEDMAN

GRATEFUL KNOWING FLIGHT NUMBER TO MEET YOU AIRPORT AND

IF HOTEL RESERVATION NEEDED

GOREUX

MP

TELETYPE

| DATE OF THE<br>OF CABLE | TO       | FROM     | REMARKS |
|-------------------------|----------|----------|---------|
| OCTOBER 27, 1966        | TELETYPE | TELETYPE |         |
|                         | TELETYPE | TELETYPE |         |
|                         | TELETYPE | TELETYPE |         |
|                         | TELETYPE | TELETYPE |         |

URGENT MESSAGE FROM NEW YORK TO NEW YORK AIRPORT

URGENT MESSAGE FROM NEW YORK TO NEW YORK AIRPORT

URGENT

OCT 27 10 43 AM 1966



# POPULATION CRISIS COMMITTEE

1730 K STREET, N. W., WASHINGTON, D. C. 20006

TELEPHONE (202) 659-1833

CABLE: CRISIS

## OFFICERS

\*WILLIAM H. DRAPER, JR.  
NATIONAL CHAIRMAN

\*HUGH MOORE  
VICE CHAIRMAN AND  
TREASURER

\*ELMO ROPER  
VICE CHAIRMAN

JUSTIN BLACKWELDER  
SECRETARY

MRS. PHYLLIS PIOTROW  
EXECUTIVE DIRECTOR

## DIRECTORS

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MRS. JOHN L. LOEB

MRS. CORDELIA S. MAY

JAMES S. McDONNELL

WILLIAM E. MORAN, JR.

ROCKEFELLER PRENTICE

ADOLPH W. SCHMIDT

October 25, 1966

Mr. J. Burke Knapp, Vice President  
International Bank for Reconstruction  
and Development  
1818 "H" Street, N.W.  
Washington, D.C. 20433

Dear Burke:

I was indeed glad that you could be with us last week to talk with Dr. Sen and to hear his comments on the world food picture. Unfortunately, he painted a discouraging picture, with world population increasing 70 million last year and world food production standing still.

He concluded that only a combination of much more food production in Asia, Africa and Latin America and through massive birth control in those areas can prevent famine on a scale never before known.

I thought you would want a copy of the public address he made the following night at the 50th Anniversary Dinner commemorating Margaret Sanger's first birth control clinic in Brooklyn. His address is enclosed and reviews the future prospects in food production as it relates to the rapidly growing population.

It seems to me that his analysis emphasizes rather spectacularly the need for governments and private organizations alike to step up efforts to limit population growth before it is too late.

Sincerely yours,



William H. Draper, Jr.

WHD:mo

Encl:

P.S. The program for the Anniversary Meetings also enclosed shows 62 organizations sponsoring this important effort - the problem is beginning to be recognized.





*L-FAO-2nd. World Pl.*

INCOMING CABLE

DATE AND TIME  
OF CABLE:

OCTOBER 19, 1966

LOG NO.:

WU 9/20

TO:

FRIEDMAN INTBAFRAD

FROM:

ROME VIA UN NEW YORK

ROUTING

ACTION COPY: MR. FRIEDMAN

INFORMATION  
COPY:

DECODED BY:

TEXT:

GLAD BANK PARTICIPATION IWP ADVISORY PANEL LOOK FORWARD  
SEEING YOU AND KAMARCK. PLEASE INDICATE FLIGHT NUMBER  
CAR WILL MEET YOU AIRPORT

WELLS FOOBAGRI ROME

MP

*acc-10-28-66*

INFORMING CABLE

ROUTING

MR. STEVENSON

ACTION COPY

INFORMATION

DELETED BY

CONTINUED IN 1966

BY 2420

THIRTEEN HOURS

WAS VIA DE NEW YORK

DATE AND TIME  
OF CABLE

BY 2420

TO

FROM

TEXT

THIS CABLE IS INTENDED FOR THE INFORMATION OF THE BOARD OF DIRECTORS

AND IS NOT TO BE USED FOR ANY OTHER PURPOSE

YOUR VERY TRULY

WILLIAM W. WATSON

OCT 20 9 25 AM 1966

GENERAL FILES  
COMMUNICATIONS

FOR INFORMATION RELATIONS CABLES IN CASE OF THE COMMUNICATIONS UNIT MAY 2001

UNIT 1001



OUTGOING WIRE

TO: FERRAS  
INTERBANK  
BASLE

DATE: OCTOBER 19, 1966

CLASS OF  
SERVICE: LT

RCH

COUNTRY: SWITZERLAND

TEXT:  
Cable No.: <sup>FAO</sup> WOULD PLAN TO ATTEND NOVEMBER MEETING IF AGREEABLE TO YOU STOP  
REGARDS

FRIEDMAN  
INTBAFRAD

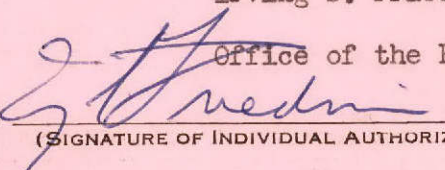
ack. 10-19-66

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME Irving S. Friedman

DEPT. Office of the President

SIGNATURE   
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

For Use by Archives Division

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: 





Mr. S. Takahashi

October 13, 1966

J. Kahane J.K.

FAO Indicative World Plan

1. We have received from FAO volume 2 containing the projections for 1975 and 1985 for agricultural commodities (CCP 67-3) dated August 1966. This contains 26 pages of methodological notes and 306 pages of statistical tables.

2. To help our present program of economic missions I have had two photostat copies made of certain tables for Afghanistan, Brazil, Iran, Kenya, Tanzania and Uganda. They cover the following :-

- a) Per capita consumption base period 1961/63
- b) Per capita demand projected
- c) Total demand projected.

I attach the two copies for Afghanistan, Brazil and Iran and shall distribute those for Kenya, Tanzania and Uganda to the agricultural members of the East Africa mission.

3. I also return the volume, but if this has to be sent out of the Division I would suggest that FAO be asked for an additional copy since (a) the methodological notes and some of the tables other than country tables may be of use to those who use the country tables, and (b) future economic missions may find other country tables of use.

cc: Mr. Threlkeld  
Mr. Wapenhans  
Mr. Pacciotta

JKahane:at  
IBRD

Mr. S. Takahashi

October 13, 1966

J. Kahane J.K.

FAO Indicative World Plan - Near East

1. We have received from FAO volume 2 of a working paper prepared for the third session of the Near East Commission on Agricultural Planning which is to be held in Cairo in November 1966 (IWP-NE/66/Vol. 2 September 1966). This contains a great deal of useful background material as well as projections for 1975 and 1985. I have had two photostat copies made of the main tables concerning Afghanistan and Iran which I attach. They cover the following :-

- a) Main national accounting aggregates
- b) Balance of payments and sources of gross domestic capital formation
- c) Gross domestic consumption targets
- d) Crop areas
- e) Crop production
- f) Crop yields on irrigated and rain-fed land
- g) Fertilizer use
- h) Livestock production
- i) Irrigation projects
- j) Rural population, farm families and requirements of trained agricultural personnel
- k) Agricultural sector accounts.

2. Apart from Afghanistan and Iran this volume covers Sudan, UAR, the Federation of South Arabia, Jordan, Lebanon, Syria, Yemen, Iraq, Kuwait, Saudi Arabia and others. The volume also contains a number of other useful tables, particularly on commodity balances. Therefore, if the volume, which I return, leaves the Division I would suggest that another copy be obtained for quick reference in the Division.

cc: Mr. Threlkeld  
Mr. Wapenhans

JKahane:at  
IBRD



October 10, 1966

Dear Mr. Sen,

Mr. Woods, before leaving Washington, asked me to reply to your letter of October 4 regarding the informal meeting on the Indicative World Plan for Agricultural Development.

I am glad to accept your invitation to attend the informal meeting and will plan to attend unless other urgent business makes it impossible. In any case I am asking Mr. Andrew Kamarck, who is the Director of our Economics Department, to also plan to attend if this is agreeable to you.

Sincerely yours,

(signed) Irving S. Friedman

Irving S. Friedman  
The Economic Adviser to the President

Mr. B.R. Sen  
Director-General  
Food and Agriculture Organization  
of the United Nations  
Via delle Terme di Caracalla  
Rome  
Italy

ISFriedman/dm  
10/10/66

cc: Mr. Woods - for record purposes.  
Mr. Kamarck

*for 21 Oct.*



OCT 5 Rec'd

FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS

Via delle Terme di Caracalla ROME

Cables: FOODAGRI ROME

Telex: 61181 FOODAGRI

Telephone: 5797

Ref.

OCT. 4 1966

Dear Mr. Woods,

As you will know a major current task of my Organisation is the work being undertaken on the Indicative World Plan for Agricultural Development.

The first provisional reports of the current series of studies are now becoming available in draft form. I am anxious at the present stage of our work to have the advice and guidance of a small group of eminent personalities including both statesmen and economists of international renown.

The following have already indicated their willingness to come to Rome for an informal meeting from October 31 to November 4 next.

Mr. Ahmed Ben Salah, Secretary of State for Economic Affairs, Tunisia  
Mr. T. Balogh, Economic Adviser to the Prime Minister, Cabinet Office, London  
Mr. Willard W. Cochrane, Dean, Office of International Programs, University of Minnesota, Minneapolis  
Mr. R. K.A. Gardiner, Executive Secretary, Economic Commission for Africa, Addis Ababa  
Mr. T. Kristensen, Secretary-General, Organisation for Economic Cooperation and Development, Paris  
Mr. L. Rabot, Director-General, General Directorate VI for Agriculture European Economic Community, Brussels  
Dr. C. Sanz de Santamaria, Chairman, Inter-American Committee on the Alliance for Progress, Organisation of American States, Washington

I would like to extend to you an invitation to be represented in this meeting so that we may have the benefit of the considerable experience of your organization in the field of development. I would appreciate if your economic adviser, Mr. I.S. Friedman could participate in the discussions. I am also inviting Dr. R. Prebisch to attend personally.

I am enclosing with this letter a copy of the Provisional Agenda of the meeting and of a recent Progress Report. I should be grateful to hear whether we may have the benefit of the advice and experience of someone from your Organisation.

Yours sincerely,

*[Signature]*  
for B. R. Sen  
Director-General

Mr. George Woods,  
President, International Bank  
for Reconstruction and Development  
181 H Street North West  
Washington 25 D.C.

acc. Oct. 10/66



INDICATIVE WORLD PLAN FOR AGRICULTURAL DEVELOPMENT

ADVISORY PANEL

FAO, Rome 31 October - 4 November, 1966

Provisional Agenda

Documents

|        |                                    |                                                                                                   |
|--------|------------------------------------|---------------------------------------------------------------------------------------------------|
| Item 1 | <u>Overall Approach</u>            | IWP Progress Report                                                                               |
| Item 2 | <u>World Commodity Projections</u> | Commodity Projections<br>Report Volumes I and II                                                  |
| Item 3 | <u>Sub-Regional Studies</u>        | Near East Study<br>Report Volumes I and II<br><br>East Africa Study<br>(preliminary draft report) |
| Item 4 | <u>Orientation of further work</u> |                                                                                                   |

## NOTES ON THE AGENDA

- Item 1: The progress report will be supplemented by an oral statement by the Secretariat on the organization of the work, the timetable, collaboration with other agencies, and the major problems being encountered.
- Item 2: It is proposed to divide the discussion between:
- (a) methods and assumptions used
  - (b) main results and their policy implications.
- Item 3: It is proposed to start by a brief general discussion on the approach followed in the sub-regional studies. This could be followed by a discussion on the Near East and East African studies. Emphasis should be placed on the validity of the methods used, the conclusions reached and their potential use for national and international action.
- Item 4: The discussion could cover the methodology to be followed - the organization of the work within FAO, collaboration with governments and other agencies, and the final use of the Plan.

## Documentation

The progress report is attached. The Near East study and the Commodity projections will be mailed before October 15. The East African study will be made available in a preliminary form at the opening of the session.

---



# INDICATIVE WORLD PLAN FOR AGRICULTURAL DEVELOPMENT

## ADVISORY PANEL

FAO, Rome 31 October - 4 November, 1966

### General Arrangements

The opening meeting will commence at 10 a.m. on Monday 31 October in the Ethiopia Room (Room C285), FAO Headquarters, Via delle Terme di Caracalla, Rome. FAO telephone: Rome 5797. Enquiries regarding the meeting - extension 3379 or 4372.

Members of the Panel will receive a subsistence allowance of \$23 per day.

---

AUG 25 REC'D

## 9/12 OFFICE MEMORANDUM

TO: Mr. George D. Woods

DATE: August 25, 1966

FROM: J. Burke Knapp

SUBJECT: Gen. William Draper's visit of August 24, 1966

Bill Draper came into lunch with me yesterday to talk about his favorite subject of population and to tell me about his efforts to help the FAO find supplementary budgetary funds to carry out its work on an "Indicative World Plan for Agricultural Development."

In this connection he asked me to pass on to you the attached documents:

1. A brochure of the "Victor Fund for International Planned Parenthood," of which Draper is Chairman. They have now obtained contributions from private and business sources in the United States to reach their target of an average of \$1 million a year over the last three years to be devoted to the promotion of family planning activities in developing countries.
2. An exchange of letters between Draper and Dr. Sen which gives information regarding the FAO's long-range forecasting project and indicates something of Bill Draper's efforts to raise money from United States Government sources and the Ford Foundation in support of this activity. These efforts have not been very successful. Draper asked me, in a very tentative way, whether the Bank might make a contribution to the FAO for this purpose, and I told him we could not.

I might add that our people in the Economics Department and elsewhere are familiar with the FAO's work on an "Indicative World Plan" and think of it as a gigantic job which is not likely to have much impact on the developing countries.

Attachments



2 - FAO - Ind. World Plan  
x - S - Textile

August 19, 1966

Mr. I. H. Ergas  
Director  
FAO-IBRD Cooperative Program  
Via delle Terme di Caracalla  
Rome, Italy

Dear Mr. Ergas:

As promised in Mr. Kamarck's letter of June 16, 1966, enclosed is a memorandum by Mr. Varon explaining our views on your questions concerning the demand prospects for extra-long staple cotton and for cotton textiles. I am sorry that we have been rather long in responding but I hope that our efforts will be of use to you.

Mr. Varon may be in Rome sometime in September in connection with the forthcoming FAO meetings on jute and hard fibers. If there are any further questions on our views on cotton, he will be happy to discuss them.

Sincerely yours,

A. J. Macone  
Economics Department

Enclosure

Mr. Antonio J. Macone

August 17, 1966

Benson Varon

Reply to Mr. Ergas' (FAO) Questions on Cotton and Cotton Textiles

1. Following are my views on two questions raised by Mr. Ergas of FAO in his memorandum of May 3<sup>1/</sup> to Mr. Kamarek, which were left unanswered due to my temporary absence from the Bank.

2. In question 5 Mr. Ergas asked whether "the demand prospects for extra-long staple cotton indicated in the IBRD study continue to hold good." We believe that the model presented in that report is still valid and applicable. In view of developments since the report, however, we feel that ELS production and therefore consumption<sup>2/</sup> in 1970 was somewhat overestimated.

3. The report estimated (largely on the basis of production plans at the time of the writing of the report) that world ELS output, excluding the Soviet Union, in 1970 would be 3 million bales, compared to an annual average of 2.3 million bales in 1962-64.<sup>2/</sup> It appears, however, that the prospects of a sharp decline in ELS prices, due largely to the growing competition from man-made fibers and other cotton, and rising production costs are inducing some producing countries (notably the Sudan) to revise their ELS production targets downward and to grow a greater proportion of shorter staple varieties of cotton. Actual production of ELS in 1966/67 is estimated at 2.47 million bales, or marginally above the 1962-64 average of 2.36 million bales. On the basis of recent information regarding expansion plans in the major producing countries, we believe that ELS output (and therefore consumption) in 1970 will be in the order of 2.8 million bales rather than the 3 million bales assumed in the report.

4. The result of the lower output should be that ELS prices around 1970 will not be as low as predicted in the report, although they will still represent a substantial enough fall from recent levels to discourage the reversal of the lowered production goals. In terms of the model in the report, the premium of the top qualities of ELS over medium staple cotton in 1970 should be close to 35 percent rather than 18 percent. At the same

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<sup>1/</sup> The report assumed that all ELS output will be consumed.

<sup>2/</sup> This refers to a definition of ELS cotton which differs from the definition accepted by some organizations, such as the ICAC, as explained in Appendix I of the report.



time the price of medium staple cotton itself, of course, should be somewhat lower than at present, probably in the range of 20-21 cents per lb., as a result of the new U.S. cotton legislation.

5. In question 6 Mr. Ergas states that "if the prospects for export of raw cotton are not bright, should not countries like Sudan, Syria and the UAR go in for more textile manufacture." I presume he has in mind exports of textile manufacture, since most cotton producing countries either are already self-sufficient or are already well on the way to becoming self-sufficient in cotton textiles.

6. We hesitate to generalize on this complicated subject. So long as the demand was there, exporting raw cotton in the form of textiles would seem to be preferable to exporting raw cotton itself, assuming of course that the required managerial, technical and capital resources were available at suitable terms. Each country's cost position and comparative advantage would have to be considered in light of the conditions peculiar to it.

7. As far as demand is concerned, the fact that world consumption of raw cotton is growing very slowly indicates that the prospects for the final product itself, i.e., cotton textiles, are not bright either. The basic question is then whether the export prospects for cotton textiles are better than the prospects for world consumption of cotton textiles or the export prospects for raw cotton.

8. Although developing countries as a whole have roughly doubled their cotton textile exports between 1953 and 1962-64 (compared to a growth of about 55 percent in their raw cotton exports), this has come about largely through an increase in their share of world exports rather than through an expansion in world import demand. The ratio of world textile fabric imports to world textile fabric consumption, around 12 percent in recent years, has shown little change since 1953. While developing countries can probably increase their collective share further, at some point their textile exports will tend to increase at the same rate as world import demand, unless developed countries decide to permit an increase in the proportion of their cotton textile consumption supplied through imports.<sup>1/</sup> The prospects for this are not very encouraging.

---

<sup>1/</sup> Developing countries cannot obviously induce an increase in the proportion of cotton textile imports to domestic production in developed countries by, say, restricting their raw cotton exports to these areas, since they do not have a monopoly on raw cotton. In addition, such a move would work to their disadvantage, since it would tend to stimulate man-made fiber consumption in importing countries. Thus, the textile exports of developing countries can be boosted only through a policy shift in developed areas.

9. As evidenced by the already slackening rate of growth in the textile exports from developing countries, import restrictions against cotton textiles in developed countries have been tightened progressively in recent years. Most of these countries regulate textile imports through global and/or bilateral quota plus tariffs designed to maintain the ratio of total imports to domestic consumption constant. Imports in many cases are allowed to grow at the same rate as domestic consumption only. Barring a major policy shift in developed countries (perhaps as a result of pressures in UNCTAD), these restrictions are likely to undergo little relaxation in the foreseeable future.

10. A further possibility, of course, is that individual minor exporting countries or newcomers into the field among the developing countries might increase their share at the expense of certain major exporting countries, notably Japan, Hong Kong and India. Although certain small producers (such as Korea) have been able to compete successfully with these three countries in the past, the future is rather uncertain, since the latter are currently taking measures to regain their competitive advantage.

11. In short, while the short-term prospects for growth in textile exports are better than the prospects for raw cotton exports, the longer term prospects call for considerable caution in establishing or expanding cotton textile export industries in developing countries.

BVaron:lcj



## POPULATION CRISIS COMMITTEE

1730 K STREET, N. W., WASHINGTON, D. C. 20006

TELEPHONE (202) 659-1833

CABLE: CRISIS

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ROCKEFELLER PRENTICE

ADOLPH W. SCHMIDT

August 16, 1966

Mr. J. Burke Knapp, Vice President  
International Bank for  
Reconstruction & Development  
1818 H Street, N.W.  
Washington, D. C.

Dear Burke:

It was grand to talk with you this morning. In addition to the Victor Fund publications, which I hope you will have time to look through, I enclose a copy of a letter Dr. Sen wrote me in connection with my trying to help him raise money to complete the Indicative World Food Plan. I also enclose a copy of my letter to him, which I think indicates a way out for the necessary funds.

I look forward to our luncheon a week from tomorrow at your office and will see you there a little before 1:00 o'clock.

I am delighted that you will take on the debate and will try to let you know what you are arguing for, or against, when I see you.

Sincerely yours,



William H. Draper, Jr.

WHD:bz  
encls.

RECEIVED  
GENERAL FILES  
COMMUNICATIONS

1966 AUG 18 AM 10:13



## OFFICE MEMORANDUM

TO: Mr. Woods

DATE: July 19, 1966

FROM: Michael L. Hoffman

SUBJECT: General Draper's request to see you on the  
World Food Plan.

I attach a letter which may be appropriate for you to send to General Draper. If you do decide to see him, I suggest that you get Mr. Friedman's views on the plan itself, as I understand that his people have some reservations about the way they are going about it.

I also think that it might be appropriate to point out to General Draper that, if this project has the kind of priority Dr. Sen claims for it in his communication of April 15, 1966, it would seem within the bounds of possibility for FAO, out of a budget which is now running around \$48 million for the biennium 1966/67, to find \$2.25 million for this purpose. The fact that they received an increase of \$9 million in the current budget over that for 1964/65 indicates that governments will respond if they are persuaded that the money is needed for food.

You would also, of course, want to point out to General Draper that we are helping FAO to the extent of \$2.2 million this year and carrying 75% of the cost of the joint program.

Mr. Woods

In the letter -

" NEXT THURSDAY

should be THURSDAY, JULY 28.

JWH  
10 July

5-22-2-1, World Food  
Plan. ✓  
Hoffman  
✓ Alpha-Draper

Thanks - but no  
need to respond. He  
will be around the DAC

mtg today  
+ tomorrow  
I expect

1966  
7/20

# POPULATION CRISIS COMMITTEE

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ADOLPH W. SCHMIDT

July 15, 1966

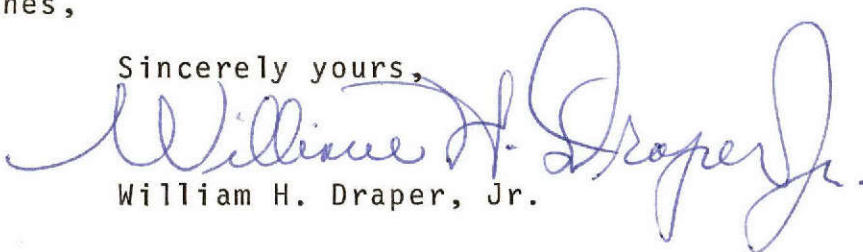
Mr. Burke Knapp, Vice President  
World Bank-International Bank  
for Reconstruction & Development  
1818 H Street, N.W.  
Washington, D. C.

Dear Burke:

I tried to reach you to ask your advice and help in the efforts I have been making to assist the Food and Agriculture Organization's Indicative World Food Plan, and I am enclosing copies of letters to and from Dr. B. R. Sen, Director-General of the United Nations Food and Agriculture Organization, which indicate the very encouraging results of my talks with governmental officials to date. I hope to have a chance to talk with you about this next week.

With best wishes,

Sincerely yours,



William H. Draper, Jr.

WHD:bz  
encls.

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1966 JUL 18 AM 9:45

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ROCKEFELLER PRENTICE

ADOLPH W. SCHMIDT

July 15, 1966

Dr. B. R. Sen  
Director-General  
Food and Agriculture Organization  
of the United Nations  
1325 C Street, S.W.  
Washington, D. C.

Dear Dr. Sen:

As you know, it has been a great disappointment to me that we have been unable to raise the additional funds you require for completing the Indicative World Food Plan from private foundations, but I now believe that the alternative plan, about which you and I, and Walter Pawley (now in New Delhi) have been exchanging cables, can be successfully worked out.

Walter Pawley cabled me that FAO budgetary funds would be used to complete the first go-around of country and regional planning, including the export-import and trade picture. The additional funds, if obtained, would be used for more thorough in-depth country studies of the larger food-deficit countries - a limited number, perhaps somewhere between 15 and 25.

The Plan, briefly, would be for these latter countries at your request to undertake to prepare such parts of the Plan in their own country as you designated, using their own agricultural personnel and either their own budgeted funds, or counterpart funds from U. S. food shipments.

I have every reason to believe, from discussions I have had with officials in the Departments of State and Agriculture, and in the Agency for International Development, that requests for counterpart fund use, where available, would be approved here. This will be particularly true after the Food for Freedom legislation has been enacted, since this stresses self-help in growing more food in food-deficit countries.

The countries concerned could then state to Mr. Paul Hoffman of the UNDP that they were allocating a certain amount of their own resources toward the completion of the World Food Plan, and request that a similar amount in convertible currency be approved as a UNDP project and made available to FAO as Project



Agent to carry out the external part of the World Food Plan corresponding to the particular country.

Mr. Hoffman has indicated that he would recommend approval of such projects.

If a dozen of the principal food-deficit countries prove to be sufficiently interested in the Indicative World Food Plan to participate in this way, the local currency and external currency thereby made available (assuming UNDP Council approval) could well exceed the amounts you have felt were still needed.

All the officials with whom I have discussed this Plan have expressed their interest in assisting FAO to make the Indicative World Food Plan as good and thorough a Plan as possible, and have praised the leadership you have given to FAO. This includes our Secretary and Assistant Secretary of Agriculture.

All agree that India and Pakistan, with whom Walter Pawley has been carrying on discussions in New Delhi and Karachi during the past two weeks, would logically be the first two countries with which to conclude such an arrangement. If two participate along the lines suggested above, a precedent will have been set which could be extended to a number of other countries in due course.

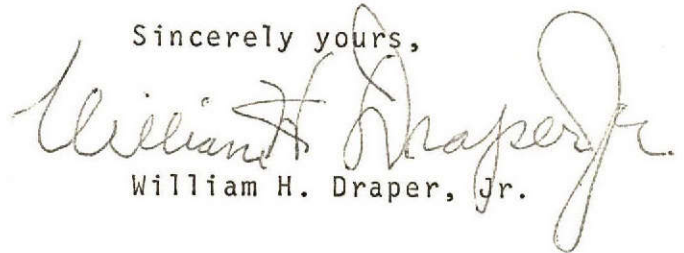
Enclosed is copy of a letter from Dr. George Harrar, President of the Rockefeller Foundation, in which he points out that the Plan proposed above has the great advantage of enlisting the assistance and interest of the countries most needing help at an early stage in the study, and that this should help later when the recommendations are to be actually put into effect.

Dr. Harrar, personally, suggested to me that if you were to request our Department of Agriculture to enlist the services for a year or two of 10 or 12 agricultural experts to be loaned by both public and private organizations, he believed that private foundations and other organizations would cooperate. You might wish to make such a request for the loan of agricultural experts, not only from the U. S. Government, but from the other governments assembled at the OECD Meeting next week on the basis that salaries would be paid by the lending governmental or private organization, but that FAO would pay necessary travelling, moving, and other expenses caused by the assignment. You would, of course, control their project assignment as part of the Indicative World Food Plan study.

I believe that the appropriate use of counterpart funds, coupled with resources from UNDP projects should make it possible for you to supplement FAO's budgetary resources, although in a somewhat different way than you had visualized. I suggest that this method be worked out promptly with India and then with Pakistan, so that you can then decide in how many other countries the method is appropriate. If I can be of any assistance in this connection with the necessary negotiations and paper work at this end, please let me know.

It has been a real pleasure to become better acquainted with you and with the splendid work of the Food and Agriculture Organization.

Sincerely yours,



William H. Draper, Jr.

WHD:bz

Enclosures:

1. Summary of Testimony on House Food for Freedom Bill
2. Copy of Food for Freedom Bill (H.R. 14929) as it passed the House of Representatives
3. Copy of letter from Dr. George Harrar dated July 11, 1966

cc: Secretary of State  
Secretary of Agriculture  
Administrator of AID  
Paul Hoffman - UNDP  
Dorothy H. Jacobson  
Herbert J. Waters (AID)  
Gustav Rainis (AID)  
Leighton Van Nort (OES)  
Richard Reuter M/FFP  
James O'Connor, President  
Freedom from Hunger Foundation  
John D. Rockefeller III  
Dr. George Harrar  
MacGeorge Bundy  
Willard Thorp (OECD)  
Oris V. Wells (FAO)  
Walter W. Pawley (FAO)



## ROUTING SLIP

Date

July 18, 1966

## OFFICE OF THE PRESIDENT

| Name        | Room No. |
|-------------|----------|
| Mr. Hoffman |          |
|             |          |
|             |          |
|             |          |
|             |          |
|             |          |

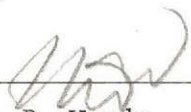
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| To Handle               | Note and File        |
| Appropriate Disposition | Note and Return      |
| Approval                | Prepare Reply        |
| Comment                 | Per Our Conversation |
| Full Report             | Recommendation       |
| Information             | Signature            |
| Initial                 | Send On              |

## Remarks

Please consider and let me have an appropriate reply to send to General Draper.

We have no record here of General Draper trying to telephone this office-- nor do I know what his plans are to contact me this week.

n

  
G. D. Woods

758-

212 mid.



S - World  
Food Plan.

POPULATION CRISIS COMMITTEE JUL 18 RECD

1730 K STREET, N. W., WASHINGTON, D. C. 20006

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ROCKEFELLER PRENTICE

ADOLPH W. SCHMIDT

7/20  
July 15, 1966

Mr. George D. Woods, President  
World Bank-International Bank  
for Reconstruction & Development  
1818 H Street, N. W.  
Washington, D. C.

Dear Mr. Woods: *George*

I tried to reach you to ask your advice and help in the efforts I have been making to assist the Food and Agriculture Organization's Indicative World Food Plan, and I am enclosing copies of letters to and from Dr. B. R. Sen, Director-General of the United Nations Food and Agriculture Organization, which indicate the very encouraging results of my talks with governmental officials to date. I hope to have a chance to talk with you about this next week.

With best wishes,

Sincerely yours,

*William H. Draper Jr.*  
William H. Draper, Jr.

WHD:bz  
encls.

NO RECORD OF TEL. CALL HERE.  
7/18

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GENERAL FILES  
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1966 JUL 16 PM 1:10



*FPO - Indicative World  
Plan.**merged.*

## OFFICE MEMORANDUM

TO: Files

DATE: July 12, 1966

FROM: Josefina Vial *J.V.*SUBJECT: Number of Countries with GNP of less than \$4.5 billion per annum

Reference is made to my memo of July 11  to files on the subject.

Cuba was omitted, through an oversight, from the list of countries with a GNP of less than \$4.5 billion per annum. It should be added to that list, the number of which therefore becomes 107. The total number of countries (146) remains the same.

Mrs. Bellinger, of the White House staff, who had requested this information, was informed of the change by telephone.

cc: Messrs. Wishart (2 copies), Friedman, Kamarck, ~~Kalmanoff~~, Levy

# The Rockefeller Foundation

111 WEST 50th STREET, NEW YORK, N. Y. 10020

OFFICE OF THE PRESIDENT

CABLE: ROCKFOUND, NEW YORK

TELEPHONE: COLUMBUS 5-8100

July 11, 1966

Dear Bill:

This will acknowledge your letter of July 8 and I, too, enjoyed our conversation of last week concerning ways in which the Indicative World Food Plan might be developed.

From your letter I understand that the Food and Agriculture Organization has sufficient funds to carry on the overall study of the agricultural situation with respect to member countries, including the world food export-import situation and the trade patterns. I further understand that additional financing is necessary to permit in-depth studies of agricultural production possibilities in those countries with the largest food deficits.

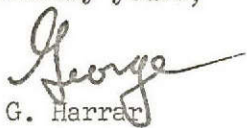
We have felt that these sorts of studies require enthusiastic interest and participation by the countries concerned, along with contributions in the form of manpower, local funding, and the necessary facilities. In a number of instances, it should be possible to utilize counterpart funds to support the type of study which is required.

If the combination arrangement you outline involving the food-deficit countries themselves, participation by the FAO staff, and utilization of local and counterpart funds in addition to Special Fund monies, could be effected, then a solid and united effort would come into play.

I am sure that there are practical difficulties in putting the elements of this formula together, but I do not think they should be insurmountable, and certainly the objective is well worth the effort.

With best regards,

Sincerely yours,

  
J. G. Harrar

General William H. Draper, Jr.  
National Chairman  
Population Crisis Committee  
1730 K Street, N.W.  
Washington, D.C. 20006  
JGH:ls

cc. Mr. John D. Rockefeller 3rd



## OFFICE MEMORANDUM

TO: Files DATE: July 11, 1966

FROM: Josefina Vial

SUBJECT: Number of Countries with GNP of less than \$4.5 Billion per annum

The total number of countries in the world for purposes of this exercise is taken to be 146. This consists of the list of 131 countries contained in the tabular appendix of Mr. Escott Reid's book on "The Future of the World Bank", plus the following 15 countries:

Andorra  
Basutoland  
Bhutan  
Gambia  
Liechtenstein

Maldiv Islands  
Monaco  
Mongolia  
San Marino  
Seychelles Islands

Sikkim  
Singapore  
Tonga  
Vatican City  
Western Samoa

These, of course, include colonies as well as independent countries.

Of this total of 146 countries, 106 have a GNP of less than \$4.5 billion per annum. In comparing this with the data in Mr. Reid's tabular appendix, the following points may be noted:

- 1) All of the 14 countries which are listed above which are not contained in any way in Mr. Reid's table (Singapore is separately listed but is counted by him as part of Malaysia), fall into the category of less than \$4.5 billion of GNP.
- 2) New Zealand, which had a GNP of \$4.4 billion in 1963, is now judged to have exceeded the \$4.5 billion cut-off point.

In percentage terms, the 106 countries in the world which have a GNP of less than \$4.5 billion represent 73 per cent of the total number of 146 countries in the world.

A list of the 106 countries whose GNP is less than \$4.5 billion per annum is appended herewith.

cc: Messrs. Wishart (2 copies), Friedman, Kamarck, Kalmanoff, Levy

COUNTRIES WHOSE GNP IS LESS THAN \$4.5 BILLION  
(U.S. DOLLAR EQUIVALENT) PER ANNUM

Afghanistan  
Albania  
Algeria  
Andorra  
Barbados  
  
Basutoland  
Bechuanaland  
Bhutan  
Bolivia  
British Guiana  
  
Bulgaria  
Burma  
Burundi  
Cambodia  
Cameroon  
  
Central African Republic  
Ceylon  
Chad  
Chile  
China (Taiwan)  
  
Congo (Brazzaville)  
Congo Democratic Republic of  
Costa Rica  
Cyprus  
Dahomey  
Dominican Republic  
  
Ecuador  
El Salvador  
Ethiopia  
Gabon  
Gambia  
  
Ghana  
Guatemala  
Guinea Republic of  
Haiti  
Honduras  
  
Honduras (British)  
Hong Kong  
Iceland  
Iraq  
Ireland



Israel  
Ivory Coast  
Jamaica  
Jordan  
Kenya

Korea (North)  
Korea (South)  
Kuwait  
Laos  
Lebanon

Liberia  
Libya  
Liechtenstein  
Luxemburg  
Malagasy Republic

Malawi  
Malaysia  
Maldives Islands  
Mali  
Malta

Mauritania  
Mauritius  
Monaco  
Mongolia  
Morocco

Nepal  
Nicaragua  
Niger  
Nigeria  
Oceania

Panama Republic of  
Paraguay  
Peru  
Portugal  
Puerto Rico

Rhodesia (South)  
Rwanda  
San Marino  
Saudi Arabia  
Senegal

Seychelles Islands  
Sierra Leone  
Sikkim  
Singapore  
Somali

Sudan  
Surinam  
Swaziland  
Syria  
Tanzania

Thailand  
Togo  
Tonga  
Trinidad and Tobago  
Tunisia

Uganda  
United Arab Republic  
Upper Volta  
Uruguay  
Vatican City

Viet-Nam (North)  
Viet-Nam (South)  
Western Samoa  
Yemen  
Zambia



UN FAO  
Indicative World  
Plan

June 24, 1966

Mr. L.M. Goreux  
Executive Secretary  
Central Executive Unit  
Indicative World Plan  
Food and Agriculture Organization  
Via delle Terme di Caracalla  
Rome, Italy

Dear Mr. Goreux:

Thank you for sending us for comment the tables dated February 28 on population and gross domestic product.

As you no doubt know Andy Kamarck wrote to Henry Ergas on June 16 in reply to a questionnaire which the latter had sent about the Near East countries. The comments which follow in this letter therefore relate only to other areas of the world.

Before embarking on comments on individual countries I should like to make the following points. First we find it a little difficult to comment on these figures without knowing anything about the assumptions on which they are based. For instance, we wonder why you are generally more optimistic about GDP prospects for 1975-85, than for 1965-75. Secondly, on the methodology, we do not think it is admissible to arrive at a growth rate for per capita GDP over any longish period by subtracting the population growth rate from the GDP growth rate. The per capita GDP growth rates are therefore, in our view, overstated. Thirdly, within a general range, the choice of specific growth rates for a period several years ahead, such as 1975-85, must, of course be more speculative than exact.

Subject to these general caveats, we have the following comments to make about individual countries.

#### Central America

The rates of growth projected for population appear reasonable, but that for GDP may be a little optimistic. The performance of Central America in the last decade indicates that these countries would be doing quite well to achieve

a growth rate of 4.4% to 4.5% in real GDP in the next 20 years. The high target of 6.0% to 6.2% appears definitely optimistic - as no doubt it is intended to be.

The data for actual GDP appear correct, but the Central American countries themselves have since 1965 used new series, which show in all cases a higher GDP. The new series probably contain exaggerations, but more information about them might be obtained from the central banks of the five countries.

#### Dominican Republic

The 1965 GDP amounted to US\$850 million rather than the US\$700 million assumed in the tables. The assumed growth rate in GDP of 4.5% to 5.5% throughout the entire period 1965-1985 seems far too optimistic; and we would suggest that a 3% to 4% growth rate would probably be a more reasonable assumption.

#### Haiti

The GDP estimate (US\$500 million) appears to be on the high side and GDP was probably nearer US\$325 million. There is little doubt that between 1962 and 1965 the per capita GDP of Haiti fell substantially, and the total GDP probably fell also, although no GDP data exist. We feel that it would be difficult to justify the increase which your tables show. The GDP growth rate (3% to 4%) assumed for the 1965-75 period is too high and would, we feel, be more realistically placed in the 2% to 3% range. The "low" projection of a 3.0% to 3.5% rate of growth for 1975-85 would undoubtedly require large infusions of external capital: the "high" projection of 4.0% to 4.5% appears quite unattainable.

#### Jamaica

The population growth rate adopted (1.3% per annum) for the 1965-75 period is based on 1950-1960 data when heavy emigration took place. With the barriers to immigration introduced in the United Kingdom in 1963, the rate of natural population increase (3% per annum) should be used in the population projections 1965-1985.

#### Trinidad and Tobago

The GDP figures used in the tables are GNP figures. As the difference between GDP and GNP amounts to roughly 10% a correction should be made. GDP growth rates (5.2% to 8.5% for the 1965-1975 period and 6.0% to 8.5% for 1975-1985) are too high. We would think that a more realistic assumption would be 2% to 3% for 1965-1975 and 3% to 4% for 1975-1985.



Bolivia

Our recent estimate of per capita GDP was US\$135 as compared with your own estimate of US\$128. For the rest we shall be better informed about Bolivia about the forthcoming Bank economic mission.

Peru

Our own estimate of per capita GDP is US\$365 as compared with your estimate of US\$261. Our 1965 estimate is based on the revised national income series (in current prices) prepared by the staff of the Central Reserve Bank with assistance from the IMF. Your estimate is expressed at 1961-63 prices. As between 1962 (the mid point) and 1965 prices rose by 38%, while the exchange rate was not changed, the difference between your estimate and ours is insignificant (\$360 versus \$365). It could be argued that the 1965 current price GDP overstates the "real" GDP as measured in US dollars by converting the sol at the official rate. However, a possible adjustment of the sol to bring the country's expenditure into balance with its resources would certainly not have to amount to 38%, but perhaps to 10% or 15%, thus reducing per capita GDP to \$315 to \$330.

On population growth rates recent estimates given to us by the staff of the Central Reserve Bank point toward an upward shift in population growth from past estimates of 2.6% per annum to an annual 3.2% (while you have used 2.6% as the "high" figure for future population expansion). As to GDP growth, our own most recent estimates show 5% for the period 1965-1970 and something more than 5% for the early 1970's.

Uruguay

Our own most recent estimate of per capita GDP in 1965 was US\$520. But, GDP estimates expressed in dollars are particularly hazardous because of differences in the movement of domestic prices versus exchange rate adjustments. The per capita GDP estimate has been checked for various years when the exchange rate appeared to be in balance, and seems to be quite well supported. As against it we would suggest that your estimate of US\$420 is rather too low.

We have estimated the rate of growth of GDP for Uruguay at around 5% for the years 1965-74, but this hinges on the success of Uruguay's vital livestock program in the context of improved economic policies and the caution reflected in your own lower estimates is probably well founded.

Ceylon

We consider the projected rate of population growth of 3.1% for 1965-75 is high, and would suggest 2.5% per annum as a more likely rate.



Indonesia

The historic rate of growth of 7.8% per annum which you give is, we think, incorrect. The projected rate of growth is probably all right but the range of possibilities that might occur in Indonesia during the next 20 years is so wide that we have difficulty in forming a judgment.

Malaysia

The projected rate of population growth appears high. It is arguable that the growth rate, particularly amongst Chinese, will fall to 2.0% to 2.5% within the next 15 years.

We are, on the whole, more optimistic than you about projections of GDP, and would suggest that a rate of growth of 5.5% per annum should be attainable on the average.

Philippines

We consider that the population projections are on the high side by 0.1% to 0.2%.

Economic and political circumstances in the Philippines are such that it appears difficult to compress projections of GDP growth into the narrow range assumed in the tables (4.1% to 5.5% in 1965-75, and 4.3% to 6.0% in 1975-85). The Philippine endowment with material and human resources, including the existence of capable entrepreneurs in the private sector, would argue for raising the high projection to perhaps 7%. At the same time Filipinos appear to have great difficulty in organizing their public sector for effectively undertaking the tasks which rapid economic development requires. In view of these difficulties the low growth assumption might be put at 4%.

South Korea

In view of the apparent success in recent years in launching a program of birth control the projected rate of population growth seems considerably too high.

The projected rate of growth of GDP (3.9% to 5.0% in 1965-75 and 3.9% to 5.5% in 1975-85) appears to be too low. Considering recent achievements the high projection might be raised to 7% per annum.

Thailand

We find it difficult to accept the projection of a sharp decline in the



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rate of growth population after 1975. As far as we have been able to determine there are strong reasons for expecting the growth rate to rise at least until 1975 when according to our projection it would reach 3.6% per annum. There is as yet no effective program of birth control in Thailand. In fact, the Government of Thailand recently decided not to institute one in the near future on the grounds that Thailand's resources were sufficient to support a rapidly rising population for some time to come. This attitude makes it difficult to believe that a significant decline in the birth rate will occur.

The projection of GDP growth (4% to 6% for the periods 1965-75 and 1975-85) appear unreasonably low. According to our projection GDP is expected to grow by 6.5% to 7% during the next five years. We see no reason why growth should not continue at this rate in subsequent years, and perhaps be even higher.

I am afraid that in the nature of things many of the comments which we can give you must be very tentative: Moreover, there are a variety of countries on which we are, of course, not able to comment. I hope, however, that the above material will be of use to you.

Yours sincerely,

*BdV*

Barend A. de Vries  
Deputy Director  
Economics Department

R.G. Goreux/GW  
June 24, 1966

Cc: Messrs. Larsen  
Weiner  
McDirmid  
Gilmartin  
Thompson  
Macone  
Maiss  
Levy

June 16, 1966

Mr. I.H. Ergas  
Director  
FAO-IBRD Cooperative Program  
Via delle Terme di Caracalla  
Rome, Italy

Dear Henry:

In your memorandum of May 3<sup>✓</sup> you asked for a number of Bank documents for the World Indicative Plan. I am sending copies of most of those mentioned in your list: the remainder are, I am afraid, not at present available.

You also enclosed a questionnaire of points on which you would like the Bank's views. We have the following remarks in reply to the questions which you asked.

Questions 1 and 2 - Growth Rates in the Non-Agricultural Sector

The growth rate assumed for the non-agricultural sector in Afghanistan appears optimistic, especially for the ten-year period ending in 1975. Industrial production has good prospects for expansion in existing and a few new fields and the discovery of large reserves of natural gas is providing a new source of cheap energy. But potential large scale industries are subject to the constraints of a small domestic market, little comparative advantage with neighboring countries and high cost of access to the sea. Construction activity expanded rapidly in recent years, largely thanks to foreign aid, and may slow down gradually in the future as more emphasis will be put on quick maturing projects in the commodity producing sectors. Services, chiefly government, contributed little in the past to GNP growth and should not be expected to expand much faster in the future since there are already problems of over staffing in government services. Although statistics are scarce and uncertain, a very tentative guesstimate of the growth rate in the non-agricultural sector from 1965 to 1975 would be 4% rather than 6%. Beyond 1975, the choice of rate is entirely speculative. There seems little likelihood of a rapid increase though, of course, with such a low base, it is possible.

Jordan. The growth rate in the non-agricultural sector in 1965-75 may be rather less than the 7% suggested. Mineral resources could contribute to the country's economic development but at present only phosphates are commercially exploited, and they account for over 1/3 of Jordan's exports. In this sector, the large scale industry is confined to a petroleum refinery, a cement mill and a tannery. The lack of raw materials, the scarcity of managerial and technical skill and the small internal market will limit the country's industrial development. Moreover, the largest contribution to the



GDP in the non-agricultural sector is made by wholesale and retail trade and public administration which accounted for 37-40% of the GDP in 1959-1961, and are unlikely to grow fast. Thus the growth rate for the non-agricultural sector in 1965-75 may be nearer 6.5%.

The assumed growth rate of 7% for the non-agricultural sector in 1975-85 we have no reason to disagree with.

Sudan. The growth rates assumed for the non-agricultural sector appear to be reasonable.

Syria. The suggested growth rates for 1965-75 seem optimistic. National income data indicate that while the non-agricultural sector grew at 5% during the years 1953-62, the annual rate of growth had fallen back to 3.7% in the last five years of that period. On the assumption that the ratio of capital depreciation and net factor income payments to the GDP will not be subject to wide fluctuations, and in view of the low rates obtained in the recent past, it appears that during 1965-75 the growth rate for the non-agricultural sector may be nearer 4.5% than 6.5%.

We would also venture to suggest that the growth rate in the agricultural sector may be rather lower than the 4% included in the table, say around 2.5%.

The Syrian Government has accepted the recommendations of the Bank mission's review of 1962 and planning is now again being given a central place since the 1960-61 to 1965-66 plan introduced under the UAR regime was abandoned as over ambitious. It will however take time before the growth rates can rise markedly. Further, the present government is limited in its freedom of choice. Commitments were made by its predecessors for carrying out large projects (like the Euphrates Dam project and the Latakia-Kamechlie Rail link). These large projects, if finally implemented, will lead to increased production but the full benefits will accrue over a long period of time. In the ten years 1975-85 the growth rate for the non-agricultural sector may, therefore, be closer to 6.5% than 6.8%.

On the assumptions we have suggested, including that for the agricultural sector, the overall growth in GDP in 1965-75 may be at a rate of about 3.7%; and in 1975-85 at a rate of about 5.5%.

United Arab Republic. The rate of 7% anticipated for the non-agricultural sector in 1965-75 seems realistic. But industrial growth in the UAR is, to a large extent, dependent on the performance of the agricultural sector. It is estimated that about 80% of the industry works on agricultural raw materials. Accordingly, the estimated growth of 7% depends on the satisfactory performance of agriculture, for which the 4% growth rate seems reasonable in the context of the completion of the Aswan High Dam and the switch from basic to perennial irrigation.



The growth rate of about 7.5% in 1975-85 could be realistic in spite of the possibility of some decline in the rate of growth of the agricultural sector. This is on the assumption that in the intervening ten-year period, the UAR will attempt to diversify industrially and develop its industrial potential. It is already receiving considerable assistance from the USSR, and it is not unlikely that some oil may be found in the UAR. In that event, the growth rates will no doubt significantly increase.

For both the ten-year periods the rate of growth in GNP is estimated slightly more than that in the GDP. Though the UAR's outstanding debt is substantial (estimated at about US\$880 million) and they are likely to continue to need assistance from abroad, this seems to be on the assumption that the rate of inflow of net capital from abroad may somewhat decline and this may lead to some fall in the rate of growth of net investment income payments.

Iran. The growth rate in the non-agricultural sector will continue to be influenced by that of the oil industry for some time to come. Variant I in the table might be achieved during the period 1965-75, whereas, in view of a possible drop in the growth of oil revenues, a slightly lower rate may be more likely in the period 1975-85.

For the next five years, the Bank believes that the increase in oil revenues in Iran is likely to continue at a steady rate of at least 10% a year. A drop in the rate, possibly to around 8%, may be expected in 1970-75 because of the impact of gas from Algeria, Libya and the Netherlands on the markets of Western Europe. Beyond 1975, a further drop might occur, the extent of which will depend upon the use of gas and nuclear energy.

Iraq. The variants in the table for 1965-75 are growth rates of GDP of 7.8, 6.5 or 5.3%. In the past (from 1953-55 to 1961-63) the GDP showed a growth rate of 6.4%. Though Iraq will no doubt attempt to improve upon its past performance, it is likely that during 1965-75, the overall growth rate may be about 6.5%.

In the non-agricultural sector oil is the most important. Production of oil is approaching the present capacity (of 70 million tons) because no major investments have been made in the oil industry in the last three years. The growth rate in the oil industry could be maintained at about 9% during 1965-75 because no serious threat to world oil prices is foreseen and the world crude oil requirements are expected to grow fast. This would, however, be feasible only if necessary investments are made in the oil sector. With the 9% growth rate in the oil sector, the rate for the non-agricultural sector as a whole, may be approximately 6% in 1965-75.

During 1975-85, the rate of growth in the GDP may decline since it is unlikely that large investments in oil will continue to be made. Further the European oil market may also be affected by gas supplies from Libya, the Nether-



lands and Algeria. The growth in the oil sector during this period may therefore be approximately 5%. Other industries may, however, make progress. Accordingly, for the non-agricultural sector as a whole, the growth rate may be maintained at around 6%.

### Question 3 - Resources for Agriculture

More resources should be devoted to the development of agriculture in Iran. But the relevant question is how to get them used productively. In recent years, large amounts of public funds have been spent on the implementation of the Land Reform Program, but a good deal of this has been used for consumption. This program has put a heavy demand on the administrative capacity of the government, and has thus caused delays in other programs that might have increased productivity. It may take some time before Iranian agriculture expands its capacity to absorb funds productively at a substantially higher rate than at present.

The questionnaire asked about the oil producing countries, but in addition to these Afghanistan is one clear case where resources for agricultural development should be increased in absolute as well as in relative terms. We are supporting the plans for upgrading and expanding the transactions of the Agricultural Bank; and we shall probably support the government's intention for the third plan to put strong emphasis on the development of commodity producing sectors, of which agriculture is by far the most important.

### Question 4 - Fertilizer Industries

The development of fertilizer industries in the near East will depend primarily on the size of the markets which they can hope to supply, and, as you know, this is highly problematical. However, we gather that some privately financed ammonia projects are being considered (and one is under way) in Iran, Kuwait, and Saudi Arabia.

As for the Bank's attitude towards the development of fertilizer industries, I do not think I can do better than refer you to Mr. Woods' speech of February 25, 1966 to ECOSOC, in which he said:

"In the World Bank Group we are actively exploring a wide range of specific projects in the fertilizer field right now. We stand ready to give prompt and sympathetic consideration to further requests for assistance, employing whatever financial techniques seem most appropriate to a given situation. It is my hope that we can serve as honest broker for organizations in the public sector or the private sector or both wherever collaboration is necessary or desirable. It is my hope, too, that we can serve as honest broker between governments in the various regions of the under-developed world where international cooperation is necessary or desirable."

Mr. I.H. Ergas

- 5 -

June 16, 1966

A copy of this speech is enclosed since it contains a longish passage about fertilizer industries.

Questions 5 and 6 - Prospects for Extra Long Staple Cotton

We shall be able to give you a more considered reply to these questions when Mr. Varon has returned from the Conference which he is presently attending. I am, therefore, asking Tony Macone to write to you separately about these two questions in the course of the next fortnight.

I hope the above material will prove helpful. The documents are being air freighted to you under separate cover.

Yours sincerely,

Andrew M. Kamarck  
Director  
Economics Department

cc: Messrs. El Emary  
Takahashi Stevenson  
Polbert Demuth  
Bohr Evans  
Macone  
Maiss

RGilmore:cc



D R A F T

*B. Gilmore; cc*

Mr. I.H. Ergas  
Director  
FAO-IBRD Cooperative Program  
Via delle Terme di Caracalla  
Rome, Italy

Dear Henry:

In your memorandum of May 3<sup>✓</sup> you asked for a number of Bank documents for the World Indicative Plan. I am sending copies of most of those mentioned in your list: the remainder are, I am afraid, not at present available.

You also enclosed a questionnaire of points on which you would like the Bank's views. We have the following remarks in reply to the questions which you asked.

Questions 1 and 2 - Growth Rates in the Non-Agricultural Sector

The growth rate assumed for the non-agricultural sector in Afghanistan appears optimistic, especially for the ten-year period ending in 1975. Industrial production ~~[still at the infancy stage and largely originating from the public sector]~~ has good prospects for expansion in existing and a few new fields, <sup>and</sup> the discovery of large reserves of natural gas is providing a new source of cheap energy. But, potential large scale industries are subject to the constraints of a small domestic market, little comparative advantage with neighboring countries and high cost of access to the sea. Construction activity expanded rapidly in recent years, largely thanks to foreign aid, and may slow down gradually in the future as more emphasis will be put on quick maturing projects in the commodity producing sectors. Services, chiefly government, contributed little in the past to GNP growth and should not be expected to expand much faster in the future since there

are already problems of over staffing in government services. Although statistics are scarce and uncertain, a very tentative guesstimate of the growth rate in the non-agricultural sector from 1965 to 1975 would be 4% rather than 6%. Beyond 1975, the choice of rate is entirely speculative. There seems little likelihood of a rapid increase though, of course, with such a low base, it is possible.

Jordan. ~~We consider that~~ The growth rate in the non-agricultural sector in 1965-75 may be rather less than the 7% ~~you~~ suggest<sup>ed</sup>. Mineral resources <sup>could ~~not~~ contribute to</sup> ~~are a potential source of~~ the country's economic development but at present only phosphates are commercially exploited, and they account for over 1/3 of Jordan's exports. In this sector, the large scale industry is confined to a petroleum refinery, a cement mill and a tannery. The lack of raw materials, <sup>the</sup> scarcity of managerial and technical skill and the small ~~limited~~ internal market <sup>will limit</sup> ~~provide very little prospect for~~ the country's industrial development. ~~During 1965-75, mining and industry together may~~ <sup>Moreover,</sup> ~~continue to account for about 10% of the GDP.~~ <sup>which,</sup> The largest contribution to the GDP in the non-agricultural sector is made by "wholesale and retail trade and public administration," <sup>and are unlikely to grow fast.</sup> They accounted for 37-40% of the GDP in 1959-1961, <sup>Thus, growth</sup> ~~Since the scope for their growth is limited, it is felt that~~ <sup>be nearer</sup> ~~the rate for the non-agricultural sector in 1965-75 may approximate~~ to 6.5%. <sup>in</sup> The assumed growth rate ~~for 1975-85~~ of 7% for the non-agricultural sector ~~seems reasonable.~~ <sup>we have no reason to disagree with</sup>

Sudan. The growth rates assumed for the non-agricultural sector appear to be reasonable.

Syria. The suggested growth rates for 1965-75 seem optimistic. <sup>data</sup> ~~The data on~~ National income <sup>data</sup> indicate that while the non-agricultural sector grew at 5% during the years 1953-62 the annual rate of growth had fallen back to 3.7% in the last five years of that period. On the



assumption that the ratio of capital depreciation and net factor income payments to the GDP will not be subject to wide fluctuations, and in view of the low rates obtained in the recent past, it appears that during 1965-75 the growth rate for the non-agricultural sector may be nearer 4.5% than 6.5%. We would also venture to suggest that the growth rate in the agricultural sector may be rather lower than the 4% ~~you have~~ included in <sup>the</sup> your table, say around 2.5%. ~~The five year plan (for 1960/61 to 1965/66) introduced in the UAR Regime, was practically abandoned since it turned out to be over ambitious. But no alternative plan has been envisaged so far.~~ The Syrian Government has accepted the recommendations of the Bank mission's review of 1962 and planning is now again being given a central place. It will however take time before the growth rates can <sup>rise markedly.</sup> ~~attain very high levels.~~ Further, the present government is limited in its freedom of choice. Commitments were made by its predecessors for carrying out large projects (like the Euphrates Dam project, <sup>and</sup> the Latakia-Kamechlie Rail link, ~~fertilizer factory, etc.~~) ~~including those for which foreign financing has been arranged.~~ These large projects, if finally implemented, will lead to increased production but the full benefits will accrue over a long period of time. In the ten years 1975-85 the growth rate for the non-agricultural sector may <sup>therefore,</sup> be closer to 6.5% than 6.8%. <sup>including that in the agricultural sector,</sup> On the assumptions we have suggested the overall growth in GDP in 1965-75 may be at a rate of about 3.7%; and in 1975-85 at a rate of about 5.5%.

United Arab Republic. The rate of 7% anticipated for the non-agricultural sector in 1965-75 seems realistic. ~~It could as well have been somewhat higher, in case the UAR government adopt flexible policies. There is uncertainty about the future policies to be followed by the Nasser Government but on present indications, it seems safe to go by this~~

Since the 1960-61 to 1965-66 plan introduced under the UAR regime was abandoned as over ambitious.

percentage.] But ~~the growth in the industrial sector~~ in the UAR is, to a large extent, dependent on the performance of the agricultural sector. It is estimated that about 80% of the industry works on agricultural raw materials. Accordingly, the estimated growth of 7% <sup>depends</sup> ~~is dependent~~ on the satisfactory performance of ~~the agricultural sector~~, for which the ~~growth rate~~ <sup>growth rate</sup> of 4% seems reasonable in the context of the completion of the Aswan High Dam and the switch from basic to perennial irrigation. <sup>could be</sup> ~~seems~~ realistic in spite of the possibility of some decline in the rate of growth of the agricultural sector. This is on the assumption that in the intervening ten year period, the UAR will attempt to ~~set up diversified industry~~ <sup>diversify industrially and develop</sup> with a view ~~to developing~~ its industrial potential. It is already receiving considerable assistance from the USSR, <sup>and</sup> ~~it~~ is not unlikely that some oil may be found in the UAR, ~~and~~ In that event, the growth rates will no doubt significantly increase.

~~It will be observed that~~ For both the ten year periods the rate of growth in GNP is estimated slightly more than that in the GDP. Though the UAR's outstanding debt is substantial (estimated at about U.S.\$880 million) and they are likely to continue to need assistance from abroad, this seems to be on the assumption that the rate of inflow of net capital from abroad may somewhat decline and this may lead to some fall in the rate of growth of "net investment income payments."

Iran. The growth rate in the non-agricultural sector will continue to be influenced by that of the oil industry for some time to come. Variant <sup>in the table,</sup> ~~I~~ might be achieved during the period 1965-75, whereas, in view of a possible drop in the growth of oil revenues, a slightly lower rate may be more likely in the period 1975-85.

For the next five years, the Bank believes that the increase



in oil revenues in Iran is likely to continue at a steady rate of at least 10% a year. A drop in the rate, possibly to around 8%, may be expected in 1970-75 because of the impact of gas from Algeria, Libya and the Netherlands on the markets of Western Europe. Beyond 1975, a further drop might occur, the extent of which will depend upon the use of gas and nuclear energy.

<sup>variants in the table for</sup>  
Iraq. The ~~projections indicate that during the ten years~~  
1965-75 <sup>are</sup> ~~the~~ growth rates of GDP <sup>of</sup> ~~could be either~~ 7.8, 6.5 or 5.3%. In the past (from 1953-55 to 1961-63) the GDP <sup>showed</sup> ~~indicated~~ a growth rate of 6.4%. Though Iraq <sup>will</sup> ~~would~~ no doubt attempt to improve upon its past performance, it is <sup>likely</sup> ~~felt~~ that during 1965-75, the <sup>overall</sup> ~~growth~~ rate may be about 6.5%. // In the non-agricultural sector oil is the most important. Production of oil is approaching the present capacity (of 70 million tons) because no major investments have been made in the oil industry in the last three years. The growth rate in the oil industry could be maintained at about 9% during 1965-75 because no serious threat to world oil prices is <sup>foreseen</sup> ~~envisaged~~ and the world crude oil requirements are expected to grow fast. This would, however, be feasible only if necessary investments are made in the oil sector. With the 9% growth rate in the oil sector, the rate for the non-agricultural sector as a whole, may be approximately 6% in 1965-75.

During 1975-85, the rate of growth in the GDP may decline ~~to~~ ~~about 5.3%~~ since it is unlikely that large investments in oil will continue to be made. Further the European oil market may also be affected by gas supplies from Libya, the Netherlands and Algeria. The growth in the oil sector during this period may therefore be approximately 5%.

"Other industries" may, however, make progress. Accordingly, for the non-agricultural sector as a whole, the growth rate may be maintained

at around 6%.

### Question 3 - Resources for Agriculture

~~This is a question which it is of course very difficult to answer in general terms. But directing it to specific countries we have the following points on Iran and Afghanistan.~~

~~On balance we consider that~~ <sup>More</sup> resources should be devoted to the development of agriculture in Iran. But the relevant question is how to get them used productively. In recent years, large amounts of public funds have been spent on the implementation of the Land Reform Program, but a good deal of this has been used for consumption. This program has put a heavy demand on the administrative capacity of the government, and has thus caused delays in other programs that might have increased productivity. It may take some time before Iranian agriculture expands its capacity to absorb funds productively at a substantially higher rate than at present.

<sup>The questionnaire</sup>  
~~You~~ asked about the oil producing countries, but in addition to these Afghanistan is one clear case where resources for agricultural development should be increased in absolute as well as in relative terms. We are supporting the plans for upgrading and expanding the transactions of the Agricultural Bank; and we shall probably support the governments' intention for the third plan to put strong emphasis on the development of commodity producing sectors, of which agriculture is by far the most important.

### Question 4 - Fertilizer Industries

The development of fertilizer industries in the near East will depend primarily on the size of the markets which they can hope to supply, and <sup>as you know,</sup> ~~this~~ is highly problematical. ~~As you no doubt know, we are giving the matter some considerable attention, but our studies are in~~



~~too preliminary a stage to give any firm or quantified views about prospects at this stage.~~ <sup>However, we gather</sup> You may also know that some privately financed ammonia projects are being <sup>considered (and one is under way)</sup> ~~proposed, and others are underway,~~ in Iran, ~~and~~ Kuwait, ~~Libya~~ and Saudi Arabia.

As for the Bank's attitude towards the development of fertilizer industries, I do not think I can do better than refer you to Mr. Woods' speech of February 25, 1966 to ECOSOC, in which he said:

"In the World Bank Group we are actively exploring a wide range of specific projects in the fertilizer field right now. We stand ready to give prompt and sympathetic consideration to further requests for assistance, employing whatever financial techniques seem most appropriate to a given situation. It is my hope that we can serve as honest broker for organizations in the public sector or the private sector or both wherever collaboration is necessary or desirable. It is my hope, too, that we can serve as honest broker between governments in the various regions of the underdeveloped world where international co-operation is necessary or desirable."

A copy of this speech is enclosed since it contains a longish passage about fertilizer industries.

Questions 5 and 6 - Prospects for Extra Long Staple Cotton

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I hope the above material will prove helpful. The documents are being air freighted to you under separate cover.

Yours sincerely,  
A.M. Kamarck  
Director, Economics Department

cc: Messrs. El Emery, Takahashi,  
Tolbert, Bohr, Macone, Maiss

## OFFICE MEMORANDUM

TO: Mr. Andrew M. Kamarck

DATE: June 10, 1966

FROM: S. N. Kao

SUBJECT: Indicative World Plan - Likely Growth Rates of GDP in 1965-75  
and 1975-85 in UAR, Iraq, Jordan and Syria.

1. The following paragraphs comment on the growth rates projected by FAO for the "agricultural" and "non-agricultural" sectors, in respect of UAR, Iraq, Jordan and Syria. These comments are based either on discussions with area economists or on the latest available economic reports.

2. UAR - For the ten year period 1965-75, the envisaged growth rate of 4% for agriculture appears reasonable in the context of the completion of the High Dam in the UAR. The Egyptians now envisage switching over from 'basic' to "perennial" irrigation; this will no doubt strengthen their agricultural sector. It may, however, be mentioned that 'cotton' plays a significant role in UAR's export trade. Since world cotton prices are expected to decline, UAR will have to make an earnest effort to increase the quantum of cotton exports so that they are able to achieve the envisaged growth rate.

E1 3. The rate of 7.0% anticipated for the non-agricultural sector <sup>in 1965-75</sup> also seems realistic. [It could as well have been somewhat higher, in case the UAR Government adopt flexible policies. There is uncertainty about the future policies to be followed by Nasser Government but on present indications, it seems safe to go by this percentage.] The growth in the industrial sector in UAR, is to a large extent, dependent on the performance of the agricultural sector. It is estimated that about 80% of the industry works on agricultural raw materials. Accordingly, the estimated growth rate of 7.0% is dependent on the satisfactory performance of the agricultural sector, <sup>for the switch from basic to perennial irrigation.</sup>

4. For 1975-85, the maintenance of the growth rate of 4.0% in the agricultural sector would require considerable effort. The actual growth in this period may be somewhat lower (say about 3.5%) particularly because of the following two factors:

(i) The decline in world cotton prices may start reflecting on the total value of cotton exports notwithstanding the larger quantities which may be exported by the UAR.

(ii) The limitation of water resources.

The two adverse factors mentioned above, may be partly offset by the cultivation of higher-value-crops (like tomatoes, citrus - fruit etc.) but their effect may, in any case, be marginal.

E2 5. For the non-agricultural sector, the growth rate of about 7.5% <sup>in 1975-85</sup> seems realistic in spite of the possibility of some decline in the rate of growth of the agricultural sector. This is on the assumption that in



the intervening ten year period, UAR will attempt to set up diversified industries with a view to developing its industrial potential. They are already receiving considerable assistance from the USSR. It is not unlikely that some 'oil' may be found in UAR and in that event, the growth rate will no doubt significantly increase.

6. It will be observed that for both the ten year periods (*viz.* 1965-75 and 1975-85), the rate of growth in GNP is estimated slightly more than that in the GDP. Though UAR's outstanding debt is substantial (estimated at about US\$ 880 million) and they are likely to continue to need assistance from abroad, this seems to be on the assumption that the rate of inflow of net capital from abroad may somewhat decline and this may lead to some fall in the rate of growth of "net investment income payments".

G 1 7. Iraq - The projections indicate that during the ten years 1965-75 the growth rate of GDP could be either 7.8, 6.5 or 5.3%. In the past (from 1953-55 to 1961-63) the GDP indicated a growth rate of 6.4%. Though Iraq would no doubt attempt to improve upon its past performance, it is felt that during 1965-75, the growth rate may approximate 6.5%.

8. In the agricultural sector (including forestry and fishing), despite heavy investments in the pre-revolution period, the growth rate worked out to 1.0% (from 1953-55 to 1961-63). Though in the plan period (1965/66 to 1969/70) Government envisages the growth rate at 7.5%, this is very optimistic. Even the assumed rate of 3.5% seems on the high side. With necessary effort, the actual growth rate during 1965-75 may work out to about 2.5% per annum.

9. In the non-agricultural sector, oil is most important. Production of oil is approaching the present capacity (of 70 million tons) because no major investments have been made in the oil industry in the last 3 years. The growth rate in oil industry could be maintained at about 9% during 1965-75 because no serious threat to world oil prices is envisaged and the world crude oil requirements are expected to grow fast. This would, however, be feasible only in case necessary investments are made in the oil sector. With the 9% growth rate in the oil sector, the rate for the non-agricultural sector as a whole, may approximate 6% in 1965-75.

G 2 10. During 1975-85, the rate of growth in the GDP may decline to about 5.3% since it is unlikely that large investments in 'oil' will continue to be made. Further, the European oil market may also be affected by gas supplies from Libya, Netherlands and Algeria. The growth in the oil sector during this period may therefore approximate 5%. 'Other industries' may, however, make progress. Accordingly, for non-agricultural sector as a whole, the growth rate may be maintained around 6%.

11. The Government's effort to step up agricultural production may also start bearing results during this period. Accordingly the growth rate in the agricultural sector during 1975-85 may work out to 3.5% per annum as assumed.



12. Jordan - 1965-75 - The assumed growth rate of 4% for the agricultural sector in this period seems slightly optimistic. Though there is considerable scope for increasing production, Jordan continues to be largely dependent on uncertain rainfall. Only around 10% of the total area is cultivated and of this, only 10% is irrigated. During 1955 to 1963 the agricultural sector did not show sustained growth. From 1963 to 1970 the growth rate is envisaged at about 2.8%. While Jordan will continue to attempt to step up agricultural production, but the growth for the ten year period (1965-75) may not exceed 3.5%.

B 13. The non-agricultural sector accounted for 80 to 85% of the GDP in 1959 to 1961. The mineral resources are the second potential source of the country's economic development but they are being explored. At present only phosphates are commercially exploited and account for over a third of Jordan's exports. In this sector, the large scale industry is confined to a petroleum refinery, a cement mill and a tannery. The lack of raw materials, scarcity of managerial and technical skill and the limited internal market provide very little prospect for the country's industrial development. During 1965-75, mining and industry together may continue to account for about 10% of the GDP. The largest contribution to the GDP in the non-agricultural sector is made by "wholesale and retail trade and public administration". They accounted for 37 to 40% of the GDP in 1959 to 1961. Since the scope for their growth is limited, it is felt that the rate for the non-agricultural sector in 1965-75, may approximate 6.5% (instead of 7%).

14. With the estimated growth rate of 3.5% for the agricultural sector and of about 6.5% for the non-agricultural sector, the overall growth in the GDP during 1965-75, may amount to about 6%.

15. The assumed growth rates for 1975-85 (of 4% for agricultural, 7% for non-agricultural and 6.5% for the entire GDP) seem reasonable.

D 16. Syria - The projections of the growth rates of <sup>4.0</sup>4% for 'agriculture' and of 6.5% for the 'non-agriculture' sectors of the economy during 1965-75, seem optimistic. The data on national income indicate that during the 9 years 1953 to 1962, the income from the 'agricultural' and the 'non-agricultural' sectors grew at the rates of 3.6 and 5.0%, respectively. However, during the 5 years 1957 to 1962, the growth rate for the two sectors was only 1.1% and 3.7%, respectively. The decline was primarily because idle land suitable for cultivation (at low investment cost) was exhausted and also because of the inadequate transport facilities. On the assumption that the ratio of "capital depreciation and net factor income payments" to the GDP will not be subject to wide fluctuations and in view of the low rates obtained in the recent past, it appears that during 1965-75 the growth rates may approximate 2.5% for "agriculture" and 4.5% for the 'non-agricultural' sectors (instead of 4% and 6.5%, respectively). The five year plan (for 1960/61 to 1965/66) introduced in the UAR regime, was practically abandoned since it turned out to be over ambitious. But no alternative plan has been envisaged so far. The Syrian Government has accepted the recommendations of the Bank



June 10, 1966

Mission's review of 1962 and planning is now being given a central place. It will however take time before the growth rates can attain very high levels. Further, the present Government is limited in its freedom of choice. Commitments were made by its predecessors, for carrying out large projects (like Euphrates Dam project, Latakia-Kamechlie rail link, fertilizer factory etc.) including those for which foreign financing has been arranged. These large projects, if finally implemented, will lead to increased production, but the full benefits will accrue over a long period of time.

17. With the growth of 2.5% in agriculture and of 4.5% in non-agriculture, the total GDP may grow at the rate of about 3.7% during 1965-75 (compared to about 2.6% during 1957 to 1962).

18. In the <sup>4</sup>succeeding 10 year period (viz. 1975-85), the growth rate for agriculture may reach the assumed level of 4%. However, for the non-agricultural sector, the rate may be closer to 6.5% than to 6.8%. On this basis, the overall growth in GDP during 1975-85 may amount to about 5.5%.

cc: Messrs. de Vries  
Maiss

## OFFICE MEMORANDUM

TO: Mr. A. M. Kamarck

DATE: June 3, 1966

FROM: S. M. Tolbert *SMJ*SUBJECT: Indicative World Plan, Iran and Afghanistan

Further to my memo to you of June 2, please find attached documents requested by Mr. Ergas in his memorandum to you of May 3, 1966.

The appraisal report on the Dez Multipurpose Project of February 11, 1960 is being reproduced since no spare copies are available; this will be sent along to you as soon as available. The "Project Report and Documents (1960)" referred to in Mr. Ergas' list could not be identified.

## Attachments:

Afghanistan

Agreement for Kunduz Khanabad River Basin (10.6.64)  
Development Prospects (18.2.1963)  
Appraisal of an Education Project (30.10.1964)

Iran

The Economic Development Program: An Appraisal (17.4.1963)  
Recent Economic Developments and progress of the 3rd Plan (1964)  
Appraisal of Feeder Roads Project (28.1.1965)  
Appraisal of third Highway project (14.4.1965)  
Current Economic Position and Prospects (30.3.1965)  
Current Economic Position and Prospects (29.12.1965)

SMTolbert:bl



## OFFICE MEMORANDUM

TO: Mr. A. M. Kamarck

DATE: June 2, 1966

FROM: S. M. Tolbert *SMJ*

SUBJECT: Indicative World Plan, Iran and Afghanistan

1. The following comments are offered on the questions raised in Mr. Ergas' memorandum to you of May 3, 1966. They have been assembled by Mr. Merat after discussions with Messrs. McDiarmid and Hablutzel of this Department, and Miss Villafuerte (on oil).

### Growth rates in the non-agricultural sector (Question 1)

A. 2. The growth rate assumed for the non-agricultural sector in Afghanistan appears optimistic, especially for the ten-year period ending in 1975. Industrial production, still at the infancy stage and largely originating from the public sector, has good prospects for expansion in existing and a few new fields. The discovery of large reserves of natural gas is providing a new source of cheap energy. But, potential large-scale industries are subject to the constraints of a small domestic market, little comparative advantage with neighboring countries, and high cost of access to the sea. Construction activity expanded rapidly in recent years, largely thanks to foreign aid, and may slow down gradually in the future as more emphasis will be put on quick maturing projects in the commodity producing sectors. Services, chiefly Government, contributed little in the past to GNP growth and should not be expected to expand much faster in the future since there are already problems of over-staffing in Government services. Although statistics are scarce and uncertain, a very tentative guesstimate of the growth rate in the non-agricultural sector from 1965 to 1975 would be 4 per cent rather than 6. Beyond 1975, the choice of a rate is entirely speculative. There seems little likelihood of a rapid increase though, of course, with such a low base, it is possible, ~~as in Pakistan.~~

F. 3. In the case of Iran, the growth rate in the non-agricultural sector will continue to be influenced by that of the oil industry for some time to come. Variant I might be achieved during the period 1965-75, whereas, in view of a possible drop in the growth of oil revenues (see para 4), a slightly lower rate may be more likely in the period 1975-85.

### Growth rate of the oil sector in Iran (Question 2)

F<sub>2</sub> 4. For the next five years, the Bank believes that the increase in oil revenues in Iran is likely to continue at a steady rate of at least 10 per cent a year. A drop in the rate, possibly to around 8 per cent, may be expected in 1970-75 because of the impact of gas from Algeria, Libya and the Netherlands on the markets of Western Europe. Beyond 1975, a further drop might occur, the extent of which will depend upon the use of gas and nuclear energy.

### More resources for agricultural development (Question 3)

2 5. More resources should be devoted to the development of agriculture in Iran. But the relevant question is how to get them used productively. In

recent years, large amounts of public funds have been spent on the implementation of the Land Reform program, but a good deal of this has been used for consumption. This program has put a heavy demand on the administrative capacity of the Government, and has thus caused delays in other programs that might have increased productivity. It may take some time before Iranian agriculture expands its capacity to absorb funds productively at a substantially higher rate than at present.

2 6. Apart from the oil-producing countries, for which the question was asked, Afghanistan is one clear case where resources for agricultural development should be increased in absolute, as well as in relative terms. We are supporting the plans for upgrading and expanding the transactions of the Agricultural Bank; and we shall probably support the Government's intention for the Third Plan to put strong emphasis on the development of commodity producing sectors, of which agriculture is by far the most important.

Fertilizer Industry in Iran (Question 4)

7. The Government has established a fertilizer plant near Sheraz based on gas. Most of Iran's gas production is now being flared, however.

8. Other fertilizer plants may be justified, depending on the rate at which demand can be expanded by demonstration, education, etc. But the merits of each project would have to be examined. Private manufacture and marketing of a more aggressive sort would probably be useful in expanding the market.



Mr. A.M. Kamarek

May 27, 1966

S. Takahashi *ST*

Indicative World Plan

1. The following reports are out of date and would probably not be useful in preparing the IWP:

Dez Multipurpose Project (11.2.1960)- Iran  
Project Report and Documents (Roseires) (1961)- Sudan  
Project Report and Documents (Managil) (1960)- Sudan

2. We do not see the relevance of the following documents to the IWP:

Draft Agreement for Kunduz Khanabad River Basin (10.6.64)

3. The following documents are no longer available:

Project Report and Documents (1960)-Iran  
Draft Report of Project Identification (17.8.1964)-Iraq  
Economic Development: Irrigation, Agriculture (8.4.1963)-no  
copies available-U.A.R.

4. We have no objections to supplying the following documents:

Appraisal of Feeder Roads Project (28.1.1965)-Iran  
Appraisal of third Highway project (14.4.1965)-Iran  
Project Report and Documents (Agricultural Credit), (1963)-Jordan  
Loan and Development Credit (17.8.1964)-Sudan

STakahashi:vr

## OFFICE MEMORANDUM

TO: Mr. A.M. Kamarck

DATE: May 27, 1966

FROM: S. Takahashi *ST*SUBJECT: Indicative World Plan

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Loan and Development Credit (17.8.1964)-Sudan



## OFFICE MEMORANDUM

TO: Mr. A. M. Kamarck

DATE: May 24, 1966

FROM: A. G. El Emary *ag EE*SUBJECT: Indicative World Plan

As requested in your memorandum of May 11, 1966, I am forwarding the requested information and documents (where available).

A. Documents:

Attached are the following Bank documents on Sudan as requested by Mr. Ergas:-

The Ten-Year Plan of Economic and Social Development  
(30.10.1963)  
Agriculture in the Sudan (30.10.1963)  
Industry (30.10.1963)  
The Gezira Study (30.10.1963)  
Report of the President on Proposed Changes in Roseires  
Irrigation Project  
Loan and Dev. Credit (17.8.1964)  
Memorandum on the Economic Situation (29.11.1965)

There are no copies available of "Project Report and Documents (Roseires) (1961)." Mr. Evans does not wish for "Project Report and Documents Managil (1960)" to be released. He will communicate with you directly on this matter.

B. Growth Rates and Other requested Information:

Question 1: The growth rate assumed for Sudan's non-agricultural sector appears to be reasonable.

Question 6: Considering that the Sudanese textile industry was established only recently, a gradual decrease in production costs seems likely which could make the industry competitive. If this occurred the textile industry would probably be able to expand its production significantly without exceeding demand. However, due in part to "teething problems" involving costs and management, the industry is currently having some difficulty in disposing of its output. It would be unwise for the industry to try to grow too rapidly before it is able to use its existing capacity efficiently.

Questions 2-4 are not relevant to Sudan. Question 5 should be answered by Economics Department.

36  
agreements  
in Roseires  
attached  
initial

|                                                                                                                                                       |  |                             |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------------|--|
| ROUTING SLIP                                                                                                                                          |  | Date<br><b>May 11, 1966</b> |  |
| NAME                                                                                                                                                  |  | ROOM NO.                    |  |
| Mr. Demuth                                                                                                                                            |  |                             |  |
| Mr. Evans ✓                                                                                                                                           |  | ✓                           |  |
| <i>Mr. Talbot</i>                                                                                                                                     |  |                             |  |
|                                                                                                                                                       |  |                             |  |
|                                                                                                                                                       |  |                             |  |
| To Handle                                                                                                                                             |  | Note and File               |  |
| Appropriate Disposition                                                                                                                               |  | Note and Return             |  |
| Approval                                                                                                                                              |  | Prepare Reply               |  |
| Comment                                                                                                                                               |  | Per Our Conversation        |  |
| Full Report                                                                                                                                           |  | Recommendation              |  |
| Information                                                                                                                                           |  | Signature                   |  |
| Initial                                                                                                                                               |  | Send On                     |  |
| REMARKS                                                                                                                                               |  |                             |  |
| <p><b>For your information and comments<br/>on any matters that fall within<br/>your field of interest, please.</b></p> <p><i>reply by May 27</i></p> |  |                             |  |
| From <b>A.M. Kamarck</b> <i>awg</i>                                                                                                                   |  |                             |  |



## OFFICE MEMORANDUM

TO: Mr. A. G. El Emary

DATE: May 11, 1966

FROM: A. M. Kamarck *only*SUBJECT: Indicative World Plan*Mr. Calbiha  
Please let me  
have your views  
2*

Attached is a memorandum and set of papers from Mr. Ergas.  
You will see that he asks:

- 1) for a set of documents covering some of your countries. Would you please let me know whether you can release any or all of them.
- 2) your views on growth rates and some other questions. Would you please let me have your views on any of these that fall in your field.

*Jan*  
A. G. El Emary

Mr. Ergas does not indicate any time period for our views. I would appreciate it if you could let me have your material by May 27 so that I could assemble and send off the lot by June 1 and get it out of the way.

*Rasmussen*

No. 75  
(2-60)

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE  
CONFERENCE

INTERNATIONAL DEVELOPMENT  
ASSOCIATION

ROUTING SLIP

Date

May 11, 1966

NAME

ROOM NO.

~~Mr. Demuth~~

~~Mr. Evans~~

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

For your information and comments  
on any matters that fall within  
your field of interest, please.

*No comment*  
*WEC*

From A.M. Kamarck



Mr. S. R. Cope

May 11, 1966

A. M. Kamarek

Indicative World Plan

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You will see that he asks:

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- 2) your views on growth rates and some other questions. Would you please let me have your views on any of these that fall in your field.

Mr. Ergas does not indicate any time period for our views. I would appreciate it if you could let me have your material by May 27 so that I could assemble and send off the lot by June 1 and get it out of the way.

cc: Mr. Demuth ✓  
Mr. Evans

Mr. Alexander Stevenson

May 11, 1966

A. M. Kamarek

Indicative World Plan

Attached is a memorandum and set of papers from Mr. Ergas.  
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- 2) your views on growth rates and some other questions. Would you please let me have your views on any of these that fall in your field.

Mr. Ergas does not indicate any time period for our views. I would appreciate it if you could let me have your material by May 27 so that I could assemble and send off the lot by June 1 and get it out of the way.



## OFFICE MEMORANDUM

TO: Mr. A. Kamarck

DATE: May 3, 1966

FROM: I.H. Ergas

SUBJECT: Request by Indicative World Plan  
for Assistance from I.B.R.D.

The I.W.P. has asked for assistance from the Bank on a number of points connected with its forthcoming paper on the Near East. These points were discussed in a general way with Mr. Thompson during his recent visit to Rome, but he suggested that it would be better to submit them in writing. They are as follows:

1. The I.W.P. would like to be provided with a number of Bank documents, over and above those which have already been supplied to the Cooperative Programme. The list of documents is shown in the attached sheet. I would be grateful if you could arrange either to supply these or indicate a decision not to do so.

2. In making its forecasts the I.W.P. has had to assume growth rates of GDP in various countries. These growth rates are shown in the attached tables. It should be stressed that these are extremely tentative; nevertheless the I.W.P. would like to receive the Bank's views on them. In order to be specific, the points on which information is requested are set out in the form of a questionnaire.

Your cooperation on this matter will be much appreciated. I would be grateful if you could send the material to me to Rome.

Attachments: i. List of documents requested  
ii. Questionnaire and Tables

RBishop:lac

List of Bank Reports (Required by I.W.P.)

Afghanistan

- B Draft Agreement for Kunduz Khanabad River Basin (10.6.64) *from countries be relevant?*  
Development Prospects (18.2.1963)  
Appraisal of an Education Project (30.10.1964)

Iran

- The Economic Development Program: An Appraisal (17.4.1963)  
Project Report and Documents (1960) X  
Recent Economic Developments and progress of the 3rd Plan (1964)  
Appraisal of Feeder Roads Project (28.1.1965) *out of date*  
A Dez Multipurpose Project (11.2.1960)  
Appraisal of third Highway project (14.4.1965)  
Current Economic Position and Prospects (30.3.1965)  
Current Economic Position and Prospects (29.12.1965)

Iraq

- Current Economic Position and Prospects (30.9.1963)  
Draft Report of Project Identification (17.8.1964) X

Jordan

- C Project Report and Documents (Agricultural Credit), (1963) *To-388a*  
Recent Economic Developments (23.10.1963) *They were / have*

Kuwait

- The Economy (3.2.1964)

Sudan

- A *Am. Enana* *no* The Ten Year Plan of Economic and Social Development (30.10.1963)  
X Project Report and Documents (Roseires) (1961) *out of date, but*  
Project Report and Documents (Managil) (1960) *present the*  
Agriculture in the Sudan (30.10.1963) *? who/with*  
Industry (30.10.1963) *? why?*  
The Gezira Study (10.1964) *?*  
Report of the President on Proposed Changes in Roseires Irrigation Project  
C Loan and Dev. Credit (17.8.1964)  
Memorandum on the Economic Situation (29.11.1965)

Syria

- The Economy (23.10.1963)

U.A.R.

- Economic Development: Irrigation, Agriculture (8.4.1963) X *no copies available*



INDICATIVE PLAN (1965-85) FOR THE NEAR EAST REGION

Attached is a table indicating the projected growth rates of GDP, broken down into agriculture and non-agriculture and of GNP, for 1965-75 and 1975-85 for the non-oil exporting countries and oil exporting countries of the Near East Region. Alternative growth rates (variant i, ii, and iii) for the oil exporting countries are also indicated.

We would be grateful to have the views of the IBRD on the following:

1. Is the growth rate assumed for the non-agricultural sector realistic?
2. In the oil exporting countries, it may be useful to have a breakdown of the non-agricultural sector into oil and non-oil. Which among the alternative growth rates assumed for the oil sector can be considered reasonable?
3. Since among the oil exporting countries, Iran and Iraq have considerable agricultural potential, should not more resources be devoted to development of agriculture?
4. What are the prospects for the setting up of fertilizer industries in the oil exporting countries, in view of the abundance of natural gas and other inputs in these countries?

Does the IBRD propose to encourage the establishment of such industries?

5. Do the demand prospects for extra long staple cotton indicated in the IBRD Study continue to hold good?
6. If the prospects for export of raw cotton are not bright, should not countries like Sudan, Syria and the UAR go in for more textile manufacture.

22 April 1966

## EXECUTIVE SUMMARY

### PRESENT SITUATION AND REPLENISHMENT OF PAST TRENDS

#### Section 0.1. GENERAL ECONOMIC SITUATION AND TRENDS

##### Area (cf. Table 0.10)

1. From the standpoint of resource endowment and for analytical purposes, the Near East can be divided into three subregions:

- (A) the countries in the Nile Valley (Sudan and the United Arab Republic);
- (B) the non oil-exporting countries in the Arabian Peninsula and in the Asian part of the Region (Afghanistan, the Federation of South Arabia, Jordan, Lebanon, Syria and Yemen); and
- (C) the oil-exporting countries (Iraq, Iraq, Kuwait, Saudi Arabia, and the Persian Gulf States: Bahrain, Kuwait and Oman, Qatar and Trucial States).

In this last group, Iraq and Iraq have considerable agricultural potential and are confronted with almost the same problems of agricultural development as subregions A and B; nevertheless, because of substantial oil resources, their economies have greater similarities with those of other countries of subregion C.

2. The Region covers an area of 3,618 million hectares, of which the arable land is estimated at 6.6 million hectares; this constitutes only 7 percent, the rest being largely mountains and desert. Subregion A forms 45 percent of the Regional area, 3 10 percent, and 3 16 percent. The proportion of arable land is about 3 percent in subregion A, 13 percent in B and 7 percent in C.

##### Population (cf. Table 0.11)

3. In 1964, the Region had a population of 102.5 million, which had grown between 1950 and 1962 at an annual rate of 1.2 percent. It is estimated that



this population had increased at 2.8 percent p.a. to 113.4 million by mid-1965. Subregion A comprises 39 percent of the Regional population, B 23 percent, and C 38 percent. Table C.11 gives further population details.

4. Population of the Near East is predominantly rural. In 1962 it accounted for 73 percent of the total population, varying between about 70 percent in A and C and 81 percent in B. These proportions are slowly falling. Agriculture is a source of livelihood to some 87 percent of the Regional population. Even in the oil-exporting subregion C, the proportion of agricultural population was estimated at about 61 percent in 1962. Thus the development of oil and associated industries has not yet made any significant impact on the occupational distribution of the population.

#### Industrial Structure (cf. Table C.12)

5. Statistics of the industrial origin of GNP (cf. Table C.12) reveal that, apart from Egypt and Libya, the greater part of GNP in the Region is derived from the non-agricultural sectors. In subregions A and B, the industrial sector (including manufacturing, mining, construction and electricity) is relatively small, with the exception of the U.A.E. where it contributed about 13 percent of GNP in 1955-61. Unlike subregions A and B, the economy of subregion C is dominated by the oil sector. Its oil resources are estimated at about 60 percent of world total. The bulk of government revenue and almost all development funds in subregion C are derived from oil exports, which grew at the rate of 9.4 percent in 1955-61. The oil industry provides about 60 percent of the foreign exchange earnings of Libya, about 30 percent of those of Iraq, and even more of Saudi Arabia and of the Gulf States. The expenditures on oil equipment and services are very high, and the oil industry is a major employer of local labor. The oil industry is also a major source of foreign exchange earnings for the Region as a whole.

is also the effect of oil revenue. Further, the oil industry has stimulated the development of associated industries like petrochemicals and fertilizers. Indeed, oil has been the dynamic sector in the economy of this subregion. However, the benefits of the development of oil resources have not yet passed down to the mass of the people who have been affected only indirectly, if at all, by the development expenditure financed from oil revenue.

National income and expenditure (cf. Table C.13)

6. GDP per caput in 1962 amounted to about \$172 in the Region; \$122 in subregion A, \$103 in B and \$285 in C. There are great inequalities in income distributions: per caput agricultural GDP reached only about 23 percent of the per caput GDP in other sectors in subregion A, 21 percent in B, and 12 percent in C.

7. In subregion A, consumption expenditure constituted about 80 percent and gross investment 17 percent of GDP in 1962; since domestic savings accounted for about 12 percent of GDP, the savings-investment gap amounted to over 6 percent of GDP. In subregion B, the situation in respect of consumption expenditure has been somewhat peculiar; in Jordan, the nationalization of Bank Jordan, and the balance the net inflow of foreign income and large transfer payments have made it possible for consumption expenditure to be about 94 percent of GDP; with gross investments at 13 percent and domestic savings at some 6 percent, the savings-investment gap amounted to about 7 percent of GDP. In subregion C, consumption expenditure amounted for about 75 percent, and gross investment for approximately 17 percent of GDP; savings at nearly 11 percent of GDP substantially exceeded gross investment.



Foreign trade (cf. Table 0.14)

8. In 1961-63, exports of goods and services formed about 36 percent of GDP in the Region, ranging from 21 percent in subregion A, 32 percent in B, to 45 percent in C. Of the total exports of the Region, 41 percent went to developed market economies, 38 percent to centrally planned economies and 21 percent to developing economies; intraregional trade was small: only 8 percent of the developing economies share remained inside the Region. The principal item in the exports of the Region was non-agricultural raw materials (mainly petroleum), constituting about 76 percent of total exports; agricultural commodities formed about 19 percent, and manufactured goods about 4 percent.

9. Imports of goods and services in 1961-63 constituted about 37 percent of GDP in the Region; 23 percent in subregion A, 36 percent in B and 44 percent in C. Of the imports into the Region, agricultural commodities formed about 27 percent and manufactured goods 52 percent; 12 percent of the latter was of agricultural origin.

10. While subregions A and B had an import surplus on goods and services amount of \$346 million and \$219 million, respectively, in 1961-63, subregion C had an export surplus of \$443 million which exceeded the payments gap of the other two subregions and thus gave the Region as a whole a \$78 million net surplus on trade and services account. The trade and services gap of the subregions A and B was covered to the extent of \$465 million by net inflow of capital from OECD countries. Though comparable data on aid from centrally planned economies are not available, subregion A and some countries of subregion B were in fact receiving bilateral assistance from the centrally planned countries; this aid can be defined as amounting to nearly \$100 million p.a. in 1961-63.

Economic growth (cf. Table 0.15)

11. The recent annual growth rates in GDP fluctuated between 4 percent in the Sudan and 10.9 percent in Jordan. The exceptionally high growth rate in Jordan was due to the substantial inflow of foreign aid. In other countries, the economies have been growing at between 4 and 6 percent p.a. In all three subregions, the non-agricultural sector has been growing faster than agriculture. As a result, the share of agriculture in GDP has fallen, a development normally expected in the process of economic growth.

Section 0.2. AGRICULTURAL PRODUCTION, TRADE AND TERMS

Agricultural production (cf. Table 0.20)

12. The share of agriculture in the Region's GDP amounted to about 26 percent in 1961-63, ranging from 16 percent in subregion C to 41 percent in B. Throughout the Region agricultural growth has been the victim of sharp fluctuations caused by uncertain rainfall (except in the U.A.R. where agriculture depends entirely on irrigation). The Region as a whole is predominantly arid, and this has seriously hampered sustained growth in agriculture. The rate of growth of agricultural production in the Region between 1952-53 and 1962-63 was about 3.5 percent p.a. Although this has slightly exceeded the rate of population growth (2.3 percent), it has not been sufficient to meet the increased demand arising from the increase in income. The Region is a net importer of food; food imports formed about 23 percent of the total value of imports in 1961-63.

13. Although the Near East has a sizeable livestock population, animal husbandry does not contribute much to the national product. This is explained partly by the predominance of subsistence, nomadic or semi-nomadic husbandry, and partly by failure to pay sufficient attention to livestock development; in the arid areas, recurrent droughts cause heavy livestock mortality. Consequently, the Region is a net importer of livestock products, as it is also of grains. Only Sudan has a favorable balance in livestock trade. The inadequacy of animal production is particularly serious because the output of fisheries



in the Near East, is negligible, although its long coastline offers a high potentiality for developing an important fishing industry.

14. In this situation, there is a serious deficiency in animal protein, the intake of which per caput ranges between 10 and 20 grams per day. Calorie intake is also deficient in most of the countries of the Region; in all of them a high percentage of calories (ranging from 70 percent to 90 percent) is derived from cereals and other carbohydrate foods. The consumption of pulses, vegetables and fruit is inadequate. The deficiency of calcium, as well as of vitamins A and C, is widespread in the Region.

#### Agricultural Trade (cf. Table 0.21)

15. Agriculture plays a special role in the foreign trade of subregions A and B, where agricultural exports amount to about 77 percent of total exports. In subregion C, however, agricultural exports constitute only about 3.5 percent of total exports, and the bulk is oil. Agricultural imports account for 35 percent of total imports in subregion C, 35 percent in A, and 28 percent in B. These figures indicate the scope for import-substitution in subregions A and B, and for expanding their agricultural exports to subregion C.

16. Among agricultural exports, raw materials form the largest item in subregions A and B, constituting 66 percent and 50 percent, respectively, of total agricultural exports. This predominance of agricultural raw materials in export trade underlines on the one hand the possibility of competition from synthetics, and on the other the potentiality for processing them. High commodity concentration of exports is another central feature. Cotton and rice in subregion A, and fruits and vegetables, cotton, hides and skins in subregion B, account for the bulk of exports there. The dependence on a narrow range

of commodities for export has accentuated the instability of export earnings, owing to fluctuations in production brought about by weather and fluctuations in world market prices.

### Section 0.3. IMPLICATIONS OF PAST ECONOMIC AND AGRICULTURAL TRENDS

17. Although the past rates of GDP growth in some countries of the Near East have exceeded the United Nations Development Decade target of 5 percent p.a., they cannot be considered satisfactory. If the past trends were to continue, the rate of increase in GDP per capita would slow down owing to population expansion, and this would adversely affect savings and capital formation, particularly in subregions A and B. High investment would have to be reduced, or dependence on external aid would tend to become greater. The prospect of attaining self-sustained growth would be further with the high rate of population growth envisaged in the future, and continuance of past trends in agricultural production would entail larger imports of food, greater strains on foreign exchange resources and no prospect of improvement in nutritional standards. The surplus of manpower in agriculture would require large proportions, widening still further the gap between per capita income in the non-agricultural and agricultural sectors. Without accelerated growth of the agricultural and industrial sectors, it will be well-nigh impossible for the Region steadily to expand and diversify production, increase exports and reduce import expenditures, raise the standard of living, and provide adequate employment of manpower.

18. Following this, the necessity of the Region for a national planning policy will become more and more apparent. Although the experience of the countries of the Region is in the stages of development, the need for a national policy of development is becoming more and more apparent. The need for a national policy of development is becoming more and more apparent. The need for a national policy of development is becoming more and more apparent.



essential. The Indicative Plan for the Near East with a twenty-year perspective of development presented in this volume should provide a framework for governments in the planning of the agricultural sector of their economies, and also enable them to view their national efforts in the context of the requirements of regional and world development.

PROJECTED GROWTH RATES OF GDP AND GNP FOR THE NEAR EAST

COUNTRIES UNDER THE INDICATIVE PLAN

Growth rates per cent per annum

| Countries                          | 1965-75           |                 |       |     | 1975-85           |                 |       |     |
|------------------------------------|-------------------|-----------------|-------|-----|-------------------|-----------------|-------|-----|
|                                    | GDP (factor cost) |                 |       | GNP | GDP (factor cost) |                 |       | GNP |
|                                    | Agriculture       | Non-agriculture | Total |     | Agriculture       | Non-agriculture | Total |     |
| <u>Non oil exporting countries</u> |                   |                 |       |     |                   |                 |       |     |
| Afghanistan                        | 4.0               | 6.0             | 5.1   | 5.2 | 4.0               | 7.0             | 5.8   | 5.9 |
| Federation of S. Arabia            | 3.0               | 5.5             | 4.4   | 4.5 | 3.0               | 6.5             | 5.2   | 5.4 |
| Jordan                             | 4.0               | 7.0             | 6.5   | 6.1 | 4.0               | 7.0             | 6.5   | 6.1 |
| Lebanon*                           | 3.0               | 6.0             | 5.6   | 5.8 | 3.5               | 6.5             | 6.2   | 6.0 |
| Sudan                              | 4.0               | 7.0             | 5.5   | 5.6 | 4.5               | 7.0             | 5.9   | 5.9 |
| Syria                              | 4.0               | 6.5             | 5.5   | 5.6 | 4.0               | 6.8             | 5.8   | 6.0 |
| U.A.R.                             | 4.0               | 7.0             | 6.2   | 6.3 | 4.0               | 7.5             | 6.6   | 6.7 |
| Yemen                              | 3.5               | 5.5             | 4.0   | 4.2 | 4.0               | 6.5             | 4.8   | 5.0 |
| <u>Oil exporting countries</u>     |                   |                 |       |     |                   |                 |       |     |
| <u>Iran</u>                        |                   |                 |       |     |                   |                 |       |     |
| Variant I                          | 3.5               | 8.0(9.0)        | 7.4   | 7.4 | 3.0               | 7.0(8.0)        | 6.7   | 6.7 |
| " II                               | 3.5               | 6.0(7.0)        | 5.7   | 5.7 | 3.0               | 6.0(5.0)        | 5.4   | 5.4 |
| " III                              | 3.5               | 6.0(5.0)        | 5.4   | 5.4 | 3.0               | 5.0(4.0)        | 4.6   | 4.6 |
| <u>Iraq</u>                        |                   |                 |       |     |                   |                 |       |     |
| Variant I                          | 3.5               | 8.0(9.0)        | 7.8   | 7.8 | 3.5               | 7.0(8.0)        | 7.1   | 7.2 |
| " II                               | 3.5               | 6.0(7.0)        | 6.5   | 6.5 | 3.5               | 6.0(5.0)        | 5.3   | 5.3 |
| " III                              | 3.5               | 6.0(5.0)        | 5.3   | 5.3 | 3.5               | 5.0(4.0)        | 4.5   | 4.5 |
| <u>Kuwait</u>                      |                   |                 |       |     |                   |                 |       |     |
| Variant I                          | 2.3               | 8.0(9.0)        | 8.5   | 8.6 | 2.3               | 7.0(8.0)        | 7.6   | 7.7 |
| " II                               | 2.3               | 6.0(7.0)        | 6.5   | 6.6 | 2.3               | 6.0(5.0)        | 5.4   | 5.5 |
| " III                              | 2.3               | 6.0(5.0)        | 5.4   | 5.5 | 2.3               | 5.0(4.0)        | 4.4   | 4.5 |



| Countries    | 1965-75           |                 |       |     | 1975-85           |                 |       |     |
|--------------|-------------------|-----------------|-------|-----|-------------------|-----------------|-------|-----|
|              | GDP (factor cost) |                 |       | GNP | GDP (factor cost) |                 |       | GNP |
|              | Agriculture       | Non-agriculture | Total |     | Agriculture       | Non-agriculture | Total |     |
| Saudi Arabia |                   |                 |       |     |                   |                 |       |     |
| variant I    | 2.5               | 8.0(9.0)        | 8.3   | 8.4 | 3.0               | 7.0(8.0)        | 7.6   | 7.6 |
| "  II        | 2.5               | 6.0(7.0)        | 6.5   | 6.5 | 3.0               | 6.0(5.0)        | 5.0   | 5.1 |
| "  III       | 2.5               | 6.0(5.0)        | 5.0   | 5.0 | 3.0               | 5.0(4.0)        | 4.3   | 4.3 |
| Others a/    |                   |                 |       |     |                   |                 |       |     |
| variant I    | 2.0               | 8.0(9.0)        | 8.5   | 8.6 | 2.5               | 7.0(8.0)        | 7.7   | 7.8 |
| "  II        | 2.0               | 6.0(7.0)        | 6.6   | 6.7 | 2.5               | 6.0(5.0)        | 5.0   | 5.2 |
| "  III       | 2.0               | 6.0(5.0)        | 4.9   | 5.0 | 2.5               | 5.0(4.0)        | 4.0   | 4.0 |

a/ includes Bahrain, Qatar, Trucial States, Muscat and Oman and Gaza Strip.

Notes: figures in brackets refer to the growth rate of the oil sector.

## PART I

### THE GENERAL STRATEGY: OBJECTIVES, BROAD TARGETS AND OVERALL POLICIES

#### Chapter 1

### AGRICULTURE IN THE OVERALL DEVELOPMENT PROCESS: OBJECTIVES AND CHOICES

#### Section 1.1. THE INDICATIVE PLAN FRAME

##### Objectives

1. The Indicative Plan for the Region spans a period of twenty years 1965-85, with two time horizons: 1975 and 1985. The perspectives of development have been conceived in terms of an economic framework which sets out the rate of growth of gross domestic product to be aimed at; the increase in investment called for to achieve the growth rate with the implicit capital-output ratios; the rate of growth of consumption compatible with the required growth of capital formation; the growth rate of exports and imports; and the extent of the foreign exchange gap to be bridged by inflow of capital from abroad. A summary of the Indicative Plan frame for the Region and its three subregions is presented in Table 1.100.

##### Growth of GDP

2. In order to set realistic growth targets, a careful analysis has been made of past economic trends, population projections and potentialities of future growth for all countries of the Region. These targets for the annual growth rates of GDP, population, and GDP per capita in the three subregions are shown in Table 1.100. The growth rates of GDP - averaging about 6 percent for 1965-85 for the Region as a whole - are modest compared with the national plan targets which range from 5 to 8 percent per annum. However, the attainment of the postulated growth rates is indispensable for reaching the objectives of the Indicative Plan. If these targets



are achieved, the level of GDP per caput in the Region will almost double, from about \$190 in 1965 to \$360 in 1985.

#### Consumption

3. Private consumption in the Region is planned to decrease from nearly 70 percent of GNP in 1965 to about 60 percent in 1985 to make the required savings possible (cf. Table 1.100). In subregion A, a more or less similar decline as the regional average is called for. In subregion B, however, the decline in private consumption is not so marked, inasmuch as the initial level itself was high because of large transfer payments to some of the constituent countries. In subregion C, where incomes are higher, the initial and final private consumption as a proportion of GNP is lower than the regional average.
4. Public consumption as a proportion of GNP is to decline from 15 percent to 13 percent for the Region as a whole. However, the absolute magnitude will be higher in each decade to support the increasing development activity.

#### Growth of gross domestic capital formation and savings

5. To achieve the targets for GDP growth, investment requirements have been calculated with the aid of estimated incremental capital-output ratios shown in Table 1.100. On this basis, gross domestic capital formation in the Region is to increase from about 15 percent of GNP in 1965 to 26 percent in 1985. As an aggregate, this could be financed by gross domestic savings. By 1985, the Region could even have a small excess of savings over gross capital formation due ostensibly to the relatively high rate of savings in the oil exporting countries.
6. This overall picture must be disaggregated for the three subregions. In the next twenty years subregions A and B combined will still be faced with a savings-

investment gap, but it will be practically wiped off by 1985 in A and decrease to 3 percent of GNP in B. In subregion C, however, an excess of gross saving over gross domestic capital formation is to be expected, to the extent of 5 percent of GNP in 1985. This underlines the scope for regional co-operation by which the excess of savings over gross domestic capital formation in subregion C can be channelled to meet the deficits in A and B.

#### Balance of exports and imports of goods and services

7. The targets for annual percentage Regional growth rates of foreign trade in goods and services shown in Table 1.100 are 5 percent for exports and 4.7 percent for imports of goods and services in 1965-85. Thanks to the importance of the Region as an exporter of oil, the favorable balance on goods and services account should continue, increasing from \$150 million in 1965 to \$1.2 billion in 1985. The import surplus of subregion A is envisaged as disappearing by 1985, while that of B as increasing from \$235 million in 1965 to \$365 million in 1985. In subregion C, however, the magnitude of the favorable balance on goods and services account is likely to increase to \$1.6 billion in 1985, i.e. more than enough to wipe off the deficit of subregion B. The basic assumption made is that of constant world prices; if the terms of trade were to fall, the trade gap of subregions A and B will widen.

8. The Region is in a unique position in that it has sufficient resources for investment and does not have to depend upon inflow of capital from abroad. While this holds good for the Region as a whole, subregions A and B are faced with both trade gap and domestic resource gap. Subregion C, on the other hand, has an excess



of resources over its own requirements, which could bridge the gap of the other subregions. In the past, however, this has not taken place, with the result that subregions A and B have had to depend on capital inflow from outside the Region. Given intra-regional co-operation, the resources of subregion C could be utilised for investment in A and B. A beginning in this direction has been made by the setting up in 1961 of the Kuwait Fund for Arab Economic Development. Co-operation of other countries in subregion C besides Kuwait is, however, needed if the investment needs of subregions A and B are to be met from inside the Region. Equally, a favorable climate for investment has to be created in the countries of subregions A and B before such intra-regional co-operation can fructify.

## Section 1.2. THE ECONOMIC ROLE OF AGRICULTURE

### Agricultural development objectives

9. The major objectives of agricultural development of the Region are:

- (i) a steady increase in agricultural production consistent with the overall growth targets;
- (ii) a higher level of nutrition (particularly the intake of protein-rich food) by expanding domestic production of food;
- (iii) the production of agricultural raw materials in conformity with the industrial development requirements;
- (iv) a steady increase in the level of income of agricultural population;
- (v) a move towards better distribution of income between rural and urban population;
- (vi) a substantial increase in employment opportunities in agricultural primary and processing activities;

- (vii) a diversification of the economy, particularly in the oil-exporting countries;
- (viii) an increase in the value of exports, so as to improve the balance of payments; in this connection, the agricultural sector will also have a special part to play in import-substitution.

#### Growth of agricultural output

10. If agriculture is to achieve these objectives, the agricultural GDP in the Region has to grow at the annual rates shown in Table 1.200 which average 4 percent for 1965-85; on per caput basis, this would amount to 1.3 percent. The per caput growth rate of agricultural GDP in subregions A and B is expected to be 1.8 and 1.4 percent, respectively, but only 0.6 percent in subregion C, because the agricultural expansion possibilities in that subregion are very narrow.

11. In view of the more rapid growth of the non-agricultural sector, the share of agriculture in regional GDP is planned to decline from 24 percent in 1965 to 16 percent in 1985. However, agriculture will continue to be the main source of livelihood for the majority of the Region's population until 1975. Not until 1985 is the proportion of total population dependent on agriculture likely to be smaller than in other sectors (cf. Table 1.200).

#### Nutritional improvements

12. Food production in the Region, envisaged to grow at the rate of 3.2 percent p.a., will keep abreast of population growth which is expected to remain at 2.7 percent p.a. Keeping in view the faster rate of growth of the non-agricultural sector, a rate of urbanization of 5.3 percent has been assumed for 1965-85. Marketed supply of food, therefore, would have to increase at the same rate. The planned growth



of food production should ensure that the calorie requirements of the diet are adequately met by 1985. In respect of livestock products, the production of meat is estimated to increase in 1962-85 by about 210 percent, eggs by 280 percent, and milk by 180 percent. This would not be sufficient, however, to meet the domestic demand; consequently, the deficiency in animal protein would persist even by 1985, except in Lebanon and Sudan, unless measures are taken to step up livestock production still further.

#### Industrial requirements for agricultural raw materials

13. Rapid industrial development is bound to make increasing demands on agricultural raw materials for processing both for exports and for import substitution. The production of cotton in 1962-85 is to increase by 120 percent in the Region, that of oilseeds and tobacco to be more than doubled, wool by about 75 percent, and hides and skins by almost 100 percent. Sugar beet and cane production, too, is to increase quite substantially. In view of the inadequacy of forest resources in the Region, only a moderate expansion by 1985 of industrial wood production to meet the demand for sawn wood is anticipated and this will be confined to three countries: Afghanistan, Iran and Sudan. On the other hand, regional plywood resources will have to be increased substantially by new plantations over 350,000 hectares of irrigated land if the import of paper and pulp products is not to impose a strain on foreign exchange resources.

#### Agricultural income

14. If the agricultural growth rate envisaged is achieved, per caput agricultural income in the Region will increase from about \$70 in 1965 to nearly \$115 in 1985. The disparity between per caput income in agriculture and in other sectors will

also be reduced. However, by 1985 agricultural income per caput will be still only about one fourth of that in the non-agricultural sector. Moreover, in subregion C, very little improvement in that ratio can be expected.

#### Agricultural employment

15. The economically active population in agriculture is estimated to increase in the Region from 21 million in 1965 to 25 million in 1985, necessitating the provision of employment opportunities for 4 million persons. Provision of employment for the new entrants into the agricultural labor force will depend upon the degree of intensification of agriculture, the extension of cultivated areas and the growth of processing industries. Since the expected increase in the total of the economically active population in the Region is of the order of 22 million, additional employment opportunities for 18 million people will have to be provided in the non-agricultural sector.

#### Diversification of the economy

16. The growth of the agricultural sector will help to diversify the economy of the countries of the Region by reducing its dependence on a narrow range of commodities. This is particularly important for subregion A, whose economy is dominated by cotton. Increasingly, other commodities besides cotton, like oilseeds and sugarcane, will assume importance. For subregion C, agricultural growth is a means of reducing the exclusive dependence on the petroleum sector, a consideration which has been gaining strength in the countries of this subregion.

#### Contribution to balance of payments

17. The agricultural sector has also to contribute significantly to improvement in the balance of payments in the Region by export expansion and import substitution. Agricultural exports, however, cannot be expected to grow at the same rate as total exports; while total exports are expected to grow at 4.7 percent p.a. in 1965-85, the growth rate of agricultural exports is envisaged to be only 2.5-3 percent p.a.



There is bound to be a change in the composition of agricultural exports; processed commodities like vegetable oils, leather, cotton and wool manufactures and canned fruits and vegetables will increasingly have to replace the export of the raw materials. This will enable the countries of the Region not only to get the equivalent of value added in the form of foreign exchange, but also to provide greater employment opportunities. The increase in agricultural production envisaged will further permit of import-substitution particularly in food, cotton textiles, sugar, and pulp and paper. Although the Region will continue to be an importer of these commodities, imports as a proportion of total supply will tend to decline.

#### Agricultural investment

18. The achievement of the agricultural growth envisaged in the Indicative Plan will require substantial investment in the agricultural sector. In view of the inclusion of investments in agricultural infra-structure (like irrigation and land reclamation), an incremental capital-output ratio of 3 in 1965-85 has been postulated. This will necessitate a total net investment of about \$18 billion (\$7 billion in 1965-75 and \$11 billion in 1975-85) (cf. Table 1.200). Agricultural investment in the Region would form 10 percent of total investment in 1985 (17 percent in subregions A and B and 4 percent in C).



Table 1.100

## THE INDICATIVE PLAN FRAME

Near East

|                                      | Region IV                            |         |         | Subregion A |         |         | Subregion B |         |         | Subregion C |         |         |
|--------------------------------------|--------------------------------------|---------|---------|-------------|---------|---------|-------------|---------|---------|-------------|---------|---------|
|                                      | 1965-85                              | 1965-75 | 1975-85 | 1965-85     | 1965-75 | 1975-85 | 1965-85     | 1965-75 | 1975-85 | 1965-85     | 1965-75 | 1975-85 |
| Annual percent compound growth rates |                                      |         |         |             |         |         |             |         |         |             |         |         |
| GDP                                  | 6.1                                  | 5.9     | 6.4     | 6.5         | 6.2     | 6.8     | 5.2         | 5.5     | 5.9     | 6.1         | 5.8     | 6.3     |
| Population                           | 2.7                                  | 2.7     | 2.8     | 2.8         | 2.9     | 2.7     | 2.6         | 2.5     | 2.7     | 2.7         | 2.7     | 2.8     |
| GDP per caput                        | 3.5                                  | 3.2     | 3.6     | 3.7         | 3.3     | 4.1     | 3.1         | 3.0     | 3.2     | 3.4         | 3.1     | 3.5     |
| Exports of goods & services          | 5.0                                  | 5.0     | 5.0     | 5.4         | 5.0     | 5.8     | 4.8         | 4.8     | 4.8     | 4.9         | 5.0     | 4.8     |
| Imports of goods & services          | 4.7                                  | 5.2     | 4.3     | 4.2         | 4.1     | 4.4     | 4.4         | 4.7     | 4.0     | 5.1         | 5.8     | 4.4     |
| Capital-output ratio                 |                                      |         |         |             |         |         |             |         |         |             |         |         |
| Capital-output ratio                 | 3.8                                  | 3.4     | 4.0     | 3.9         | 3.6     | 4.1     | 3.6         | 3.3     | 3.7     | 3.8         | 3.3     | 4.1     |
|                                      | 1965                                 | 1975    | 1985    | 1965        | 1975    | 1985    | 1965        | 1975    | 1985    | 1965        | 1975    | 1985    |
|                                      | Percent of GNP                       |         |         |             |         |         |             |         |         |             |         |         |
| Gross domestic capital formation     | 15                                   | 21.9    | 26      | 17          | 21      | 24      | 13          | 18      | 22      | 15          | 25      | 28      |
| Gross domestic savings               | 16                                   | 22.0    | 28      | 11          | 18      | 24      | 9           | 13      | 19      | 23          | 29      | 33      |
| Saving-investment gap                | +1                                   | +0.1    | +2      | -6          | -3      | 0       | -4          | -5      | -3      | +8          | +4      | +5      |
| Consumption: private                 | 69                                   | 64      | 59      | 73          | 68      | 63      | 80          | 75      | 69      | 62          | 57      | 53      |
| public                               | 15                                   | 14      | 13      | 16          | 15      | 13      | 12          | 13      | 12      | 15          | 14      | 14      |
| total                                | 84                                   | 78      | 72      | 89          | 83      | 76      | 92          | 88      | 81      | 77          | 71      | 67      |
|                                      | 1965-85                              | 1965-75 | 1975-85 | 1965-85     | 1965-75 | 1975-85 | 1965-85     | 1965-75 | 1975-85 | 1965-85     | 1965-75 | 1975-85 |
|                                      | Annual percent compound growth rates |         |         |             |         |         |             |         |         |             |         |         |
| Exports of goods & services          | 5.0                                  | 5.0     | 5.0     | 5.4         | 5.0     | 5.8     | 4.8         | 4.8     | 4.8     | 4.9         | 5.0     | 4.8     |
| Imports of goods & services          | 4.7                                  | 5.2     | 4.3     | 4.2         | 4.1     | 4.4     | 4.4         | 4.7     | 4.0     | 5.1         | 5.8     | 4.4     |
|                                      | 1965                                 | 1975    | 1985    | 1965        | 1975    | 1985    | 1965        | 1975    | 1985    | 1965        | 1975    | 1985    |
|                                      | \$ millions at 1962 prices           |         |         |             |         |         |             |         |         |             |         |         |
| Balance on goods & services          | +150                                 | -40     | +1210   | -265        | -345    | +5      | -225        | -400    | -365    | +750        | +705    | +1570   |
|                                      | 1965                                 | 1975    | 1985    | 1965        | 1975    | 1985    | 1965        | 1975    | 1985    | 1965        | 1975    | 1985    |
|                                      | \$ at 1962 prices                    |         |         |             |         |         |             |         |         |             |         |         |
| GDP per caput                        | 188                                  | 255     | 359     | 133         | 183     | 269     | 124         | 164     | 224     | 307         | 417     | 582     |
|                                      | 1965-85                              | 1965-75 | 1975-85 | 1965-85     | 1965-75 | 1975-85 | 1965-85     | 1965-75 | 1975-85 | 1965-85     | 1965-75 | 1975-85 |
|                                      | \$ billions at 1962 prices           |         |         |             |         |         |             |         |         |             |         |         |
| Total net investment                 | 54                                   | 128     | 182     | 56          | 17      | 39      | 29          | 9       | 20      | 96          | 28      | 12      |



Table 1.200

## AGRICULTURE IN THE INDICATIVE PLAN FRAME

Near East

|    | Region                                                    | 1       |         |         | 2       |         |         | 3       |         |         | 4       |         |         | 5       |         |         | 6       |         |         | 7       |         |         | 8       |         |         | 9       |         |         | 10      |         |         |
|----|-----------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|    |                                                           | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 |
| 1  |                                                           |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| 2  | Agricultural GDP: aggregate                               | 4.0     | 3.9     | 4.1     | 4.6     | 4.3     | 4.8     | 4.0     | 3.8     | 4.1     | 3.3     | 3.8     | 4.1     | 3.3     | 3.8     | 4.1     | 3.3     | 3.8     | 4.1     | 3.3     | 3.8     | 4.1     | 3.3     | 3.8     | 4.1     | 3.3     | 3.8     | 4.1     | 3.3     | 3.8     | 4.1     |
| 3  | per capita                                                | 1.3     | 1.2     | 1.3     | 1.8     | 1.4     | 2.1     | 1.4     | 1.3     | 1.4     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     | 0.6     |
| 4  |                                                           | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    |
| 5  |                                                           |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| 6  | Share of agriculture in GDP                               | 24      | 20      | 16      | 33      | 27      | 23      | 40      | 34      | 29      | 14      | 11      | 8       | 40      | 34      | 29      | 14      | 11      | 8       | 40      | 34      | 29      | 14      | 11      | 8       | 40      | 34      | 29      | 14      | 11      | 8       |
| 7  | Proportion of agricultural                                | 64      | 56      | 46      | 62      | 53      | 41      | 74      | 68      | 59      | 59      | 50      | 39      | 74      | 68      | 59      | 59      | 50      | 39      | 74      | 68      | 59      | 59      | 50      | 39      | 74      | 68      | 59      | 59      | 50      | 39      |
| 8  | in total population                                       |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| 9  |                                                           |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| 10 |                                                           |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| 11 |                                                           | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 | 1965-85 | 1965-75 | 1975-85 |
| 12 |                                                           |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| 13 |                                                           |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| 14 |                                                           | 3.1     | 3.1     | 3.2     | 3.5     | 3.5     | 3.5     | 2.7     | 2.6     | 2.7     | 2.9     | 2.9     | 2.9     | 2.7     | 2.6     | 2.7     | 2.9     | 2.9     | 2.9     | 2.7     | 2.6     | 2.7     | 2.9     | 2.9     | 2.9     | 2.7     | 2.6     | 2.7     | 2.9     | 2.9     | 2.9     |
| 15 |                                                           |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| 16 | Agricultural investment                                   | 18      | 7       | 11      | 9       | 6       | 3       | 5       | 2       | 3       | 4       | 2       | 2       | 5       | 2       | 3       | 4       | 2       | 2       | 5       | 2       | 3       | 4       | 2       | 2       | 5       | 2       | 3       | 4       | 2       | 2       |
| 17 |                                                           |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| 18 |                                                           | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    | 1965    | 1975    | 1985    |
| 19 |                                                           |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| 20 | Per capita agricultural GDP                               | 69      | 91      | 134     | 70      | 97      | 152     | 65      | 87      | 121     | 72      | 88      | 127     | 65      | 87      | 121     | 72      | 88      | 127     | 65      | 87      | 121     | 72      | 88      | 127     | 65      | 87      | 121     | 72      | 88      | 127     |
| 21 | Per capita non-agricultural GDP                           | 394     | 441     | 524     | 235     | 275     | 350     | 298     | 324     | 338     | 613     | 626     | 872     | 298     | 324     | 338     | 613     | 626     | 872     | 298     | 324     | 338     | 613     | 626     | 872     | 298     | 324     | 338     | 613     | 626     | 872     |
| 22 |                                                           |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| 23 | Economically active population in agricultural sector     | 21      | 24      | 25      | 8.7     | 9.8     | 10.0    | 6.5     | 7.6     | 8.5     | 5.6     | 6.1     | 6.6     | 6.5     | 7.6     | 8.5     | 5.6     | 6.1     | 6.6     | 6.5     | 7.6     | 8.5     | 5.6     | 6.1     | 6.6     | 6.5     | 7.6     | 8.5     | 5.6     | 6.1     | 6.6     |
| 24 | Economically active population in non-agricultural sector | 11      | 18      | 29      | 4.7     | 7.7     | 12.7    | 2.2     | 3.6     | 6.1     | 4.2     | 4.6     | 6.6     | 2.2     | 3.6     | 6.1     | 4.2     | 4.6     | 6.6     | 2.2     | 3.6     | 6.1     | 4.2     | 4.6     | 6.6     | 2.2     | 3.6     | 6.1     | 4.2     | 4.6     | 6.6     |



Mr. Barend A. de Vries

April 25, 1966

William M. Gilmartin

FAO Growth Assumptions

Herewith are comments by Manfred Blobel and Bevan Waide on the Population and GDP Growth Assumptions proposed by FAO for various Far East countries.

Attachment

WNGilmartin:go



Mr. William M. Gilmartin

April 22, 1966

M.G. Blobel and B. Waide

Population and GDP growth assumption being used in FAO

It is rather difficult to comment intelligently on the bare numbers of which the tables consist, without knowledge of the assumptions from which they were derived. Moreover, projections for a period as distant in the future as 1975 - 1985 would seem to leave unlimited room for one's imagination because it becomes almost impossible to substantiate with evidence the choice of one rather than another rate of growth within the fairly narrow margin of possibilities that we are dealing with. As a general comment it is worth noting that the authors of the FAO projections of GDP are generally more optimistic about prospects for 1975 - 1985 than for the period 1965 - 1975. It would be interesting to know on what evidence, historical or otherwise, this optimism is based.

With these general reservations our comments on individual countries in the Far East are as follows :

Ceylon: We consider the projected rate of population growth at 3.1 % for 1965 - 1975 as high and will suggest 2.5 % p.a. as a more likely rate.

Indonesia: The historic rate of growth of GDP of 7.8 % p.a. is obviously incorrect. The projected rate of growth is probably all right but the range of possibilities that might occur in Indonesia during the next 20 years are so wide that we have difficulty in forming a judgement.

Korea: In view of the apparent success in recent years in launching a program of birth control the projected rate of population growth seems too high by a considerable margin.

The projected rate of growth of GDP - 3.9-5.0 % in 1965-1975, 3.9-5.5 % in 1975-1985 - appears to be too low. Considering recent achievements the high projection should be raised to 7 % p.a.

Malaysia: The projected rate of population growth appears high. It is arguable that the growth rate, particularly amongst Chinese, will fall to 2- 2 1/2 % within the next 15 years.

We would be more optimistic than the authors of the FAO projections of GDP and argue that a rate of growth of 5 1/2 % p.a. should be attainable on the average.

Philippines: Work done by the Bank on population projection in connection with a mission in depth in 1961 suggests that population projections are on the high side by 0.1 - 0.2 %.

Economic and political circumstances in the Philippines are such that it appears difficult to compress projections of GDP growth into the narrow range assumed in the tables - 4.1 - 5.5 % in 1965 - 1975, 4.3 - 6.0 % in 1975 - 1985. The Philippines' endowment with material and human resources, including the existence of capable entrepreneurs in the private sector, would argue for raising the high projection to perhaps 7 %. At the same time Filipinos appear to have great difficulty in organizing their public sector for effectively undertaking the tasks which rapid economic development requires. In view of these difficulties the low growth assumption might be put at 4 %.

Thailand: We find it difficult to accept the projection of a sharp decline in the rate of growth of population after 1975. As far as we have been able to determine there are strong reasons for expecting the growth rate to rise at least to 1975 when according to our projection it would reach 3.6 % p.a. There is as yet no effective program of birth control in Thailand. In fact, the Government of Thailand recently decided not to institute one in the near future on the grounds that Thailand's resources were sufficient to support a rapidly rising population for some time to come. This attitude makes it difficult to believe that a significant decline in the birth rate will occur.

The projection of GDP growth - 4 - 6 % p.a. for the periods 1965 - 1975 and 1975 - 1985 - appear unreasonably low. According to our projection GDP is expected to grow by 6.5 - 7 % during the next 5 years. We see no reason why growth should not continue at this rate in subsequent years, perhaps be even higher.

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