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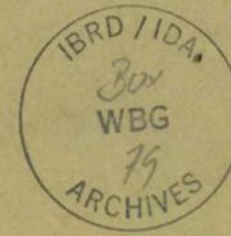
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10th Anniversary World Conference
Society for International Development,
Washington, D.C. March 6-9, 1968

Delivered from notes, March 9

DRAFT
WClark:sfu
Mar. 4, 1968



The Development Decade is dying of political inanition. Amongst the rich countries the will to assist development has faded, and, partly as a result, in the poorer countries the will to develop is shrivelling.

If the world is not to drift apart into two hostile camps, the political will for development must be reinvigorated. The first responsibility lies with the richer, donor countries, who alone can give accelerated impetus to the development efforts of the poorer countries.

The know-how about development, the economic gimmicks, the technical assistance ploys, the sheer professional skill of "developers", are all far more abundant than they have ever been in history before; the supply of goods and even finance is greater than ever before. But without the will to use these tools for this mighty operation, this war on poverty, they are all totally useless.

What we need today is not more experts; it is not more economists; it is not more money - it is more determination on the part of the politically decisive to do something effective about the growing gap between rich and poor.

So the first problem we face is how do we create this political emotion; and it is probably best to consider this in several practical terms in relation to our own political community - in my case the U.K. - and its past history.

What is wrong at the moment in Britain is that not enough
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people consider this matter of development of the poorer countries
as really significant or urgent. What is needed is the feeling that
this is the key issue of our times, the emotionally gripping issue
as, for instance, the opposition to Fascism and ~~so~~ the Spanish Civil
War, was to my generation of undergraduates, or as the abolition of
slavery was to Wilbur ^{force} Force's small band a century before.

In bidding farewell to Mr. McNamara as his Secretary of
Defense, President Johnson referred to his departure for the World
Bank as a move to "the most important war of all". How can we make
a sizeable section of the public recognize that the war on world
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We need to consider three aspects of the problem: first,
how do you motivate the public? second, what are, in general, the
motives that work against a public appreciation of the importance
of development; third, what are the existing motives that work for
development assistance?

First of all, how do you effectively change public opinion?

Let us confine ourselves to this problem in democracies. Do
we need to carry a majority of the population with us to change
political thinking and action; does our campaign need therefore to
be a campaign addressed to the masses? I think not directly.

What is really needed in the world of development assistance
is more and more convinced political leadership. If the political
leaders of a country really believe that "this is the most important
war of all" they will be able to convince or at least carry the doubters.

For there are, I believe, very few people in the democracies who are really opposed to development assistance, though there are many who believe it should be given a lower priority. The important thing therefore is to convince the leaders that this problem is the great and urgent world problem of our time, and leave them to do the selling job to the wider masses.

By "the leaders" I do not mean just, as it were, the Cabinets of the democracies, but a larger section of society - the elite, the establishment, call it what you will - which is responsible for setting the tone of a nation's policies. It includes academics, journalists, broadcasters, authors, and civil servants as well as the few personally decisive political leaders. In my personal opinion, it is also of the greatest importance to expose as many as possible of the younger generation (20-35) to this sort of thinking because it is the next generation which will have to bear the long hard slog of the war against world poverty, if we do not lose it for them in our time.

But of what exactly do we want to convince this elite? It is not the detail of policy - that we should adequately replenish IDA; or that we should give more through multilateral channels, or that ^{our} ~~the~~ loans should be interest-free, or that we should accept more manufacturer's goods from Asia. What is wanted is to convince these people of the nature of the age we live in.

This is not going to be known as the nuclear age, or the space age, or the American Century, or the era of the common man.

It is going to be known as the Development Age, in which two-thirds of the world's population revolted against their age-old but no longer tolerable conditions. It is this war by the poor against World Poverty which will dominate our age, and on this broad canvas the American civil rights struggle is a minor skirmish, the European Unity movement a small diversion.

If we can succeed in putting this picture of the world across - a picture I believe to be so true that it ought not be impossible to convince people of its authenticity - then political leaders, who are generally anxious to be regarded as farsighted, will seek to make their actions relevant to this reality. This is the time for the professionals in development assistance to come forward with their detailed suggestions about how policies should be implemented - for until then such advice is going to be of little importance.

This is what I call the "Prophetic" task we face in creating the political will for effective world policies; the task that Plato called the turning of the eye.. It may sound vague and unrealistic but it is the essential prelude to effective and continued policies.

But to climb up onto our prophetic peak we must first understand what it is that, at present, prevents people from seeing the world and the future as we see it.

C The greatest single obstacle to support for development assistance amongst the richer countries is lack of self-confidence; the craven fear that the task is beyond us. I do not believe that the ~~European~~ peoples of the western world are ungenerous or callous, but I do believe they greatly underestimate the capacity of their economy, as a whole, to change the face of the earth if they have the will to do so.

When you reflect on the fact that the U.S. adds to its G.N.P. each year an amount greater than the total G.N.P. of all Africa north of the ^{Zambezi} Republic, you can see *how* absurd it is to say that America, plus Europe, plus Britain all together cannot afford the greater amounts of aid that are needed to help the less developed continents make effective progress.

"But what about the balance of payments. . . ?" If you look at the flow of resources on a world-wide basis, it is perfectly clear that balance of payments is a domestic problem of the rich countries. All the aid, and more, that we pour out to the less developed countries comes straight back in orders to one or other of the rich countries - that is why all developing countries have acute balance of payment deficits. If ever we in the West can get together and plan our aid on an allied basis, we can eliminate the balance of payments bogey so far as aid is concerned.

"But aid doesn't work . . . look how much waste there has been, and how little real success." This is just another aspect of our lack of self-confidence, even though it pushes some of the blame for failure onto the recipients of our aid. Most of us know, and it is not too difficult to show, that aid does work, though it does not work miracles, and that in those few places where we have had the confidence to put above average amounts of aid - Formosa or Pakistan for instance - real breakthroughs followed. Again, if we had self-confidence, if we had the courage of our conviction that our economic systems given a chance could help development, then we might adopt effective policies.

So what I am arguing is this: that the great obstacle to our having the vision and political will to take effective action in development assistance is lack of confidence, timidity, in fact fear. This is very significant when we consider what are the motives favorable to development assistance.

By far the most general argument for aid has itself been one based on fear - fear that the majority of the world's population will turn against us, and that the world will be irretrievably divided into two hostile camps with us in the minority. But the difficulty with this fear motive is that it has not proved a very effective creator of political will. Rather it has led to doubts ~~whether~~ whether aid does effectively buy off enmity (and it doesn't), and to a growing feeling that even if the poor countries do gang up against us we will remain more powerful than they and quite able to hold our own, however unpleasant the situation. Fear, in brief, is the father of isolationism (even if it is isolation in company with others of our sort); it is not the source from which springs any sense of a world community.

Yet it is just this sense of belonging to an emerging world-wide community that we need to create if we hope for a political climate favorable to development assistance from rich to poor (which is a process that goes almost unremarked in the national communities of the developed world). How is it to be created and fostered?

It would be convenient to suggest that our natural philanthropy - regarding all mankind as one family - could be

sufficient to produce the desired effect. But it is not true; since the time of Cain and Abel the brotherhood of man has been a dangerous sentiment on which to build. Yet I believe that this sort of idealism does run very strongly ~~through~~ through us all, and properly tapped would provide a great source of strength on which political leaders could draw.

But it is not enough by itself to stimulate the rich countries into the appropriate action. I would like to suggest that the motives of fear and love might both be made finally effective by the unlikely catalyst of pride, or its minor image shame.

When we look at our planet today and see two-thirds ill-fed, ill-housed, ill-educated, and one-third enjoying unprecedented prosperity, it must strike us as a very old-fashioned way of organizing a community. Does it have to be always thus? Have we no pride, no faith in our economic systems? Is it really beyond our powers to change all this, not in the twinkling of an eye, not perhaps in a decade but in a generation?

I feel sure that if we can produce a reasonable plan for development of the poorer nations, which places the proper amount of responsibility on us in the richer nations, we can persuade our publics to accept it, on the grounds that we are proud of our capacity to make a better world. But we shall not gain this support unless we make it clear that we do have a plan and faith in its purpose, and our determination.

It is for this reason that I feel it is so important to follow up the initiative of the President of the World Bank, George Woods, for a Grand Assize of Aid. This is intended to do three things:

1. To examine the aid effort of the rich countries as a whole, as an allied effort over the past decade, and to see where it has been successful, where and why it has had failures.
2. In the light of this experience, to recommend what is needed ~~for~~ from the richer countries to make possible real and sustained amongst the less developed countries.
3. To chart a course ahead for the next decade and for the rest of the century whereby the rich and the poor nations in partnership can achieve sustained economic growth for the whole of mankind. In brief, to modernize this whole, small, planet of ours.

It is only with some such comprehensible plan^y before us that we can arouse public ~~mind~~ opinion to grasp at the possibilities that are available to us, and to recognize how much we can do for how many.

June 26, 1968
WDClark:sf



The Commonwealth as a Development Institution

My first real involvement with aid and economic development goes back to January 1950 when I went to Colombo for the meeting of Commonwealth Foreign Ministers which produced the Colombo Plan. After the communique which announced that there was to be a Commonwealth scheme of technical assistance, Ernest Bevin, British Foreign Secretary at that time, drove to Kandy to see the Buddha's Tooth, which was unveiled in his honour. He talked to me on that trip about his vision of the future of Britain in the world, as the leader of what used to be the Empire, in its new phase as a Commonwealth in which economic development was to play a central role. He said that Britain's phase of political control and power was over, and that we would have to move on to a new era 'in which we are going to help them to become more like us in the economic sphere'. It was essentially a view of the Commonwealth as primarily a developmental, and not a political organization.

Mr. Bevin's vision could have succeeded, and the Commonwealth could have been made a development institution, if a variety of things had not happened. One was the Korean war which occurred within six months of the Colombo meeting. That war introduced a whole series of new power concepts into the Far East. Britain itself, for a variety of reasons, decided to engage in a rather heavy re-armament programme which cut down available resources for other things. At the same time, the problems of power and of the Commonwealth's role in the world peace-keeping effort became the supreme interest of Commonwealth Ministers at their meetings.

During the early 1950's, therefore, the Commonwealth began again to be part of the diplomatic power structure. This represented what might be called the Old Harrovian heresy about the Commonwealth; it was very much something

between Sir Winston Churchill and Mr. Nehru, both old Harrovians, who equally felt the urge to assert power, even though in Mr. Nehru's case it was the assertion of neutralist power.

It may be of some interest, by way of history, to recall that a few months after the Labour Government had fallen and the Conservatives had come to power, I had a visit from someone who had been recently in the limelight but was then somewhat in obscurity -- Harold Wilson. He suggested that things were going wrong in our relationship with Asia; I remember that he and Victor Gollancz and Leslie Hale came to dinner at my house one evening to discuss what could be done to get Britain and the Commonwealth back on to what they, and I, considered the correct lines. Harold Wilson was insistent that we ought to make the Commonwealth concern itself primarily with what we then called the improvement of backward nations. We now call it the development of less-developed countries.

Unfortunately, this view of British policy -- the belief that our relationship with Asia, in particular, was one in which we ought not to be seeking to mediate in the Moscow-Washington, quarrel, but should instead be concentrating on the problems of the economic development of India, Pakistan, Ceylon, Malaya and so on -- lost ground in the next few years. Apart from the effects of the Korean War and subsequent disturbances in the area, it was the influence of the 'permanent government', particularly of the Commonwealth Relations Office, which turned the Commonwealth more and more towards political relationships and less and less towards economic development. As a result there was really no preparation for the Commonwealth economic crisis that burst upon us in 1957. In that year ^{two} ~~new~~ important things happened. First, by 1957 India had run down its sterling balances, with which

much of its postwar economic development had been financed, beyond the point of no return. Second, in March 1957 Ghana became independent.

We were quite unprepared for both of these very important events. In India, we discovered that we had no system whereby we could put money at its disposal for the Indian development programme. There was no system within the Commonwealth organization for making development grants or even ordinary government-to-government loans on concessionary terms. India could, if it wished, raise money on the London Market -- but its ability to raise money in this way at that time was strictly limited.

In Ghana, too, we were without realistic policies to meet the new situation which had arisen on independence in 1957. No thought had been given to the economic role of the Commonwealth in either Asia or in Africa, or to a system for making development a central theme of the Commonwealth relationship.

I remember talking in Ghana at the time to some British Ministers and senior civil servants. The analogy they were drawing was between the independence of Ghana and that of Australia, Canada, New Zealand and South Africa. The idea was that once a country became independent, then economic independence was as important as political independence. Economic independence meant not being the beneficiary of loans or any other special economic help from Britain. As a result, the day Ghana became independent, we wound up all the colonial development organizations in the country. Luckily, officials being quite as good at breaking the rules as at making them, a lot of aid continued to flow for a time. In theory, however, it was assumed that a country on becoming independent ceased to be a development responsibility of the United Kingdom.

Looking at that famous and now fallen statue of Nkrumah, underneath which was written "seek ye first the political kingdom" -- I couldn't help reflecting that this was pure Commonwealth Relations Office doctrine. It was

exactly what Dr. Nkrumah, believed in; but it was exactly what we had taught him to believe in. It was symptomatic of the belief in a Commonwealth of politically-integrated, or at least politically-associated powers. What they had in common was unclear. If there was anything in common between the Union of South Africa and Dr. Nkrumah, it would not bear examination. What there was in common between many of the new states which were about to emerge in Africa and the typical Westminster democracies of Britain, Australia, Canada, and New Zealand, was also difficult to ascertain.

But I do not want to put the blame entirely on our side, there was little appreciation in the middle 'fifties almost anywhere in the Commonwealth, that development was going to be an extremely expensive, difficult but essential task. The size and imperative urgency of the effort was simply not understood. Every ex-colony in their early years of political independence flexed their political muscles -- and for a time ignored economic development. The result was that the Commonwealth Prime Ministers, in their meetings, discussed the state of the power world rather than the development of the Commonwealth.

Ten years ago, to be personal again, I wrote a letter to The Times saying in essence, 'Since it is now apparent that in the next decade we will no longer have any colonial responsibilities in Africa, ought we not to be turning in our last years to a crash programme of political education and economic development?' There was no response whatsoever to that suggestion. There were letters in various forms of violent protest, saying that the idea that we would be out of Africa by 1968, was wholly absurd. But there was no reaction to the idea that we really needed to act urgently about economic development in the brief time that remained to us of our control in Africa. When we come to write the history of Britain and the Commonwealth since the

war, we will have to recognize that it was during the 'fifties that we missed the revolution that was coming; we tried to conceal it from ourselves, and failed to understand its significance.

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In 1960, the Overseas Development Institute was founded belatedly to remedy this defect. Its object was to try and draw together those people who recognized the importance of aid and development and the relationship of the rich countries to the poor countries. The founders of the Institute managed to get very considerable support for the sort of action they envisaged, - from the Government, from the T.U.C., from the political parties, and from business.

In 1960, the Institute faced enormous ~~problems~~ problems. After we had been going for three or four months we realized that Africa was going to become independent in very short order indeed. Towards the end of 1961, I went to East Africa to examine what was going to happen there when colonial rule ended and the countries became independent. I summed up my conclusions in a speech to this Society just as Tanzania became independent. I was worried by what I described as 'the dip', which was the sharp fall that was going to occur in the standards of life and government in these countries when Britain withdrew, unless we made our political withdrawal a signal for some sort of economic assistance on a large scale. This cry did not go unheeded.

There was in fact, during this period between 1961 and 1964, a growing feeling in Britain that aid for economic development was of great importance. This was helped by the example of the new Kennedy regime, which founded the Peace Corps and set up the Agency for International Development. But it was also stimulated more significantly by the fact that the British Government of that day set up a new Department of Technical Co-operation to take over the old colonial Aid for Development programme.

In those days it was possible to envisage Britain becoming a world leader in the field of development aid. In 1964 election addresses contained a surprising amount about rich countries and poor countries, and their obligations to each other. This was the high point of British enthusiasm for aid and it culminated in an achievement of considerable importance, the establishment of the Overseas Development Ministry, a full-scale ministry under a full-scale (slightly more than full-scale) Cabinet Minister, Mrs Barbara Castle, who had considerable influence on Government policy.

What the O.D.M. achieved under her aegis and with Sir Andrew Cohen's drive was of very great importance. It outlined a British aid programme which is the basis of our programme today. Its philosophy was summed up for me at any rate in one of the last speeches Barbara Castle made as Development Minister (it was to an O.D.I. meeting), in which she said that British assistance to Tanzania would not cease just because diplomatic relations had been broken off. This was an assertion that our aid programme, within the Commonwealth, was not politically but economically based - and that our obligation to help the development of poorer countries over-rode day-to-day political considerations.

Alas, it was subsequently discovered by the uninspired Commonwealth Relations Office that as there were no longer any diplomatic facilities, documents could not be signed; and if they could not be signed, the money for aid could not be made available; thus, while we had declared that we had no intention of cutting off aid, no aid would flow. That was the beginning of a downhill path; since then, British interest in aid everywhere has declined. A variety of reasons have contributed to this disillusion but two in particular stand out.

First, there was a nagging feeling on the part of quite a number

of people that Britain's true role was to associate with Europe and wealth-creation rather than with the Asian and African Commonwealth and poverty eradication. Second, the belief that the fundamental objective of the Commonwealth was to exercise world power, which still lingered on in many people's minds, received a number of rude shocks, and as a result interest in the Commonwealth faded.

With the collapse of goodwill within the Commonwealth which followed Ian Smith's revolt, and the simultaneous collapse of the British economy, the doubts which had always existed about our aid programmes came to the fore. This was also the period when we began to back into Europe. I have been since 1944 a strong advocate of our taking a lead in Europe and thus uniting Europe; but at this time we tried to enter Europe in the wrong way and for the wrong motives -- with results which were wholly predictable. As we backed into Europe, we backed out of the Commonwealth and the decline of interest in and concern with the Commonwealth in the last three or four years has been disastrous and probably irreversible.

During these years of disillusionment about the Commonwealth there was also disillusionment about aid, because the promise of a U.N. 'Development Decade' had not been realized. There was no economic miracle to show for the first six or seven years of our Commonwealth aid programme. At the same time the political degeneration with the Commonwealth, which proved a wholly ineffective political organization, continued. Commonwealth countries did not vote with us in the United Nations on critical occasions like Suez or Rhodesia; they were not a source of power, hardly ever of influence, in any part of the world. So we finally decided that we were not capable of exercising power and the withdrawal from east of Suez began.

Nevertheless, because of the good groundwork that had been carried out by the O.D.I., the D.T.C. and the O.D.M., there was a basic determination in

this country that we should continue to carry out an aid programme. As a result, even at the worst times, our aid programme was cut only slightly. I personally criticized those cuts bitterly, when I was at the O.D.I., but now that I am outside it I can see that things might have been much worse. Even so, there is no doubt, particularly looking at it from outside, that Britain's impact on the development of the poorer world is a declining influence today.

This does not set us apart from our colleagues in the rich world. In the United States there is the real probability that their aid programme which has been emasculated will be killed by Congress this year; the International Development Association Bill, which gives the World Bank its finance for cheap loans, has been put into cold storage by the United States Congress. In France it is fairly apparent that the first thing to go when law and order is restored will be the aid programme. In Germany the aid programme is being more strictly connected with problems of German trade overseas.

Everywhere you look you find the rich countries deciding that Aid is not for them. How can we restore some of the élan that the Aid programme had five or six years ago?

First, can we do it by restoring an interest in the Commonwealth? If we had turned the Commonwealth into a development institution some ten years ago, it would be stronger today; it would also have a great deal more meaning for the new generation who never knew the Empire than it does. Today I doubt whether the aid programme can be restored to any form of prominence without the support of this generation, but people under the age of thirty-five are not particularly aware of the Commonwealth, as such, except as the English speaking part of the Third World.

Secondly, I wonder whether we can frighten people into an aid

programme by saying that if they do not help development, they will find themselves faced with a hostile Chinese-led revolt of the masses. Is that going to have much effect? Again, I very much doubt it.

A new approach is needed. We should try and get people in Britain to recognize that to have wealth piling up among one-third of the globe's population, while poverty spreads among the remaining two-thirds, is an absurd and shameful way to run a planet. If in fact we cannot use our undoubted capacity for productivity and economic growth better than that, then our system of government and economics will have proved a failure.

Surely our pride will not let us admit so total a failure. We in Britain should no longer regard ourselves as a single, bi-lateral donor to countries with which we have a special relationship, but at least as part of an alliance of rich countries working together through organizations such as the Colombo Plan, and institutions such as the U.N. Development Programme and the World Bank. Let us regard ourselves as a proud country which recognizes that it cannot withdraw into itself (or even withdraw into its neighbour's backyard); that we are a country with world responsibilities which include seeing that there is some measure of economic and social justice around the world. Let us also remember that as a rich country we have the capacity to take on this responsibility; although we may be broke, we are certainly not poor. Our income per head has doubled in the last forty years; it has risen by almost a half in the last fifteen years. We have problems, but they are problems which can be overcome, given the will. But we shall not overcome them if we think that the only problem is that of getting our own balance of payments right.

Britain still has a role to play in the wider world. If we can get a new generation to accept this, we can once again play a major part -- first in the Commonwealth, because it is closely related to us, and then in the world -- in preventing the last third of this century from becoming

a period of decline into a world totally divided between a small minority of anxious rich nations, and a large majority of frustrated poor people.

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Since I delivered this speech we have all suffered a severe loss in the death of Sir Andrew Cohen. It is impossible to think of the British development programme in the last 20 years without thinking of Andrew. He was in truth its guide, philosopher and friend, inspired above all by a sense of the urgency of giving hope to the despairing, help to the struggling and encouragement to those who began to smell success. As Director of the O.D.I. I owed him an immense debt of gratitude, not least for the pungent replies to our criticism of his Ministry.

W.D.C.

Speech delivered by Mr. Graves at the
Conference at the Vienna Institute for
Development on June 10-15, 1968 - written
by Mr. William Clark.

Text of a paper/speech for a meeting
of the Vienna Institute for Development
Klagenfurt, June 10, 1968
by
William Clark



CREATING POLITICAL WILL

The Development Decade is dying of political inanition. Amongst the rich countries the will to assist development has faded and, partly as a result, in the poorer countries the will to develop is shriveling.

If the world is not to drift apart into two hostile camps, the political will for development must be reinvigorated. The first responsibility lies with the richer, donor countries, who alone can give accelerated impetus to the development efforts of the poorer countries.

The know-how about development, the economic gimmicks, the technical assistance ploys, the sheer professional skill of "developers", are all far more abundant than they have ever been in history before; the supply of goods and even finance is greater than ever before. But without the will to use these tools, for this mighty operation - this "war on poverty" - they are all totally useless.

What we need today is not more experts; it is not more economists; it is not more money - it is more determination on the part of the politically decisive to do something effective about the growing gap between rich and poor.

So the first problem we face is how do we create this political will. It is probably best to consider this in severely practical terms in relation to our own political community - in my case the U.K. - and its past history.

What is wrong at the moment in Britain is that not enough people consider this matter of the development of the poorer countries as really significant or urgent. What is needed is the feeling that this is the key issue of our times, the emotionally gripping issue as, for instance, the opposition to Fascism and so the Spanish Civil War, was to my generation of undergraduates; or as the abolition of slavery was to Wilberforce's small band a century before.

In bidding farewell to Mr. McNamara as his Secretary of Defense President Johnson referred to his departure for the World Bank as a move to "the most important war of all". How can we make a sizable section of the public recognize that the war on world poverty really is the most important war of all?

We need to consider three aspects of the problem: first, how do you motivate the public? Second, what are, in general, the motives that work against a public appreciation of the importance of development; third, what are the existing motives that work for development assistance?

First of all how do you effectively change public opinion?

Let us confine ourselves to this problem in democracies. Do we need to carry a majority of the population with us to change political thinking and action; does our campaign need therefore to be a campaign addressed to the masses? I think not directly.

What is really needed in the world of development assistance is more and more convinced political leadership. If the political leaders of a country really believe that "this is the most important war of all" they will be able to convince or at least carry the doubters. For there are, I believe, very few people in the democracies who are really opposed to development assistance, though there are many who believe it should be given a lower priority. The important thing therefore is to convince the leaders that this problem is the great and urgent world problem of our time, and leave them to do the selling job to the wider masses.

By "the leaders" I do not mean just, as it were, the Cabinets of the democracies, but a larger section of society - the elite, the establishment - call it what you will - which is responsible for setting the tone of a nation's policies. It includes academics, journalists, broadcasters, authors and civil servants as well as the few personally decisive political leaders. In my personal opinion it is also of the greatest importance to expose as many as possible of the younger generation (20 - 35) to this sort of thinking because it is the next generation which will have to bear the long hard slog of the war against world poverty; if we do not lose it for them in our time.

But of what exactly do we want to convince this elite? It is not the detail of policy - that we should adequately replenish IDA; or that we should give more through multilateral channels; or that our loans should be interest-free; or that we should accept more manufactured goods from Asia. What is wanted is to convince these people of the nature of the age we live in.

This is not likely to be known as the nuclear age, or the space age, or the American Century or the era of the common man. It is going to be known as the Development Age; the age in which two-thirds of the world's population revolted against their customary but no longer tolerable conditions. It is this war by the poor against world poverty which will dominate our age, and on this broad canvas we can see the American civil rights struggle as a minor skirmish, the European Unity movement as a small diversion; the demonetization of gold as an interesting tribal ritual.

If we can succeed in putting this picture of the world across - a picture so actual and accurate that it ought not to be impossible to convince people of its authenticity - these political leaders - who are generally anxious to be regarded as farsighted - will seek to make these actions relevant to this reality. Then is the time for the professionals in development assistance to come forward with their detailed suggestions about how policies should be implemented - for until then such advice is going to be of little importance.

This is what I call the "prophetic" task we face in creating the political will for effective world policies; the task that Plato called the "turning of the eye". It may sound vague and unrealistic but it is the essential prelude to effective and continued policies.

But to climb up onto our prophetic peak we must first understand what it is that, at present, prevents people from seeing the world and the future as we see it.

The greatest single obstacle to support for development assistance amongst the richer countries is lack of self-confidence; the craven fear that the task is beyond us. I do not believe that the peoples of the western world are ungenerous or callous, but I do believe they greatly underestimate the capacity of their economy as a whole, to change the face of the earth, if they have the will to do so.

When you reflect on the fact that the U.S. adds to its G.N.P. each year an amount greater than the total G.N.P. of all Africa north of Zambia, you can see how absurd it is to say that America, plus Europe, plus Britain all together cannot afford the greater amounts of aid that are needed to help the less developed continents make effective progress.

Still some questions stick in the public mind: "but what about the balance of payments. . .?". If you look at the flow of resources on a worldwide basis it is perfectly clear that balance of payments is a domestic problem of the rich countries. All the aid, and more, that we pour out to the less developed countries comes straight back in orders to one or other of the rich countries - that is why all developing countries have acute balance of payments deficits. If ever we in the West can get together and plan our aid on an allied basis we can eliminate the balance of payments bogey so far as aid is concerned.

"But aid doesn't work . . . look how much waste there has been, and how little real success." This is just another aspect of our lack of self-confidence, even though it pushes some of the blame for failure onto the recipients of aid. Most of us know, and it is not too difficult to show, that aid does work, though it does not work miracles, and that in those few places where we have had the confidence to put above average amounts of aid - Formosa, or Pakistan for instance - real breakthrough followed. Again if we had self-confidence, if we had the courage of our conviction that our economic systems given a chance could help development, then we might adopt effective policies.

So what I am arguing is this: that the great obstacle to our having the vision and political will to take effective action in development assistance is lack of confidence, timidity, in fact fear. This is very significant when we consider what are the motives favorable to development assistance.

By far the most general argument for aid has itself been one based on fear - fear that the majority of the world's population will turn against us, and that the world will be irretrievably divided into two hostile camps, with us in the smaller camp. But the difficulty with this fear-motive is that it has not proved a very effective creator of political will. Rather it has led to doubts whether aid does effectively buy off enmity (which it doesn't), and to a growing feeling that even if the poor countries do gang up against us we will remain more powerful than they and quite able to hold our own, however unpleasant the situation. Fear, in brief, is the father of isolationism (even if it is isolation in company with others of our sort); it is not the source from which springs sense of a world community.

Yet it is just this sense of belonging to an emerging worldwide community that we need to create if we hope for a political climate favorable to development assistance from rich to poor. How is it to be created and fostered?

It would be convenient to suggest that our natural philanthropy - regarding all mankind as one family - could be sufficient to produce the desired effect. But it is not true; since the time of Cain and Abel the brotherhood of man has been a dangerous sentiment on which to build. Yet I do believe that this sort of idealism does run very strongly through us all, and properly tapped would provide a great source of strength on which political leaders could draw.

But it is not enough by itself to stimulate the richer countries into the appropriate action. I would like to suggest that the motives of fear and love might both be made finally effective by the unlikely catalyst of pride, or its mirror image, shame.

When we look at our planet today and see two-thirds ill-fed, ill-housed, ill-educated, and one-third enjoying unprecedented prosperity, it must strike us as a very old-fashioned way of organizing a community. Does it have to be always thus? Have we no pride, no faith in our economic systems? Is it really beyond our power to change all this, not in the twinkling of an eye, not perhaps in a decade but in a generation?

I feel sure that if we can produce a reasonable plan for development of the poorer nations, which places the proper amount of responsibility on us in the richer nations, we can persuade our publics to accept it, on the grounds that we are proud of our capacity to make a better world. But we shall not gain this support unless we make it clear that we do have a plan, and that we have faith in its purpose, and determination to carry it out.

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World Bank
Washington, D.C.

Mr. William Clark

Director of Information and Public Affairs
to the
Staff Seminar of the World Bank

on 25 February 1970



"THE COLUMBIA CONFERENCE ON THE PEARSON REPORT AND FORWARD PROSPECTS"

The first part of the conference was purely academic or nearly purely academic, and rather young on the whole. Average age, say, under 40. The first part was in Williamsburg. The second part was held at Columbia University and there the young academics were joined by their elders and more radical members, and by a certain number of political and administrative types from the development field. Then the academics dropped away and just the political and administrative types remained, went up to Canada and had a preliminary meeting on how aid was to be organized in the future on a global basis. They not unnaturally in a day and a half didn't arrive at any conclusions and the likelihood is, therefore -- in fact, the certainty now is -- that there will be another such meeting. I thought it would be interesting to try and give you some account of the flavor of the Williamsburg and Columbia conferences.

I would like to make one point which is I'm putting forward other people's points of views. As always, I manage to keep my own point of view concealed under a mantle of hypocrisy and I won't therefore answer the irate questions you may put. I will merely say what else happened at the conference. But I think it would be very interesting to have some general discussion about what arose at this conference.

The meeting at Williamsburg went on for three fairly full days and it was based on a series of papers which were commissioned by the convenor of this conference, the Schweitzer Professor of Economic Development, Lady Jackson, commonly known as Barbara Ward. She commissioned these papers from all over the world and they really were a very interesting lot of papers indeed. They are going to be printed in the long run by Columbia University.

The subject matter of the conference was the Pearson Report, and in the suitable atmosphere of Williamsburg, which is a compound of British colonialism and American slavery, we discussed the future of the Third World. What emerged most strongly was that the Pearson Report had in fact had quite considerable intellectual impact on the people who were there, but probably a majority of the academics felt that it was not sufficiently radical. They were prepared rather grudgingly to admit that you couldn't put anything very radical up if you were trying to persuade politicians to act, but at Williamsburg, generally speaking, the discussions turned on assumptions about how much further you have to go than Pearson. The first of the Pearson recommendations to be discussed was that one percent of GNP should be the flow of resources to the poorer countries from the richer countries, and of that one percent, 0.7% of GNP should be official concessionary aid. There are some divisions within that, but this was very much discussed and in general

it was agreed that this was all that one could expect. The discussions turned rather on the question, given a 1% flow (if I may use that simple phrase) could you achieve a 6% rate of growth? Again, there was general agreement that you probably could, but there was almost general agreement that a 6% rate of growth was not sufficient to deal with the problems of the developing countries.

The views were divided roughly speaking into those who maintained that 6% was clearly insufficient and those who maintained that 6% was all you were going to get and, for the time being, how could you make a go of things at 6%. Thirdly, there was a minority view expressed every now and again that you weren't going to get 6% and was this sort of game worth the candle. I also noticed there was quite strong LDC versus UDC division here. Almost no one who was a citizen of the under-developed world, was very critical of this idea of a 6% rate of growth. The radical critics were very largely people from the North Atlantic community, most of whom had worked or were working in the under-developed world, and I think that is a significant political sign that on the whole the people from Pakistan and India and Tanzania and Ghana and so on were aware that the 6% growth was about what they might hope to attain and they were fairly determined to make something of it. But an awful lot of the people from rich countries working in those poorer countries were talking angrily back to their compatriots in America and Britain and Germany and France, and saying really this isn't good enough, you ought to be doing a good deal more. There is some danger in all of this because to say that 6% rate of growth is no good is a standing invitation to politicians to say okay, if that's no good well nothing's any good and let's withdraw from something that is obviously beyond our powers. But it was interesting that in general, I repeat, the 6% rate of growth was accepted with reluctant shrugs of the shoulder by those who had to achieve it and it was most criticized by those who were helping others to achieve it.

There was as far as I know, as always in conferences like this, no real opposition saying we shouldn't indulge in aid, we shouldn't have development. There was no representative of know-nothingism. But I think in general, one must say that no one really pretended that a 6% rate of growth was going to solve most of the problems of the under-developed world and nearly everyone felt that the Pearson Report was rather optimistic on this point. Just to insert my own view on this (and it happens to be one I know that's shared by Mr. Pearson and many of the secretariat and of the commissioners), yes, it was over-optimistic, but there was an objective to this report which was to get political action -- continuing political action -- and if you throw in the sponge, you're really not likely to get any very great political action. This, of course, is not a reason for writing an academic treatise that is false, but (a) "Partners in Development" is not an academic treatise and (b) it is in a way a problem of whether the development glass is half full or half empty and on the whole the academics were inclined to say it's half empty and Mr. Pearson, raising it to his lips, is inclined to say it is still half full. That is a problem that will arise in academic discussions on the Pearson Report.

As to what was to be done about the situation with the Pearson Report as a basis, I thought it was really very well put in a paper that I strongly recommend to you (without fully agreeing) by Dr. Richard Jolly, called "Aid Relationship" (Document 4). In introducing it he said the real problem is, "How long can we go on concealing the badness of the situation from the under-developed world -- as the Pearson Report does conceal it?" Several people from the less developed countries came up to me privately and said that they were afraid that if you could show that 6% growth was no good, this was a way of shrugging it off, and particularly they felt that this might mean that the rich countries were beginning to abandon the idea of growth being important and talk about quality rather than quantity of life. They said, "let's have our bread before we decide whether it's to be margarine or butter that we spread on it". That was a typical part of the atmosphere of the whole meeting.

One thing pointed out by Jolly and quite a number of others was that nothing in the Pearson Report really dealt with the problem of the gap. The report began by saying that the gap is one of the most serious problems in the world today. But if you looked at their recommendations you couldn't help noticing that at the end of the century the gap was absolutely and relatively likely to be even larger (which is the problem which you will have noticed in Mr. McNamara's latest address). The welfare aspect of the gap was a recurrent phrase -- pointing to the fact that the existence of the very low level of income not only meant that these countries were very poor but meant that they really were suffering from malnutrition, disease, lack of proper brain growth in childhood, and so on.

On the other side, Mr. Okita, the Japanese commissioner on the Pearson Commission -- and incidentally, I think a most extraordinarily interesting and intelligent and humane man -- pointed out that the two income lines projecting from today onwards were really both impossible. He said it is almost impossible to believe that at the end of this century Africans will be content with an income per head of \$200 or \$250, which is what would come even from the 6% rate of growth in some of the poorest countries. Equally, he said in Japan where our income is doubling every seven years it is impossible to believe that we will wish our income and our consumerism to go on doubling every decade, and I'm sure he meant that. Quite a lot of Americans said something fairly similar, that life at \$5,000 per head per annum was pretty crummy and what would life be at \$10,000 per head per annum? It would probably be even more cluttered. I think it was Barbara Ward who said this, "You'll be getting \$10,000 a year but you'd have to go out in a gas mask and if you went for a swim you would dissolve".

That leads on to another point which kept on coming in. That is the problem of what is now a new household word (like Agnew), "the biosphere" -- the question of whether or not we can actually stand the use of fossil fuel, for instance, that would be necessary to raise the standard of living of the billions in Asia at all appreciably. Wouldn't we just burn up the precious envelope in which we live? This I can only say was raised on a number of occasions. No one particularly replied to it; no one particularly knows

about it. Some people from the British Broadcasting Corporation were there, made a little note to do a two-hour long program on it, helping to burn up the biosphere that way, and I think we shall all be hearing a little more about it. It does have, for our future as a development institution, some interesting aspects. Is it possible that we will find ourselves having literally to do some rationing of the atmosphere or the biosphere, and if so, how are we going to justify the fact that an American uses 50 times as much of the world's resources from birth onwards as an Indian? If there is some element of truth in these things, it is going to put something of a crimp into the rather simplistic view that all we are trying to do is make everyone happy like us.

The other new phrase (to me) was the "bottom quartile", which is the lowest income group people in any society. In this connection there was a very significant intellectual move by Hollis Chenery (who really invented growth). In one of the best of the papers Hollis really put forward some of his doubts about the validity of 6% growth unless it helped disproportionately this bottom quartile.

We had, you will not be surprised to know, a good deal of discussion about the population explosion which lies, to some extent, at the basis of all of this, with several people looking at me and saying they did hope that there would be no speeches from white folk about the importance of population control.

The other point that we heard a lot about (and which you will find several interesting papers on) is what I call the "city implosion". The problems of urbanization were dealt with in an extremely interesting paper by Joan Nelson, and I recommend your reading it. Roughly speaking, her thesis is that shanty towns are rather good seed beds of democracy at least and they are quite a good way of adapting to the situation that is demanded by rapid industrialization, drawing people in from the countryside.

I am leaving aside the city implosion, if I may, and going on to the other thing that came out of this early discussion of the general aims of the Pearson Commission Report. It was pointed out that in the Report the ideal set for the under-developed world was self-sustaining growth and it was questioned whether this was a reasonable ideal. It was fairly generally questioned, though again I noticed that a lot of people from the under-developed countries were quite prepared to settle for self-sustaining growth. But one other suggestion that was made, and received a good deal of support, was whether instead of having as your aim, as your ideal, self-sustaining growth, you couldn't perhaps aim for the end of poverty and a sort of minimum annual wage of \$400 per head. This obviously had a great deal of attraction to a large number of people and I think we shall hear quite a bit more about these alternative aims which fit in with the general belief in doing something about the lowest quartile. What we are really trying to do is not pushing people through a ceiling, but putting a decent floor under poverty. The question will be then whether you can have some sort of stability in a world in which the top quartile or the top third, to be exact, is going upwards fast and most of the rest, though at least above poverty, is not moving

very fast. That's a political question which is going to have considerable effect on our thinking.

In all of this, what I'm trying to do is to suggest some of the academic input into general development thinking. I don't suggest for a moment that they are ideas that we have not thought of in our own work here, but I think these ideas are going to be of even more importance in the argument that lies ahead.

The other objectives of aid-for-development were that it should be used to solve specific problems and there was a good deal of talk about social growth. This aspect was hit off extremely well by Mr. McNamara's speech. It was interesting that that part of the speech was in fact written before any of the papers had begun to come in, but he did manage to catch the mood of the conference really very well. One of the problems discussed was the use of aid-for-development which would solve the problem of unemployment, and there are a couple of papers that deal with that subject.

Another very considerable topic of discussion was what is called structural change, which meant a very large number of different things but under the title of structural change we had a discussion on the redistribution of both income and land in the less developed countries, with several of the people from those countries making against the more radical Westerners the point that it's no good emphasizing redistribution of wealth if you don't have any wealth to redistribute; that if you're going to cut the pie more egalitarianly, you must have an increasing and larger pie. I think that on the whole that argument won through and there was a realization, possibly for a quite small fringe, that redistribution and indeed even restructuring is something that is helpful to a developing society if it is developing but is no good for a static society and is indeed rather inclined to kill it. This discussion tended to become most acute in the African area meeting.

There was a very interesting paper ("Structural Change", Document 8) by an Egyptian called Amin written around this thesis: "Africa fara da se"; that Africa really will have to do its own thing, will have to develop itself, and that it should do so by turning its back on the world which has treated it very badly through bad trading, through slave trade, etc., etc. and should develop itself from an agricultural, exporting continent dependent on world trade, to being an industrialized, admittedly high cost country trading with itself. I asked him and others asked him just how this particular trick was going to be performed, but he wasn't at liberty to say. It appealed to quite a lot of people, including particularly perhaps some of the developed people, because of the Western sense of guilt about its trade policies. In talking about restructuring, trade was really one of the things that almost everyone agreed must be restructured. Most people agreed that, though they might wish to go further, the recommendations of the Pearson Report on the restructuring of trade were wise, practicable, and something that the richer countries could carry out very soon. There were two rather interesting and rather radical interventions on this, both from the Westerners. Andre Philip's

speech (leave aside his less good paper) tried to show the need for a complete restructuring of world trade, for virtually the abolition of world markets (the ordinary higgling of the market system) and instead to have an arranged planned trade, particularly in commodities. At the same time he put forward with considerable vigor and thought, the need for an agreement on the part of the developed world to stop doing wholly absurd things like exporting beet sugar to cane sugar producing countries. Coming from a Frenchman, coming from an ex-French Minister, the ex-head of the OECD Development Center and said with very considerable vigor, this had quite an impact. And again I suspect this is something we shall be hearing more about; for instance, UNCTAD will be coming back on this one before long.

There was another suggestion in the discussion of Philip's speech which was that we, the rich countries should take a leaf out of the socialist countries', the Communist countries', book by arranging for loans to be repaid in goods, an interesting idea that again I think we'll hear more of.

The other intervention on trade was by Harry Johnson, a Canadian, who is professor now at the London School of Economics and he made a very vigorous speech half attacking the Pearson Report for talking about our duty towards our neighbor. That wasn't any good; what Johnson wanted was something simple like world government; his idea was that we really must get rid of the nation-state because the nation-state's impact on trade was almost wholly bad. Again because of a really deep-felt sense of guilt about our trade practices (Western trade practices) there was a strong feeling on the part of almost all the participants that something really radical would have to be done about trade. There are some fairly radical suggestions, in the Pearson Report, and those I think will get a good deal of support. What frankly worries me is that though I'm sure they'll get some support, I don't know how those sorts of political wishes, dreams, get translated into action. Aid is now beginning to get a fairly good lobby, but the efforts to do something about trade haven't got a hope against the lobby for individual items: the sugar lobby, the agricultural lobby in Europe, or the textile lobby in many countries, and I just don't know how UNCTAD, which is a somewhat sickly infant, is going to take on this Goliath.

Finally, in the last day at Williamsburg and for quite a lot of the time at Columbia, we discussed various aspects of the aid relationship, and it was this that was the theme of the conference of political types that took place up at Montebello in Canada on Sunday and Monday. It became perfectly apparent, and that's no news, that one of the difficulties of all developing countries, one of their problems, one of the things they feel unhappy about, is their sense of dependency and the complaint against the Pearson Report is that it didn't do much to alter the balance of power between rich and poor -- that at the end of the century the poor would still be begging and the rich would still be giving. So how do you make for a greater sense of power (and actual power) for the poorer nations? No one in fact suggested that this increase in "Poor Power" was not a good idea. But the suggestion about how to increase the power, the bargaining power of poorer countries, both in getting aid and in getting trade agreements, etc.,

took up a good deal of the discussion. The most interesting paper on this -- and it's a very interesting paper indeed -- is I.G. Patel's paper, in which he argues that everything would be very much easier if only there were less argument before the money changed hands. And he makes, as you can imagine, a very good case for this indeed, and for maintaining a low profile for the aid program of the West, of the rich countries. It was also suggested at the conference that we richer countries should accept the 1% of Pearson and write it into our constitution and make it the beginning of a world taxation system -- the point being that this money was owed, it was not given as charity, it was not something that had to be begged for; it was an amount which was due from the rich countries to the poor.

There were a lot of suggestions about how trade negotiations could be made fairer between rich and poor countries, which I found very difficult to believe in as practicable in the next decade or so. For instance there was one suggestion from a professor at Columbia (eventually circulated as a paper): his strategy was (1) the repudiation of any loans of high cost, or (2) a decision to repay them only in local currency or in goods excluded from the donor countries -- (3) a planned disruption of raw material supplies where they are relatively in elastic demand in the well developed countries, (4) discrimination between suppliers of imports where together the LDC's are a significant market, (5) coordinated expropriation of multi-national corporations' investments, and (6) the coordinated switching of reserves from currency to currency. This was not adopted but on the other hand I think we shall get a little bit of that sort of flak for quite a time to come. Certainly, if things go badly in the developing world, we will find those who feel that having pleaded has not done them any good so let's use arm-twisting; and when they come to arm-twisting they will not lack in advisors, mostly from the North Atlantic community. No great progress was made in this really rather crucial problem of the aid relationship, because of the feeling on the part of most of those in responsible positions in the donor world that they were not in a position to promise more, or even promise steadily over a five-year period. There was a good deal of unhappiness about this, but on the whole it's my impression that this conference was left with a feeling that the tension between donor and recipient was still pretty strong, and unless there was a notable betterment either in the flow of resources or betterment in the terms on which those resources flowed, we were in for a long hot decade.

There was one other question that came up at the end which was how to draw up a global strategy for an aid and development program. What was agreed was that if there was going to be any auditing of development, it ought to be an auditing of both the flow of resources from the rich as well as the developmental progress of the poor, and there was even the radical suggestion that the auditing of the efforts of the rich should be at least watched by the poor. That is something I am sure we are going to hear a lot more about, and that there will be a real attempt to take the auditing of the rich countries' efforts out of the hands solely of the DAC; and all of this will get a certain amount of support from at least some of the smaller donors in the DAC.

There is another similar suggestion that, taking the Jackson Report as its basis, more and more aid should be fed through the United Nations organizations, because the United Nations organizations are run on a one nation, one vote system and not as the World Bank and the IMF are, on weighted voting which favors the richer countries. This was not said with much ill will. It was really based on a feeling that the World Bank was run by the richer countries in the interest of the poorer countries as defined by the richer countries. There was a desire to see if one couldn't get more of the definition of what they wanted from the poorer countries. At least, it was an idea that more ought to be done through the General Assembly of the United Nations and perhaps slightly less around this august table. Again I must say that I found, not just in private, that the majority of responsible officials from the under-developed world were quite dubious about this because they have not found the World Bank too bad and they have not always found the U.N. living up to their expectations of it. But, from the point of view of the sort of image of the Bank which we keep locked up in my Department, I think we've got to do something about emphasizing the partnership side of our work, and I suspect we'll have to do it above all in those countries where we have not so far had a great deal of contact.

It was with these things ringing in our ears that the ministers disappeared up to Canada, and I think over the next six or seven months there is going to be some attempt to fulfill the last of the recommendations in the Pearson Report, which is that there should be something called the World Development Conference or an International Development Council or what have you, which in some form will take an overall look at how the development process is going during the decade and will comment on the inputs from the rich as well as the outputs from the poorer countries.

I am sorry to have gone on so long and I would like to apologize to those people who were at the Conference and who probably don't recognize it. This was my conference that I went to and I'm sure everyone had a different conference of their own.

Question: In view of the fact that it stated one reason the less developed countries remain less developed was due to their rapid population growth, did anyone in the conference make the rather harsh suggestion that aid should be linked with an adequate population control plan?

Mr. Clark: No, but several people made the suggestion that it should not be. This remains one of the things on which the sensitivity of the recipients is very, very great and must be respected and we're in a very difficult position about this one. Let me speak absolutely frankly about it. There is always a question when Mr. McNamara is speaking whether he should say anything about it or not. For the sake of happy sleep, certainly say nothing; for the sake of actually getting development, certainly the point needs to be driven home every now and again. The difficult problem that we have is to try and

get the drive for population control seeming to come from, and actually coming from, the developing countries themselves. This is very difficult. I hold way-out radical views about population control which are not yet on the surface, but I think that our first duty now is to get the extremely moderate and inadequate measures that one proposes officially accepted by the larger and poorer countries. Then perhaps we can go on to what will be adequate.

Question: You said that the representatives of less developed countries were rather more realistic than the Westerners helping them. How representative do you think they are of their bureaucracies or of their people?

Mr. Clark: A good question which I can't give a Gallup poll answer to, but I would say this: Responsible has two meanings. It means first an attitude of mind and second a position of trust, and I think the two tend to go together. In other words, just as all Presidents of the United States are in favor of aid, so on the whole all Ministers in less developed countries are in favor of getting on with the richer part of the world so as to receive benefits that they know they need. But the idea of self-reliance, which is the current slogan in Tanzania, has a very considerable appeal, right throughout Africa, and I think a wholly good one. Because becoming dependent on aid is bad; it's bad for the country's morale; it's very likely to distort its economy. This does not mean that aid should be cut off by the donor or by the recipient; it does mean that it should be regarded as an element, as one input, along with the mobilization of domestic resources and so on. But anything that can be done by us to make it apparent that aid is earned, is deserved, and is not a form of charity, is very helpful to this essential political process of making the countries feel self-reliant. I know from having lived through the Marshall Plan in Britain how extremely anti-donor one feels when you're really dependent on aid. And it does not make for good aid relationship nor for a good development program when there's that strong sense of reliance on aid as opposed to self-reliance.

Question: What do you think could be done to make the Nixon Administration adopt these goals of the Pearson Commission?

Mr. Clark: I've always thought that the job of an English head of the Information Department is to convince the other two-thirds of the world, but not the United States. To be serious -- I think that what one wants to do is to concentrate on those phrases in the Nixon state of the world speech that say "we accept the importance of the goal of effective development", and then they go on to say, "but not an arbitrary level for the flow of resources". Let's concentrate on the fact that they do say that they are really interested in the matter of effective development. I had an argument with a Senator and a Congressman two nights ago in which I simply said how delighted I was with this statement since I presumed that they put

effective aid so high that they expected it would probably be more than 1%, more like 2%, of the GNP which would have to go into aid. Somehow or other they didn't agree. The answer on this is, I believe -- if I may . . . I presume I'm off the record, and if I may speak in my host country freely -- I don't believe American aid is going to get better inside about three years. It's going to probably get worse, indeed. And I think that our objective in the aid world -- I don't mean particularly in the Bank -- is to be able to carry on during a long dry summer from Washington, and I think that in this way we shall be able to carry on and McNamara's leadership in this is very, very important. But how America will become convinced of the necessity of more aid I am not quite sure. Two things are likely to happen; there is likely to be a recognition that you can't solve the problems at home alone, that you are part of an invisible web that runs right through the world; and secondly, I suspect that America will get over the feeling of frustration which characterizes a great deal of its external relations at the moment and that the generosity which was shown in the past will revive. Finally, I don't believe there's a damn thing people like us can do about it.

Question: I attended the Williamsburg session of this conference. I didn't get up to hear the great minds at Columbia which followed, but there were a few points that have not been mentioned that I thought might be of interest. I concentrated mostly on the Southeast Asian area, which I suppose is fairly tranquil as compared with perhaps Africa or some of the other areas. There was a considerable discussion as to whether Taiwan and South Korea belong in Southeast Asia, because of the obvious difference in economic performance of those two countries compared with some of the others in that part of the world. Most of the discussion in that section was on the question of commodity stabilization, and so on. There was considerable discussion also in the Southeast Asia area on the role of private foreign investment. I don't know whether Mr. Clark referred to that. I was rather surprised at the criticism -- some of it quite vehement -- of the role of international companies in the under-developed countries. Most of this, in fact most of the criticism I heard, came from people from the Western countries with moderate, varying degrees of vehemence at the role of those companies that allegedly are not only exploiting, but even perhaps holding back, the technical development of the less developed countries. I took issue with this myself. I did make the point that I thought that some of the under-developed countries were giving too liberal incentives and that one area where they might get together is in working out some common code of incentives for private foreign investment. There was one other point, then I'll stop, that struck a responsive note with me. It was a remark made by Mabul Huk that instead of thinking up so many new gimmicks and taking so many diverse views of what constitutes economic and social progress, we should try to make the old ones work.

Mr. Clark: Thank you. I went to all the African meetings and we never discussed private investment once. It is an interesting point, that.

I suspect it was because there isn't much American private investment in Africa and most of the people who discussed it in your group I think were Americans.

Question: Could you say something on the auditing aspect of development in the LDC's?

Mr. Clark: What I meant by audit, which was the phrase which was used a good deal of the time, was roughly what we mean by our country economic reports. It is in fact seeing how development is going. But there is also a second element in this, which is how much aid of a concessionary kind, on what terms, with what strings, etc., has been fed in. If a country like India could claim that its lack of progress or relative lack of progress was due to a shortfall in the funds it had asked for, this should be listened to.

Question: I would like to address myself to one of the new gimmicks, the Horowitz Plan. I was wondering; I don't know very much about it. I think the basic idea is simplicity itself. I feel that perhaps in countries like in the United States the Horowitz Plan may be the solution to the problem because actually the money would be raised on the capital market, which in the United States happens to be very highly developed. What consideration has been given to doing this on a rather large scale and supporting just the difference between a concessionary interest and the commercial interest, which should be a much smaller outflow of physical money?

Mr. Clark: The answer is, to your direct question, "What has been done about the Horowitz Plan?", a version of the Horowitz Plan is included (after a good deal of blood, sweat and tears) in the Pearson Report. It is now being considered, and wild horses wouldn't drag from me what the answer is going to be because I don't know. However, I can tell you what I hope which is that some version of it is adopted, because I agree with you in thinking that this is a way of mobilizing more resources. On the other hand, people who know a very great deal more than I do about money markets allege that it might cause them a terrible shock. I would only say that I have found that money markets do get over terrible shocks quite quickly. There was some discussion at Williamsburg and Columbia about the debt problem. Certainly casting its shadow over all discussions of the developing world today is the debt burden. We certainly didn't get very far with it at Williamsburg and I think it's significant that we didn't discuss it very effectively, because it is not an economic problem; it is a political problem. Someone is going to have to address themselves to it in the course of 1970. Yes, I mean in the course of this year.

Question: . . . poverty and to a large extent a matter of relativity and you cannot isolate these things at all. So I am wondering if the group

in which you have been a member had discussed that subject: how to increase the knowledge of the people who are a part of this group in the poverty of the developing countries and of the developed countries, as well in order to increase the information.

Mr. Clark: We didn't discuss that very much. Really one of the few references made to it was by Paul Hoffman, who said, with an icy glance in my direction, that he thought that all that had gone wrong in the 60's was that people didn't realize how much progress had been made because of the poor efforts of information departments. What we concentrated on in this conference was how to get a decent human standard of life for the very great majority of people. I don't think that anyone who'd been at this conference could fail to recognize a burning feeling on the part of rich and poor, of intellectuals and of myself that there was a real obligation on us all to try and put this floor under poverty, in the decade, in the 1970's.

Question: . . . said that politicians in the poor countries would like to have more power to be able to talk to the rich countries on an equal basis. With the expanded UNDP do you think they will have a better hearing?

Mr. Clark: The difficulty is that UNDP, unlike UNCTAD, isn't really an advocate for the poor countries, as UNCTAD under Prebisch became; it has, in Paul Hoffman, a very eloquent pleader in the court of the rich countries for the case of the poorer countries. But the great genius of Prebisch was that he managed to make UNCTAD a voice for, and a pressure group for, the 77 poorest nations. I don't think UNDP has ever become quite that. It is essentially a plea on behalf of the poor, rather than a plea by the poor, and I'm a little inclined to be in favor of pleas by the poor because I am myself a bit of a radical in that I think that if the poor countries do rattle their doors a bit, it is going to have a certain effect. If they overplay their hand, they are very likely to find themselves thrown back on their heels, but I think in fact that such progress as was made by the two UNCTAD meetings, was made quite largely because of the pressures of the 77, and I would like to see UNCTAD have another go, but I confess to be very gloomy about UNCTAD's possibilities.

Question: One way of financing development has always been the printing of money, and next door they have started a scheme to finance an increase in volume of world transactions with an increased use of money that's newly created. I would have thought the Special Drawing Rights would figure as an issue at this conference. Were they?

Mr. Clark: SDR's were discussed quite often, but the reason that it wasn't a hot issue at Williamsburg was because there isn't a great deal to say beyond the fact, which was said by many people, that there ought to be some link

between SDR's and IDA (or some form of aid) and once that has been said, you simply run into what was really at the back of all our debate about power -- who runs this world's economy, and in whose interests? The answer in both cases is the Group of Ten, not even the IMF.

Question: If questions are permitted from your own department: Was there any discussion at the conference indicating that ways are trying to be developed for transfer of capital to the less developed countries which would avoid undesirable balance of payments effects? This is not, I think, part of the Pearson Report. I do think, however, that it's a major factor holding down flows of assistance and a major reason why the 1% target neither is being reached now or is impossible of being reached in the near future in the absence of such measures.

Mr. Clark: I think on the balance of payments side of affairs, nearly always the poor countries made the point that really no money stayed with them. Money lent by the rich countries to them or granted to them flowed back to the rich countries straight away. All under-developed countries have a balance of payments problem. There wasn't anyone, except perhaps Mr. Hannah in his public speeches, who was able to make the point that in the United States in particular there is a rather considerable fear of balance of payments consequences from aid.

One of the difficulties about this conference was that it was to some extent a trade union of aiders, because even the ministers who were there were ministers of development -- the Minister of Overseas Development, Judith Hart from Britain, John Hannah from the United States. We didn't have David Kennedy, we didn't have Roy Jenkins, we didn't have the Finance Ministers who are the people who are really concerned with balance of payments and the SDR's and so on. But that is one of the difficulties, and it is one of the difficulties about the Canadian meeting that in fact, if you are going to set up an international system for auditing aid, etc., you may be sure that the finance ministers are going to have their thumb well and truly in the weighing machine, and they weren't represented at this particular meeting. And the old idea that Ministers always speak for fellow members of the Cabinet has not been true for many a long year.

Question: Is there any particular reason why they could not have had David Kennedy there? Is there any effort being made, either through this conference or otherwise, to cool or shorten the long, hot summer, because it seems to me you were preaching to the converted.

Mr. Clark: Not enough, you're perfectly right, I think, and it's an admirable question. No, what's wrong at the moment is that we are talking to ourselves too much of the time, but one of the things that we have to do is establish our own basis reasonably, effectively to go out and talk to other people, and at the moment we are in some disarray. I think the

most valuable thing about the Pearson Report was not that it extended man's knowledge but that it provided a sort of solid base on which men of goodwill (and League of Women Voters of goodwill) could bring pressure to bear on their Congressmen, etc. This is probably the way that we are going to do it, not really by addressing pressure directly on ministers of finance, for instance, but rather by getting some agreement amongst ourselves about what is necessary and by making it clear in most countries, including eventually this one, that there is popular support for aid. And I would just say that in Britain I really think the fact that we've moved off that frozen position of saying we can't alter our aid program is quite largely due to the pressures partly generated and partly released by the Pearson Commission.

This Conference was a way of bringing the universities around the world into the act, and it was more than half successful -- that is, it did make them realize the advantages of advocating the possible. I'm going to close by reading a note I wrote at a very depressed moment on the first day when everyone was saying that everything was impossible. I wrote down as follows: "Economics is the art of the impossible; development is the science of the implausible; econometrics is the language of the ineffable".

Revised
January 5, 1970

GENERAL PAPERS

- ✓ Doc. 1 Implications of the 6% Rate of Growth - Prof. Hollis Chenery
- ✓ Doc. 2 Structural Change - Mr. André Philip
- ✓ Doc. 3 Trade and Liquidity - Prof. James Mirrlees
- ✓ Doc. 4 Aid Relationship (1) - Dr. Richard Jolly
- Doc. 5 Aid Relationship (2) - Policy of the European Common Market, Mr. Charles van der Vaeren.

AFRICA

- ✓ Doc. 6 6% Rate of Growth - The Honorable Philip Ndegwa
- ✓ Doc. 7 Structural Change - Prof. Helleiner
- ✓ Doc. 8 Structural Change - Dr. Samir Amin
- ✓ Doc. 9 Trade and Liquidity - Dr. Peter Ady (Miss)
- ✓ Doc. 10 The Aid Relationship - The Honorable E.N. Omaboe

ASIA and the MIDDLE EAST

- ✓ Doc. 11 6% Rate of Growth - Prof. Stanislaw Wellisz (Asia)
- ✓ Doc. 12 & 14 Combined
6% Rate of Growth - Prof. Charles Issawi (Middle East)
- Doc. 13 Structural Change - Dr. Mahbub ul Haq (Asia)
- Doc. 14 & 12 Combined
Structural Change - Prof. Charles Issawi (Middle East)
- ✓ Doc. 15 Trade and Liquidity - Prof. Paul Streeten (Asia)
- ✓ Doc. 16 Trade and Liquidity - Dr. Michael Bruno (Middle East)
- Doc. 17 The Aid Relationship - Dr. I.G. Patel

SOUTHEAST ASIA

- ✓ Doc. 18 6% Rate of Growth - Prof. R. Findlay
- ✓ Doc. 19 Structural Change - Dr. R.M. Sundrum
- ✓ Doc. 20 Trade and Liquidity - Dr. Snoh Unakul
- Doc. 21 The Aid Relationship - Dr. Widjojo Nitisaastro

LATIN AMERICA

- ✓ Doc. 22 6% Rate of Growth - Dr. Loreto M. Dominguez
- Doc. 23 Structural Change - Dr. Enrique Iglesias
- ✓ Doc. 24 Trade and Liquidity - Dr. Daniel Schwydlowsky ✓
- ✓ Doc. 25 The Aid Relationship - Dr. Lawrence Whitehead

SECTORAL PAPERS

- Doc. 26 Foreign Investment - Prof. A. Hirschman
 - ✓ Doc. 27 Foreign Investment - Prof. Paul Streeten
 - ✓ Doc. 28 Pearson on Private Foreign Investment - Dr. Michael Kidron
 - Doc. 29 Unemployment - Dr. Erick Thorbecke
 - Doc. 30 Urbanization - Document on Housing, Building and Planning in the Second United Nations Development Decade
 - Doc. 31 Urbanization - Dr. Joan Nelson
 - Doc. 32 Environment - Dr. Max Nicholson
 - ✓ Doc. 33 Education for Development - Mr. Peter Williams
 - Doc. 34 The Green Revolution - Dr. V.G. Rastyannikov
 - ✓ Doc. 35 The Green Revolution - Dr. Lester Brown
 - Doc. 36 Population - M. André Philip
 - ✓ Doc. 37 Investment and the Link to Foreign Bases of Production - Judd Polk
- 100-08

Non-gpe.

Excerpts from speech
by
Mr. William Clark
Director of Information, World Bank
to
World Affairs Council of Milwaukee



June 1971

[After speaking about the prospects for Development in the Third World during the '70.s Mr. Clark concluded by describing the role of the World Bank/

"What will the World Bank do faced with this situation of two-thirds of the world underdeveloped, ill-fed and underemployed? Why indeed should a World Bank do anything? The World Bank is not an ordinary Bank, in the Bonnie & Clyde tradition, its full name is the International Bank for Reconstruction and Development, and since the post-war job of reconstruction has ended, it has been becoming, more and more completely, a Development Agency.

But it does retain many of the characteristics and strengths of a Bank. It lends money; it does not give it away. And since it wishes to make sure that it is repaid it only lends for projects which are economically sound and likely to have a high rate of return to the country whose Government has guaranteed the loan and will have to repay it.

Our investment decisions are taken on the same prudent basis as other banks, the basis is a belief that greater productivity and so profitability is what we aim at. But unlike ordinary commercial decisions we do not just aim at maximising profits. Our cheap loans (made without interest under the International Development Association) are directed to the poorest countries, where the chances of big returns are small, and the chances of failure are greater.

We take these riskier opportunities because that is our mandate, that is our business - to help where help is most needed, to invest resources

where those resources are least easily obtainable. In fact to reverse, to a small degree, the downward economic spiral whereby the poor become poorer, while the rich become more embarrassed. But even in the poorest countries we do not give the money away without thought of return, the projects that we finance are examined just as carefully to ensure that they do fully benefit the recipient country.

The real problem that the Bank faces in its development tasks is how to combine prudence and profitability with the solid grass roots development of the country. It was easy in our earlier days to show that a big dam would produce power, which would supply industry that would earn profits; that sort of investment is conventionally bankable. It is much harder to demonstrate the prudence of loans for family planning; for producing vegetable protein as an artificial additive to diets; for building a non-modern factory that substitutes labour for machinery; even for building schools in remote towns of Africa.

Yet more and more clearly we are beginning to see at the Bank that the only really prudent investments are those which contribute to the overall development of the community, or which help to set free the community from the fetters which are preventing its development and economic growth. It is not prudent to invest in "viable" projects set in bankrupt countries or disintegrating societies. It is for these reasons that even hard headed Bankers are looking beyond the simple goal of increasing G.N.P. towards social goals such as the wider more equitable distribution of income, or the prevention of festering urban slums.

We are also beginning to see more clearly what are the fetters which hold back the less developed countries today, though it is harder to see how to strike them free.

There has been a great ecological shift in the past 20 years, which we call the population explosion. As a result of medical advances the very high

death rates in the Third World (the poorer countries) were rapidly reduced; the birth rates remain constant. As a result nearly a billion human beings have been added to the Third World. This is the single most

powerful brake in slowing down the economic progress of the peoples in the Third World. These extra mouths need more food, these extra bodies need more clothing, more housing, more schools, more tools for work; and if they are not supplied the standards of life, instead of rising with expectations, fall. In spite of the steady growth during the Development Decade in the gross production of the Third World there are today more illiterates, more bodies stunted by malnutrition, more unemployed, in brief more human misery than there was in 1960.

If we are going to invest wisely in the Third World we must strike at the roots of under-development, or at least help the peoples of that poorer world to get free of the shackles that tie them down.

We must encourage and assist those who wish to limit their population. We must help in every way to ensure that nutrition is adequate, particularly in childhood when irreversible damage to body and brain can so easily be caused by faulty diet. We must in all our attempts to secure economic growth for the nations, try to ensure also economic justice for the peoples, so that all may participate in the progress by working for it and thus sharing in its fruits.

I know this sounds Utopian. I know it sounds as though we were the Headquarters of World Government, not of the World Bank. I can almost hear the grumbles from the providers of Bank funds; this is not Bankerly, it is not prudent, it is too grandiose, it is wasteful. And from the recipients that there is too much interference; too many enquiries, too high an interest rate, not enough generosity. In brief a capitalist, imperialist plot to reimpose colonialism.

But, I believe, this criticism can be answered, and that we can fulfil our proper role as a World Development Bank. It will not be grandiose, it will be only an assisting role to the developing countries who will supply three quarters of the effort necessary themselves. It is not imprudent to invest in and help two thirds of the human race; to stand aside secure in our affluence would be the greatest folly. It is not wasteful to help the majority of mankind to make their way of life viable; agriculture, nutrition, education for jobs and jobs for production, these are the real infra-structure of a developing, progressive society.

It is true that we are interfering, and rigid in our standards, but I think we have shown to those we have assisted that it is their development, according to their ideals which we are seeking to assist. If we are pernickety about waste - and we are - it is because our resources are limited and the poorer the country the less it can afford waste.

In all of this the essential is that we should prove to the recipient that our only objective is to secure their economic development - not our trade advantage, not our political advantage, not even their alliance. Here the World Bank has a great advantage over bilateral donors because all our recipients are members of the Bank just as the donors are. Our Charter instructs us to assist the economic welfare of all our members.

I do not believe that multilateral aid will replace bilateral aid; but I do believe that multilateral aid may take the lead in devising new ways of giving reality to the old ideal of One World. I hope that the World Bank with the support of the most successful economies in all history behind it, may be able to lead the whole world towards a proper use of our planet's limited resources for the benefit of all its inhabitants.

FOR IMMEDIATE RELEASE



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**



INTERNATIONAL DEVELOPMENT ASSOCIATION

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October 14, 1971

SUMMARY TEXT OF SPEECH TO INTERNATIONAL FILM AND TV COUNCIL

by William Clark
Director, Information and Public Affairs
World Bank



All of us who are concerned with the dissemination of that instant history called public information, must sometimes wonder what this period will be known as in the history books. The Space Age? The American Century? The time of the Planetary Probes? The Cybernetic Period? The Electronic Era? The Nuclear Age?

I doubt whether any of these names will stick, because they affect such a small number of the planet's population. What concerns the great majority of mankind is the struggle against poverty and hunger. For this reason we shall probably find that looking back on this time from the 21st Century, it will appear as the Development Era; the age in which the majority of mankind sought to share the affluent mastery over nature that a minority had achieved.

But we are a very long way from realizing the importance and significance of the Development Era, or the Development Decade. At our recent Joint Annual Meeting of the World Bank and International Monetary Fund, the majority of the speakers were primarily concerned with development, but you could never have guessed it from the coverage in the Press, radio and television. For the World Press the story was the battle of the dollar, fought out in the Group

of Ten -- the ten richest nations --; the battle for development amongst the hundred poorer nations got scant attention in the World Press and media, which have their base amongst the Group of Ten.

There is nothing sinister in this, but there is a lot that is dangerous. We are all of us in Europe, and particularly in North America, living not in a fool's paradise, but in a fool's purgatory -- worrying to death about our parochial problems of affluence, ignoring the broader world problems of deprivation and poverty.

It is this provincialism which I wish to gain your support in combatting; continental provincialism perhaps, but in view of our world responsibilities as world citizens, provincialism nonetheless. It is provincial to think in purely European terms, or purely African terms, or Asian terms, or Western Hemisphere terms. We must think not merely in terms of the Third World or the Industrialized World, but in terms of the Whole World which we have to live in today and tomorrow.

But, you may very well ask, why should we worry about the state of economic affairs in Nigeria, or Cambodia, or Colombia? What concern is it of ours, of those of us who are dealing with the very considerable problems of the industrialized world? And if it is our concern in theory, what do we, as publicists, actually say to our publics that will interest them?

It is not enough to run occasional special features on the poorer countries; reminders merely that they do also exist. It is necessary that in our holding up of a mirror to the world we do show continuously that we are part of a world that includes a majority who are primarily concerned with breaking the bonds of their poverty; that this must concern us as we consider joining the Common Market, or holding together the Commonwealth, or maintaining our

domestic agriculture, or increasing our export trade. We must be concerned because the needy nations are part, the major part, of our world; to neglect them is not only immoral, it is very imprudent. What we overlook may overtake us, and hurt us.

But as any news editor knows, only what will hurt us and hurt us soon is real news. Is the public we deal with so inoculated against the gigantic disasters of the future, and indifferent to the dreary dreadfulness of life for most of mankind today, that only catastrophes on an East Pakistan scale will rouse us to action?

I do not think that the readers and viewers of the West are so heartless; but they do turn their hearts to stone when they feel that the situation is hopeless, beyond the remedy of their own effort. It is here, I believe, that those of us who are involved with the information media need to act if we wish, to see that the Second Development Decade is not a disastrous and dangerous failure. We need to act to ensure that the public recognizes first that (in the words of the Chancellor of the Exchequer) "the fact that there are still millions of human beings existing in a state of degradation is an affront to our ideals and makes a mockery of our civilization," and secondly that in the words of Mr. Lester Pearson "world poverty is something that can be overcome".

It is here that the Press, television and films are of crucial importance. They can get us out of our provincial rut, and show us the world as it really is, and is becoming. They can show us the problems we need to face, and show us the solutions outlined for those problems in the strategy for D.D.II. In that way we can avoid the sense of despair that so often makes people turn their backs on the future and seek comfort in the illusion of a permanent present.

What are the problems that we need to be faced with? First of all Population growth. We need to be reminded constantly that we are not dealing with a static problem in development. We are dealing with a constantly growing number of people who need to be fed, clothed and employed. At the beginning of the First Development Decade there were about 2.03 billion people in the developing world, at the end of the second decade there will be about 3.37 billion. In a century there will almost certainly be 9.6 billion.

These fearsome prospects often seem to freeze people into horrified inaction. Yet these statistics will be fulfilled, indeed if we do not work very much harder at population control they will be more than fulfilled. If we are realistic we must plan for a developing world of 3.25 billion people in 1980, and we need to be reminded of this all the time so that we cannot say "we will turn our attention to development as soon as we have dealt with our own more urgent problems". If we are to survive nothing is more urgent than this problem of the world's multiplying poor.

Can we feed them? The answer today seems to be 'yes' -- because of the work two decades ago which resulted in the Green Revolution. If that work had been put off because of more urgent things we might be seeing today on our television screen the famines which C.P. Snow has foretold.

Even so the world nutritional scene is far from cheerful. The F.A.O. estimates that there are 300 million children in the world today who are being deprived of their full genetic inheritance by malnutrition. This is one of the horror stories of our world today that should be better publicised, along with the careful estimate that it would cost only about £3 a year per child

to remedy these nutritional deficiencies, and save hundreds of millions of children from irreversible damage to their bodies and minds.

It used to be said by the anti-Malthusians that "with every mouth to feed, God sends a pair of hands to work". Today mouths are being fed by the labour of less and less pairs of hands, so that another feature of the developing world we live with is millions of idle hands. According to ILO estimates unemployment in the LDCs runs between 20-25%.

A quarter of the labour force without work, that is another horror story we need to know, but only in the context of their being something we can do about it -- in this case fulfilling the promises of the Decade strategy on investment and trade.

To sum up:

- The real world crisis today is the rapid expansion of population in the poorest nations of the world.
- We, in the richer nations, need to know the extent of this crisis, its tragedy and its shame for us who bear responsibility for the organization to the world economy.
- The Information Media have an opportunity, and a duty, to bring this crisis into our homes and our lives, so that we cannot ignore it.
- But with every mouth prophesying doom, there needs to be a pair of hands that will do something about it.
- The only plan to do something for the majority of mankind is the Second Development Decade Strategy. It needs to be publicized as the crisis plan for an increasingly urgent situation.

- It needs to be made clear that the Decade Strategy is the minimum action necessary to shape up an increasingly lopsided world. If carried out in full it may just save us from disaster; if we are content to fall just a little below the target then the launching of D.D.II will be the launching of a mighty ship that almost, but not quite, floated.

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NEWS SERVICE

INFORMATION AND PUBLIC AFFAIRS DEPARTMENT

This news story appeared on page 15 of the 9th May '73 issue of:

☐ THE NEW YORK TIMES
☐ THE WALL STREET JOURNAL
☐ THE JOURNAL OF COMMERCE
☐ THE WASHINGTON POST

☐ THE CHRISTIAN SCIENCE MONITOR
☒ THE TIMES
☐ THE FINANCIAL TIMES

LETTERS TO THE EDITOR



Lending policies of the World Bank

From Mr William Clark

Sir, Since I have personally been responsible for drafting the World Bank's annual report during the past five years, I feel I should respond to your editorial charge (June 27) that if the books are not exactly cooked, they are certainly warmed over, in order to put the bank in the best light.

"This annual report is a report to governments, not by the president but by what you call "a board of executive directors in which six wealthy and usually hard-headed countries have half the voting powers". In fact, we hardly ever have a vote, but we do spend long hours in board session drafting and re-drafting the report so that the bank's activities are placed in a clear light for hard-headed governments (there are rather more than six who qualify).

I have not found, nor have the executive directors, that bunching loans into the last quarter is due to "window dressing" the annual report, but rather to the need for some time discipline to bring lagging negotiations to the point of decision. After all, if some large loans slip over from 1971 to 1972 it only boosts the figures for 1972; and at the end of five years, as you state, we have fulfilled the goal set out in 1968 of doubling our lending.

Then the charge that we have tried to obscure the slow disbursements by concentrating public attention on the steadily rising commitments. Both commitments and disbursements are clearly recorded in the annual report and for the past three years I have always been questioned by the press, when giving out the report, about the rate of disbursement. Overall the disbursement pattern of bank and IDA lending is as good or better than that of other development institutions. I have tried to explain that we only disburse for work carried out; that a number of our new projects, particularly in agriculture, take longer to carry out than, for instance, factory building; therefore disbursement is a slower process and our increased commitments will only show as disbursements over three to five or more years. This indeed shows in

the figures for disbursement to developing countries (bank fiscal year begins July 1):

FY1968	FY1969	FY1970	FY1971	FY1972	FY1973
\$944m	\$913m	\$895m	\$1,250m	\$1,443m	\$1,640m

All the funds committed will be disbursed and the recipients (however impatient they may have been), will have carefully planned and executed development projects to show for the money spent.

I am just not sure how to reply to the charge of "exaggerated claims made by the World Bank about the alleged shifts in the emphasis of lending that has occurred under Mr McNamara's leadership". What claims? In 1968 Mr McNamara made some promises, which have been fulfilled, viz:

To double total bank/IDA lending in 1969-73 compared with 1964-68. It has increased by 128 per cent.

To triple lending in Africa. It has increased by 223 per cent.

To double lending in Latin America. It has increased by 128 per cent.

To quadruple lending for agriculture. It has increased by 317 per cent.

To triple lending for education. It has increased by 362 per cent.

To lend more to the poorest countries of all. Lending to these has quadrupled.

Incidentally, Mr McNamara, in his speech to the governors last year, did not promise "a redistribution of income in the Third World", but a more equitable distribution of the fruits of development—a sufficiently different concept to draw praise from several "wealthy and hard-headed" governments.

Finally (at last, but it was a rather long editorial or indictment) I admit my office is comfortable, and when we move into the quarters vacated by the fund it may even seem luxurious compared with the quarters in Printing House Square which I used transiently to occupy on Saturdays a decade ago. But if we are to attract more non-Americans to work in Washington, we must offer some comforts.

Your obedient servant,

WILLIAM CLARK,
 International Bank for Reconstruction and Development,
 181 H Street, NW,
 Washington, DC, USA.
 June 29.



World Bank

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Hold for Release until delivery
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As Prepared for Delivery

Statement to the
United Nations Economic and Social Council
General Debate
by Mr. William Clark,
Vice President, External Relations, World Bank
Geneva, Switzerland

I am speaking on behalf of Mr. McNamara who regrets that his obligations to the membership of the Bank, in this week which sees the close of our financial year and the presentation of his budget for the next, do not permit his absence from Washington, even for a short time.

He has asked me to address the Council in his place, stressing, as he would, the importance of the decisions which you will take this summer, particularly on issues that are literally a matter of life or death for millions of human beings, as well as the imperative need for the community of nations to assist the poorest countries, the principal victims of the present economic situation.

Many will agree that, this year, the UN stands at a crossroads as it lays the groundwork for a New International Economic Order. The results of the deliberations in the Council and in the Special Session will determine, perhaps for years to come, the direction in which the UN will move to help its poorer members overcome their current immense difficulties and its capacity to contribute to an improvement of the economic prospects for all nations. But we cannot deal with everything in a few short weeks. The advice on priorities which this Council will give to the General Assembly should be the strategic plan for the UN attack on World Poverty.

I would like to suggest that four issues deserve the most careful and urgent attention on the part of the Council and of the Assembly.

FOOD

First, to live man must eat. Food is at the centre of our concern for survival and for development. The momentum of the World Food Conference must not be lost. The food situation of many countries is likely to worsen in the short run, no matter what investment decisions are made now and in the longer run unless the right policy and investment decisions are made very soon. We estimate that, while world food demands

will rise by 3.6% per annum, annual growth in food production on present projections may not exceed 2.6%. A sustained and coordinated effort by both food deficit and food surplus countries is indispensable if the number of persons in the Third World suffering from inadequate nutrition or threatened by periodic famine conditions — there are at least 460 million of them today — is not to increase still further. This is truly a critical issue.

The World Bank, for its part, has been steadily increasing its financial support of agricultural projects designed to improve food production levels in developing countries. In addition, it has been actively involved in setting up the Consultative Group for Food Production and Investment in Developing Countries which last year's World Food Conference asked the Bank, FAO and UNDP to organize and which will hold an inaugural meeting two weeks from now. The Bank is a cosponsor and a donor member of the Consultative Group for International Agricultural Research, which organizes financial support for 12 international agricultural research centers, and whose work is directed to increasing the yields of major food commodities. I hardly need say that we look forward to working in harness with the proposed World Food Fund which is now attracting significant financial support, including that from developing countries in a position to assist.

RURAL POVERTY

But even if the food surplus countries produced enough food to meet the needs of the world in a statistical sense, the poorest countries (they are also the hungriest) would still be unable to purchase the food they require or to organize and finance the distribution of massive food imports. Consequently, a priority item for our consideration should be the attack on rural poverty especially in the lowest income countries where low output per acre is a major cause of both the world food problem and the most devastating poverty. Few developing countries today have a coherent food production policy or an effective strategy for rural development. It is imperative that national food production policies be reviewed if we are ever to arrive at a reasonable planetary strategy, and nothing less than such a strategy will do. As you know, the attack on rural poverty is central to the Bank's concerns, and the report of our operations in the last financial year will show that this attack has already been mounted.

EDUCATION

While most developing countries have in the recent past emphasized investment in education, there are signs that this effort may be losing momentum. The number of illiterates in developing countries is not falling. This may be because much investment in education has been misdirected. There has been a concentration of resources on higher education and other high-cost institutions. Often the standards adopted have been inappropriate for inculcating the basic skills needed to enable the mass of the population to participate in the development process. The education system should develop skills responsive to a country's needs at all levels. Non-formal basic

education aimed at special groups with minimum learning needs and carried out through restructured primary schools or non-formal programs must become an important supplement to the formal education system. Unless developing countries act now, with the support of the international community, to increase and redirect their educational activities in the light of their development needs, they will enter the next century with their potentially most productive resources — their people — badly prepared and doomed to live in poverty and ignorance.

The Bank's operations in the education sector reflect these new concerns. A number of recent projects, described in this year's Annual Report, incorporate approaches and techniques designed to help the mass of the people become active and efficient agents of their country's development.

HEALTH AND NUTRITION

One of the most critical subjects for consideration is health and nutrition. Disease, inadequate nutrition, poverty and a high birth rate are mutually reinforcing. Those who are poorly fed are most vulnerable to disease. The economic costs of ill health and inadequate nutrition — a reduction in the labor force, impairment of efficiency and lowered productivity and the waste of resources — are only beginning to be realized. And yet, the reduction of these economic costs is less a matter of expense, even in the poorest countries, than of the design of appropriate nutrition programs and health delivery services. Health services need to be redesigned to emphasize, not curative measures, but preventive and environmental measures available at low costs to the mass of the population.

The World Bank is paying a great deal more attention to health aspects of the projects it finances and is drawing heavily on the experience and expert advice of the WHO in this sector.

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TRANSFER OF RESOURCES

The developing countries, and, most particularly the poorest, cannot hope to tackle these fundamental problems effectively without a significant improvement in the amounts and quality of the resources they receive from the more affluent countries. Mr. McNamara has repeatedly urged, in public and in private, that a larger transfer of resources from the developed to the developing countries is not only indispensable but possible. He has also made clear that, in his judgment, substantial additional resources could be used productively by the developing countries. The urgency of improving the aid performance of the more affluent countries is indeed confirmed by recent studies by World Bank staff showing that movement of prices, volume of trade, inflation and other trends affecting concessional aid during

the last two years have slowed up the march of economic progress in all but a very few developing countries, and in some have created an atmosphere of defeat, despair and retreat.

We in the World Bank, taking into account these persistent and adverse forces and the target growth rate of 6% endorsed by the General Assembly for the Second Development Decade, have estimated the resource requirements of 40 developing countries for which we have detailed data. This group comprises 11 countries with a GNP per capita below \$200 (including several of the largest countries) and 29 countries whose per capita GNP exceeds that figure. For the group as a whole, our findings indicate that external capital flows would have to be at least \$50 billion per year for the next five years if the 6% target were to be met. This \$50 billion per year must compare with the \$29 billion of external capital which is likely to be available under current plans. True, we do estimate that by 1980 \$21 billion of this flow will be on highly concessional terms. Yet the ravages of inflation are almost certain to make this \$21 billion worth less to the recipients in the developing world than the \$16 billion they receive in concessional aid today.

Faced with these prospects, it would seem to be a matter of urgency that the economically-advanced countries of the OECD and Eastern Europe, together with those members of OPEC experiencing or expecting large financial surpluses, should forge a new consensus and demonstrate a new sense of commitment on capital-transfer targets. The existing volume targets, expressed as percentages of GNP, have played a useful role. Several governments have committed themselves to meet the targets within the Decade. But the targets have clearly not attracted the necessary political support in most of the larger industrial countries. And they are almost irrelevant to the circumstances of the net oil-exporting countries with small populations and substantial financial surpluses whose ability to assist other developing countries is determined by factors quite different from those affecting governments that depend on budgetary allocations from the proceeds of taxes to finance their ODA programs.

One element in a new consensus might be agreement on a geographical target designed to correct the gross imbalance that now exists between "need" — measured by any standard — and receipts of concessional aid. For example, all, or at least some substantial proportion, of highly-concessional bilateral aid might be allocated to the poorest countries according to population. This would do much to improve the prospects of those countries which, on present projections, can expect either insignificant growth or no growth at all in per capita income during the next five years.

The case for making some effort along these lines is strengthened by a closer examination of the situation of the poorest countries — those with less than \$200 per year per capita income in 1975 — as it emerges from the Bank's analysis to which I referred earlier. If one considers the developing countries as a whole, one's first reaction might well be that it would be wholly unreasonable to expect that the

gap between what is needed to meet reasonable growth targets and what is likely to be available as concessional aid — a gap of at least \$21 billion per year — could be filled. But on a closer examination, it seems that no more than \$2.4 billion per year of additional concessional external resources would be required to raise the growth rates of the poorest countries to somewhere between 4% and 6%; on favorable assumptions, as little as \$1.6 billion would be needed. This amount, I suggest, is entirely manageable for the international community. I suggest further that meeting this limited target for increased resource-transfers to the poorest countries should be made the immediate first priority for governments in a position to provide concessional development assistance.

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TRADE

On the other hand, however much the allocation and amount of ODA may be improved by adoption of new assistance targets, it is unlikely that the very sizable additional capital requirements of the middle and higher-income developing countries can be met entirely by ODA. Nor is it necessary that they should. There are other ways of helping those countries to continue their development at the rates most of them have achieved in recent years. Many of these countries can afford to borrow on intermediate, or even conventional, terms to finance productive investments. For nearly all these countries the proper strategy must be — and I believe that this is a point on which there is very wide consensus — to increase their export earnings, to enable them to finance directly larger import programs that will support a reasonable growth rate, and to strengthen their capacity to service additional debt.

The success of such a strategy will, of course, depend heavily on the industrial countries of the OECD and Eastern Europe. For many years to come, these countries are bound to remain the markets for the great bulk of the manufactured goods and raw and semi-processed materials exported from the developing countries. The gates of these markets must remain open and welcoming towards the developing world.

At the same time because the OECD countries remain fundamentally in the strongest position to assist financially, it is to the public funds of those countries that the developing countries must continue to look for financial support to achieve at least minimally decent rates of per capita growth in the next few years.

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In the face of the needs of the developing countries for external resources, the World Bank is determined to increase its own contribution.

First, some members of the World Bank are considering the establishment

of an interest subsidizing fund to subsidize World Bank loans. It is hoped arrangements will be made soon for this new facility — the so-called Third Window — to provide funds at the concessional rate of 4.5%, midway between the rates of the Bank and of IDA. We hope that, in addition to the 11 countries, industrialized and oil-exporting countries, who have already offered contributions to this interest subsidy fund, other contributors will make it possible for the Third Window to provide \$1 billion in assistance over and above other World Bank operations. Because these funds are, in any event, limited, eligibility criteria will tend to favor developing countries with annual per capita incomes of less than \$375. The need for some flexibility in the criteria is, however, recognized. We expect that the operations of the Third Window will bring about some redistribution of other Bank group financing to both the poorest and the middle and higher income developing countries.

Second, we intend to raise the level of the Bank's lending program, both in nominal and in real terms. We plan to lend approximately \$40 billion in the five years 1976-1980. This means, in real terms, a 58% increase in the level of commitments over the previous five-year period and a 153% increase over the preceding five-year period before that, FY 66-70.

Finally, we shall soon be starting negotiations for the next — the fifth — replenishment of IDA. The fourth replenishment provided IDA with commitment authority of \$4.5 billion to June 30, 1977, and by then it is expected that IDA's available resources will be fully committed. It is essential, given the unprecedented needs of the poor countries, that governments move decisively and in good time to assure replenishment adequate to the needs.

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As I indicated at the beginning of this statement, your session is critically important for the future of all international efforts in the field of development and, indeed, for the future of the United Nations Organization itself. This is the time for the Council to establish priorities and to lay down guidelines that will determine to a great extent the direction and the effectiveness of the action of all the members of the UN system in the years ahead. The World Bank cannot but express the hope that, in dealing with the critical issues on its agenda, the Council will give the greatest possible weight to the need to enhance the effectiveness of the system. In the face of the mounting problems ahead, the UN system and all of its parts will be judged, more than ever before, by the actual effectiveness of their action. To be effective, policies, organizations and procedures must be adaptable to the changing requirements of Development as they evolve over time and from country to country. The Bank, I dare say, has shown, after deep self-examination and through oftentimes painful reorganization, that adaptability was a basic condition of efficiency. Our recent financing of integrated rural

development projects which are multi-sector projects combining action in some of the essential sectors I mentioned earlier, such as education or nutrition, has demonstrated the Bank's willingness and its ability to adapt to new circumstances in order to remain fully effective.

This indeed is the time for action.

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ECONOMIC AND SOCIAL COUNCIL

GENERAL DEBATE

STATEMENT BY MR. WILLIAM CLARK,

VICE PRESIDENT, EXTERNAL RELATIONS, WORLD BANK



JULY 4, 1975

I am speaking on behalf of Mr. McNamara who regrets that his obligations to the membership of the Bank, in this week which sees the close of our financial year and the presentation of his budget for the next, do not permit his absence from Washington, even for a short time.

He has asked me to address the Council in his place, stressing, as he would, the importance of the decisions which you will take this summer, particularly on issues that are literally a matter of life or death for millions of human beings, as well as the imperative need for the community of nations to assist the poorest countries, the principal victims of the present economic situation.

Many will agree that, this year, the UN stands at a crossroads as it lays the groundwork for a New International Economic Order. The results of the deliberations in the Council and in the Special Session will determine, perhaps for years to come, the direction in which the UN will move to help its poorer members overcome their current immense difficulties and its capacity to contribute to an improvement of the

economic prospects for all nations. But we cannot deal with everything in a few short weeks. The advice on priorities which this Council will give to the General Assembly should be the strategic plan for the UN attack on World Poverty.

I would like to suggest that four issues deserve the most careful and urgent attention on the part of the Council and of the Assembly.

FOOD

First, to live man must eat. Food is at the centre of our concern for survival and for development. The momentum of the World Food Conference must not be lost. The food situation of many countries is likely to worsen in the short run, no matter what investment decisions are made now and in the longer run unless the right policy and investment decisions are made very soon. We estimate that, while world food demand will rise by 3.6% per annum, annual growth in food production on present projections may not exceed 2.6%. A sustained and coordinated effort by both food deficit and food surplus countries is indispensable if the number of persons in the Third World suffering from inadequate nutrition or threatened by periodic famine conditions -- there are at least 460 million of them today -- is not to increase still further. This is truly a critical issue.

The World Bank, for its part, has been steadily increasing its financial support of agricultural projects designed to improve food production levels in developing countries. In addition, it has been actively involved in setting up the Consultative Group for Food Production

and Investment in Developing Countries which last year's World Food Conference asked the Bank, FAO and UNDP to organize and which will hold an inaugural meeting two weeks from now. The Bank is a cosponsor and a donor member of the Consultative Group for International Agricultural Research, which organizes financial support for 12 international agricultural research centers, and whose work is directed to increasing the yields of major food commodities. I hardly need say that we look forward to working in harness with the proposed World Food Fund which is now attracting significant financial support, including that from developing countries in a position to assist.

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But even if the food surplus countries produced enough food to meet the needs of the world in a statistical sense, the poorest countries (they are also the hungriest) would still be unable to purchase the food they require or to organize and finance the distribution of massive food imports. Consequently, a priority item for our consideration should be the attack on rural poverty especially in the lowest income countries where low output per acre is a major cause of both the world food problem and the most devastating poverty. Few developing countries today have a coherent food production policy or an effective strategy for rural development. It is imperative that national food production policies be reviewed if we are ever to arrive at a reasonable planetary strategy, and nothing less than such a strategy will do. As you know, the attack on rural poverty is central to the Bank's concerns, and the report of our operations in the last financial year will show that this attack has already been mounted.

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While most developing countries have in the recent past emphasized investment in education, there are signs that this effort may be losing momentum. The number of illiterates in developing countries is not falling. This may be because much investment in education has been misdirected. There has been a concentration of resources on higher education and other high-cost institutions. Often the standards adopted have been inappropriate for inculcating the basic skills needed to enable the mass of the population to participate in the development process. The education system should develop skills responsive to a country's needs at all levels. Non-formal basic education aimed at special groups with minimum learning needs and carried out through restructured primary schools or non-formal programs must become an important supplement to the formal education system. Unless developing countries act now, with the support of the international community, to increase and redirect their educational activities in the light of their development needs, they will enter the next century with their potentially most productive resources -- their people -- badly prepared and doomed to live in poverty and ignorance.

The Bank's operations in the education sector reflect these new concerns. A number of recent projects, described in this year's Annual Report, incorporate approaches and techniques designed to help the mass of the people become active and efficient agents of their country's development.

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that the economically-advanced countries of the OECD and Eastern Europe, together with those members of OPEC experiencing or expecting large financial surpluses, should forge a new consensus and demonstrate a new sense of commitment on capital-transfer targets. The existing volume targets, expressed as percentages of GNP, have played a useful role. Several governments have committed themselves to meet the targets within the Decade. But the targets have clearly not attracted the necessary political support in most of the larger industrial countries. And they are almost irrelevant to the circumstances of the net oil-exporting countries with small populations and substantial financial surpluses whose ability to assist other developing countries is determined by factors quite different from those affecting governments that depend on budgetary allocations from the proceeds of taxes to finance their ODA programs.

One element in a new consensus might be agreement on a geographical target designed to correct the gross imbalance that now exists between "need" -- measured by any standard -- and receipts of concessional aid. For example, all, or at least some substantial proportion, of highly-concessional bilateral aid might be allocated to the poorest countries according to population. This would do much to improve the prospects of those countries which, on present projections, can expect either insignificant growth or no growth at all in per capita income during the next five years.

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At the same time because the OECD countries remain fundamentally in the strongest position to assist financially, it is to the public funds of those countries that the developing countries must continue to look for financial support to achieve at least minimally decent rates of per capita growth in the next few years.

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First, some members of the World Bank are considering the establishment of an interest subsidizing fund to subsidize World Bank loans. It is hoped arrangements will be made soon for this new facility -- the so-called Third Window -- to provide funds at the concessional rate

of 4.5%, midway between the rates of the Bank and of IDA. We hope that, in addition to the 11 countries, industrialized and oil-exporting countries, who have already offered contributions to this interest subsidy fund, other contributors will make it possible for the Third Window to provide \$1 billion in assistance over and above other World Bank operations. Because these funds are, in any event, limited, eligibility criteria will tend to favor developing countries with annual per capita incomes of less than \$375. The need for some flexibility in the criteria is, however, recognized. We expect that the operations of the Third Window will bring about some redistribution of other Bank group financing to both the poorest and the middle and higher income developing countries.

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Finally, we shall soon be starting negotiations for the next -- the fifth -- replenishment of IDA. The fourth replenishment provided IDA with commitment authority of \$4.5 billion to June 30, 1977, and by then it is expected that IDA's available resources will be fully committed. It is essential, given the unprecedented needs of the poor countries, that governments move decisively and in good time to assure replenishment adequate to the needs.

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As I indicated at the beginning of this statement, your session is critically important for the future of all international efforts in the field of development and, indeed, for the future of the United Nations Organization itself. This is the time for the Council to establish priorities and to lay down guidelines that will determine to a great extent the direction and the effectiveness of the action of all the members of the UN system in the years ahead. The World Bank cannot but express the hope that, in dealing with the critical issues on its agenda, the Council will give the greatest possible weight to the need to enhance the effectiveness of the system. In the face of the mounting problems ahead, the UN system and all of its parts will be judged, more than ever before, by the actual effectiveness of their action. To be effective, policies, organizations and procedures must be adaptable to the changing requirements of Development as they evolve over time and from country to country. The Bank, I dare say, has shown, after deep self-examination and through oftentimes painful reorganization, that adaptability was a basic condition of efficiency. Our recent financing of integrated rural development projects which are multi-sector projects combining action in some of the essential sectors I mentioned earlier, such as education or nutrition, has demonstrated the Bank's willingness and its ability to adapt to new circumstances in order to remain fully effective.

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CONSEIL ECONOMIQUE ET SOCIAL

DISCUSSION GENERALE



ALLOCUTION PRONONCEE PAR MONSIEUR WILLIAM CLARK

VICE-PRESIDENT, RELATIONS EXTERIEURES, BANQUE MONDIALE

4 JUILLET 1975

Je prends la parole au nom de M. McNamara, qui regrette vivement de ne pouvoir s'absenter de Washington, ne serait-ce que pour peu de temps, en raison des obligations lui incombant à l'égard des membres de la Banque; cette semaine, en effet, est celle de la clôture de l'exercice financier et celle au cours de laquelle M. McNamara doit présenter son budget pour le prochain exercice.

M. McNamara m'a donc demandé de bien vouloir m'adresser au Conseil en son nom et de faire valoir, tout comme il l'aurait fait lui-même, l'importance des décisions que vous allez prendre cet été, en particulier celles qui relèvent de domaines où se posent, au sens littéral, des questions de vie ou de mort pour des millions d'êtres humains; il m'a demandé aussi de rappeler à la communauté internationale le devoir qui lui incombe impérativement d'assister les pays les plus démunis, principales victimes de la présente situation économique.

De nombreux participants reconnaîtront que, cette année, les Nations Unies sont parvenues à un carrefour dans l'effort qu'elles ont fait pour jeter les assises d'un nouvel ordre économique international. L'issue des débats du Conseil et de la session extraordinaire de l'Assemblée générale influera, pendant des années peut-être, sur la direction dans laquelle

les Nations Unies s'engageront pour aider les pays les plus démunis qui en sont membres à surmonter les immenses difficultés dans lesquelles ils se débattent et sur la capacité qu'aura l'Organisation de contribuer à améliorer l'avenir économique du monde. Toutefois, il nous est impossible, en l'espace de quelques courtes semaines, de faire un tour d'horizon complet. Il conviendrait donc que l'ordre des priorités que le Conseil proposera à l'Assemblée générale constitue le plan stratégique que pourraient utiliser les Nations Unies pour attaquer le problème de la pauvreté mondiale.

J'aimerais proposer à votre réflexion quatre thèmes qui, de mon avis, méritent d'être examinés immédiatement et de façon approfondie par le Conseil et l'Assemblée générale.

ALIMENTATION

Je dirais tout d'abord que, pour vivre, l'homme a besoin de manger. Le thème de l'alimentation est au centre de nos préoccupations de survie et de développement. L'ample mouvement déclenché par la Conférence mondiale de l'alimentation ne doit pas perdre son élan. Dans de nombreux pays, il est probable que la situation alimentaire se détériorera à court terme, quelles que soient les décisions prises actuellement en matière d'investissement; elle se détériorera à long terme également, à moins que très prochainement des décisions judicieuses ne soient prises quant aux principes d'action à appliquer et aux investissements à effectuer. D'après nos estimations, la demande mondiale de denrées alimentaires s'accroîtra de 3,6 % par an, alors que la croissance annuelle de la production alimentaire risque de ne pas dépasser 2,6 % d'après les projections

actuelles. Il est impératif que les pays disposant d'un excédent de denrées alimentaires tout comme les pays déficitaires déploient un effort soutenu et concerté, à défaut de quoi le nombre d'habitants du tiers monde souffrant de carences alimentaires ou menacés périodiquement par la famine - ils sont au moins 460 millions actuellement - ne cessera d'augmenter. C'est là véritablement un problème d'une importance fondamentale.

La Banque Mondiale, pour sa part, a constamment accru les concours financiers qu'elle a apportés à des projets agricoles visant à relever le niveau de la production alimentaire dans les pays en développement. Par ailleurs, elle a pris une part active dans la création du Groupe consultatif de la production alimentaire et de l'investissement dans les pays en voie de développement: c'est en effet au cours de la Conférence mondiale de l'alimentation, qui s'est tenue l'année dernière, que la Banque, la FAO et le PNUD ont été conviés à organiser ce Groupe dont la réunion inaugurale doit se tenir dans deux semaines. La Banque est aussi l'un des organismes ayant patronné le Groupe consultatif pour la recherche agricole internationale, elle en est également membre donateur; ce Groupe, pour sa part, mobilise les concours financiers destinés à 12 centres internationaux de recherche agricole dont les activités sont axées sur l'amélioration des rendements des principales cultures vivrières. Je n'ai guère besoin de préciser par ailleurs que nous comptons oeuvrer de concert avec le Fonds international pour le développement agricole, dont la création est proposée, et qui mobilise actuellement un appui financier considérable, émanant notamment des pays en développement qui ont les moyens d'y contribuer.

PAUVRETE DES ZONES RURALES

Même si les pays dont la production alimentaire est excédentaire parviennent à fournir un volume suffisant de denrées pour satisfaire, statistiquement parlant, les besoins mondiaux, il n'en reste pas moins que les pays les plus démunis (ce sont aussi les plus affamés) resteront incapables d'acheter les aliments dont ils ont besoin ou d'organiser et de financer la distribution de quantités massives de denrées importées. Par conséquent, nous devrions examiner en priorité la lutte à engager contre le problème de la pauvreté des zones rurales, en particulier dans les pays à faible revenu où la modeste production à l'hectare est l'une des causes majeures du problème alimentaire mondial, et de la pauvreté et de ses ravages. Seuls quelques pays en développement se sont actuellement dotés d'une politique cohérente de production alimentaire ou d'une stratégie efficace du développement rural. Si nous devons jamais arriver à définir une stratégie raisonnable à l'échelle de la planète - et rien de moins ne saurait servir - il faut impérativement reconsidérer les politiques nationales régissant la production alimentaire. Comme vous le savez, l'assaut lancé contre la pauvreté rurale est au centre des préoccupations de la Banque, et notre rapport d'activité pour l'exercice qui vient de se clore témoigne de la façon dont cette lutte est déjà engagée.

EDUCATION

Certes, la plupart des pays en développement ont récemment donné une place de choix aux investissements consacrés à l'éducation, mais cet effort semble perdre de son dynamisme. Il y a toujours autant d'illettrés dans le tiers monde. Il faut peut-être rechercher la cause de cette

situation dans l'orientation erronée donnée à la plupart des investissements consacrés à ce secteur. Les ressources ont en effet été concentrées sur l'enseignement supérieur et d'autres institutions d'un coût élevé. Bien souvent, les normes adoptées n'ont pas permis d'inculquer à la masse des populations les connaissances de base nécessaires pour leur permettre de participer au processus de développement. Le système d'éducation devrait en effet diffuser des connaissances en prise directe sur les besoins d'un pays à tous les niveaux. L'éducation de base non formelle visant des groupes spéciaux ayant besoin d'un rudiment d'instruction, organisée au sein d'écoles primaires restructurées ou dans le cadre de programmes extra-scolaires, doit devenir un complément important de l'enseignement systématique. Si les pays en développement n'agissent dès maintenant, avec l'appui de la communauté internationale, pour élargir leurs activités dans le domaine de l'éducation et leur donner une nouvelle orientation en fonction de leurs besoins dans le domaine du développement, ils parviendront au seuil du siècle prochain et leur ressource la plus productive potentiellement - leur population - formera une masse médiocrement préparée, vouée à vivre dans le dénuement et l'ignorance.

Les opérations de la Banque dans le secteur de l'éducation s'inscrivent dans le droit fil de ces nouvelles préoccupations. Plusieurs projets récents, décrits dans le Rapport annuel du présent exercice, utilisent des méthodes et des techniques dont l'objet est d'aider la masse des populations à devenir des agents dynamiques et efficaces du développement de leur pays.

SANTE ET NUTRITION

L'un des domaines d'étude les plus importants est celui de la santé et de la nutrition. La maladie, les carences alimentaires, la pauvreté, un taux de natalité élevé se conjuguent pour se renforcer. Les moins bien nourris sont les plus vulnérables aux maladies. Or, c'est maintenant seulement que l'on commence à réaliser ce qu'il en coûte à l'économie lorsque les populations ont une santé médiocre et une alimentation déficiente: diminution de la force de travail, baisse de l'efficacité, recul de la productivité et gaspillage de ressources. Et pourtant, réduire ces coûts économiques se ramène moins à une question de dépense, même dans les pays les plus démunis, qu'à un problème tenant à l'élaboration de programmes de nutrition équilibrés et à la création d'une infrastructure médicale bien conçue. Il est nécessaire, en effet, de modifier la conception des services médicaux et de les axer non pas sur l'application de mesures curatives, mais sur des actions préventives exercées en harmonie avec l'environnement et offertes, à un coût modique, à la masse de la population.

La Banque attache à cet égard beaucoup plus d'attention désormais aux aspects sanitaires des projets qu'elle finance et fait largement appel à l'expérience et aux conseils spécialisés de l'OMS dans ce secteur.

TRANSFERT DE RESSOURCES

Les pays en développement et en particulier les plus pauvres, ne peuvent espérer s'attaquer efficacement à ces problèmes fondamentaux sans que le volume et la qualité des ressources qu'ils reçoivent des pays mieux lotis n'augmentent considérablement. M. McNamara a affirmé avec vigueur

à plusieurs reprises, en public comme en privé, qu'il est non seulement indispensable mais encore possible d'intensifier le transfert de ressources des pays industrialisés aux pays en développement. Il a également précisé que, de son avis, les pays en développement pourraient utiliser de façon productive un supplément substantiel de ressources. Les pays les plus riches doivent accroître de toute urgence leur assistance, comme le confirment les études récemment effectuées par les services de la Banque Mondiale, d'où il ressort que le mouvement des prix, le volume des échanges, l'inflation et d'autres éléments ayant influé ces deux dernières années sur l'aide assortie de conditions de faveur, ont freiné le rythme du progrès économique dans la grande majorité des pays en développement, au point de susciter dans certains d'entre eux un sentiment de défaite, de désespoir, d'abandon.

Prenant en considération ces lignes de force adverses, s'exerçant avec persistance, et tablant sur le taux de croissance de 6 % que l'Assemblée générale a approuvé comme objectif de la Deuxième décennie du développement, les services de la Banque ont évalué les ressources dont auront besoin 40 pays en développement sur lesquels ils disposent de statistiques détaillées. A ce groupe appartiennent 11 pays ayant un PNB par habitant inférieur à 200 dollars (notamment plusieurs des pays les plus vastes) et 29 pays dont le PNB par habitant est supérieur. Nous avons constaté que pour l'ensemble des pays de ce groupe, les flux de capitaux extérieurs devraient se chiffrer au moins à 50 milliards de dollars par an au cours des cinq prochaines années pour que cet objectif de 6 % soit atteint. Il convient de mettre cette somme en regard des 29 milliards de

dollars qui seront probablement disponibles dans le cadre des plans actuels. Certes, 21 milliards de dollars de ce total pourraient, selon nos estimations, être disponibles d'ici à 1980 à des conditions très favorables. Pourtant, les ravages de l'inflation ramèneront presque certainement ces 21 milliards à une valeur qui, pour les pays d'accueil du tiers monde, sera bien inférieure aux 16 milliards assortis de conditions de faveur qu'ils reçoivent actuellement.

Il semblerait que face à cet avenir, les objectifs du transfert de capitaux devraient susciter d'urgence un nouveau consensus parmi les pays économiquement avancés de l'OCDE et d'Europe orientale, et les membres de l'OPEP disposant ou appelés à disposer d'importants excédents financiers, et faire naître chez eux un sens renouvelé de l'engagement. Les objectifs qui avaient été arrêtés en ce qui concerne le volume de l'assistance, exprimé en pourcentage du PNB, ont joué un rôle utile. Plusieurs gouvernements se sont engagés à les atteindre au cours de la décennie. Ces objectifs ont été pourtant loin, manifestement, de recueillir l'appui politique nécessaire auprès de la plupart des grands pays industrialisés. Ils sont de surcroît presque totalement étrangers à la situation des pays exportateurs nets de pétrole, peu peuplés mais disposant d'importants excédents de capitaux: les possibilités qu'ont ces pays d'assister d'autres pays en développement dépendent en effet de facteurs fondamentalement différents de ceux auxquels sont soumis les gouvernements finançant leurs programmes d'aide publique au développement moyennant des crédits budgétaires alimentés par le produit de l'impôt.

Le nouveau consensus pourrait se former, en particulier, autour d'un objectif géographique qui serait conçu pour atténuer la disparité

flagrante qui existe actuellement entre le "montant nécessaire" des ressources - mesuré par quelque critère que ce soit - et le montant de l'aide reçue à des conditions de faveur. Par exemple, la totalité, ou du moins une importante fraction, de l'aide bilatérale assortie de conditions très favorables pourrait être affectée aux pays les plus démunis à raison de leur nombre d'habitants. Cette mesure serait susceptible d'améliorer considérablement l'avenir des pays qui, d'après les projections effectuées actuellement, ne peuvent compter au cours des cinq prochaines années que sur un taux de croissance de leur revenu par habitant négligeable, voire nul.

Les arguments avancés à l'appui des efforts susceptibles d'être déployés dans ce sens sont étayés par un examen plus minutieux de la situation dans laquelle se trouvent les pays les plus démunis - ceux dont le revenu par habitant est inférieur à 200 dollars par an en 1975 - telle que cette situation se dégage de l'analyse de la Banque que j'ai mentionnée plus haut. A considérer les pays en développement dans leur ensemble, il pourrait fort bien paraître utopique, de prime abord, d'espérer combler l'écart - cet écart de 21 milliards de dollars par an au moins - entre les sommes nécessaires pour permettre à ces pays d'atteindre des taux de croissance raisonnables et celles qui seront probablement disponibles à des conditions de faveur. Or, un examen plus attentif, cependant, semble révéler que le supplément d'aide extérieure nécessaire à des conditions de faveur serait tout au plus de 2,4 milliards de dollars par an pour que les pays les plus démunis enregistrent un taux de croissance allant de 4 à 6 %; dans des hypothèses favorables, cette somme pourrait même être réduite à

1,6 milliard de dollars. Il me semble que la communauté internationale serait tout à fait capable de la mobiliser et que, de surcroît, les gouvernements qui sont en mesure de fournir une assistance au développement à des conditions de faveur devraient se donner comme priorité immédiate et absolue cet objectif modeste visant à accroître le transfert de ressources vers les pays les plus démunis.

ECHANGES

En revanche, quelle que soit l'ampleur de l'accroissement des crédits et des montants de l'aide publique au développement que serait susceptible d'entraîner l'adoption de ces nouveaux objectifs en matière d'assistance, il est improbable que les flux de l'APD suffiront, à eux seuls, pour que les pays à revenu moyen et relativement élevé disposent des sommes supplémentaires considérables dont ils ont besoin. Il n'est pas nécessaire non plus que ces flux viennent uniquement de l'APD, puisque d'autres formes d'aide pourraient permettre à ces pays de poursuivre leur développement au rythme que la plupart d'entre eux ont atteint ces dernières années. Nombre de ces pays peuvent se permettre d'emprunter à des conditions intermédiaires ou aux conditions du marché pour financer leurs investissements productifs. Pour presque tous, la meilleure stratégie - et je crois qu'un très large consensus s'est dégagé sur ce point - consiste à accroître leurs recettes d'exportations. Ils se donneraient ainsi les moyens de financer directement des programmes d'importation de grande envergure qui entretiendraient un taux de croissance raisonnable et renforceraient leur capacité d'assurer le service de dettes supplémentaires.

Il va de soi que la réussite de cette stratégie dépend étroitement des pays industrialisés de l'OCDE et d'Europe orientale. Ces pays

sont en effet voués, pendant de nombreuses années encore, à constituer le marché sur lequel les pays en développement pourront écouler la plupart des biens manufacturés et des matières premières et produits semi-ouvrés qu'ils exportent. Les portes de ces marchés doivent donc rester largement et généreusement ouvertes pour les pays en développement.

Par ailleurs, les pays de l'OCDE étant essentiellement les mieux en mesure d'apporter une aide financière, les pays en développement devront continuer à faire appel aux capitaux publics de ces pays pour mobiliser les concours financiers devant leur permettre d'atteindre au minimum des taux de croissance par habitant décents au cours des prochaines années.

Au vu des ressources extérieures dont les pays en développement ont besoin, la Banque Mondiale est résolue à accroître sa propre contribution.

Tout d'abord, quelques membres de la Banque envisagent la création d'un fonds de bonification d'intérêt qui servirait à subventionner le taux des prêts de la Banque. Des dispositions devraient être prises prochainement, espère-t-on, pour que ce nouveau mécanisme de prêt, appelé le Troisième guichet, octroie des fonds au taux libéral de 4,5 %, se situant à mi-chemin entre le taux des prêts de la Banque et celui des crédits de l'IDA. Nous espérons que, outre les 11 pays, industrialisés et exportateurs de pétrole, qui ont d'ores et déjà proposé de contribuer au fonds de bonification d'intérêt, d'autres donateurs permettront au Troisième guichet de fournir une assistance de 1 milliard de dollars venant s'ajouter en supplément aux autres opérations de la Banque Mondiale. Ces fonds étant, en tout état de cause, d'un volume restreint, les bénéficiaires seront choisis en fonction de critères tendant à favoriser les pays en

développement dont le revenu annuel par habitant est inférieur à 375 dollars. Il est admis toutefois que ces critères devront être appliqués avec souplesse. Nous espérons par ailleurs que les opérations du Troisième guichet amèneront une certaine réaffectation des autres prêts du Groupe de la Banque entre les pays les plus démunis et les pays en développement à revenu moyen et relativement élevé.

Deuxièmement, nous nous proposons d'accroître le programme de prêts de la Banque, en valeur absolue comme en valeur réelle. Nous prévoyons de prêter approximativement 40 milliards de dollars au cours des cinq années allant de 1976 à 1980. En valeur réelle, cette somme se traduit par un relèvement des engagements de 58 % par rapport à la période quinquennale précédente et de 153 % par rapport à la période quinquennale antérieure à cette dernière, celle qui va des exercices 1966 à 1970.

Enfin, nous entamerons prochainement des négociations relatives à la prochaine reconstitution des ressources de l'IDA - qui sera la cinquième. La quatrième reconstitution a autorisé l'IDA à engager 4,5 milliards de dollars jusqu'au 30 juin 1977, et d'ici à cette date, les ressources dont dispose l'IDA devraient être entièrement engagées. Il importe essentiellement, eu égard aux sommes sans précédent dont les pays les plus pauvres ont besoin, que les gouvernements prennent en temps opportun les dispositions propres à garantir la reconstitution des ressources de l'Association et ce, dans des proportions suffisantes.

Comme je le soulignais au début de cette allocution, la présente session du Conseil revêt une importance capitale pour l'avenir des efforts de portée internationale qui seront déployés dans le domaine du développement et, en réalité, pour l'avenir de l'Organisation des Nations Unies

elle-même. C'est maintenant que le Conseil doit fixer l'ordre des priorités et définir les principes qui, dans une large mesure, orienteront l'action de tous les membres des organismes des Nations Unies dans les années à venir et en assureront l'efficacité. La Banque Mondiale ne peut qu'exprimer l'espoir que le Conseil, lorsqu'il examinera les problèmes vitaux inscrits à son ordre du jour, donnera la plus grande importance possible à la nécessité d'améliorer l'efficacité des organisations. Face aux problèmes qui s'amassent à l'horizon, les organismes des Nations Unies et leurs organes seront jugés, plus que jamais auparavant, par l'efficacité réelle avec laquelle ils ont agi. Or, pour être efficaces, les principes d'action, les organisations et les méthodes qu'elles emploient doivent pouvoir s'adapter à l'évolution des besoins dans le domaine du développement, à mesure que le temps s'écoule et d'un pays à l'autre. Je crois pouvoir affirmer que la Banque, après avoir procédé à un auto-examen approfondi et s'être engagée à plusieurs reprises dans un processus de réorganisation souvent douloureux, a démontré que la capacité d'adaptation est une condition fondamentale de l'efficacité. La Banque a d'ailleurs prouvé qu'elle souhaitait et pouvait s'adapter à une situation neuve pour rester pleinement efficace, en finançant récemment des projets de développement rural intégré, qui sont des projets portant sur plusieurs secteurs et combinant diverses mesures à prendre dans les domaines essentiels que j'ai mentionnés plus haut, tels l'éducation ou la nutrition.

Oui, c'est maintenant qu'il faut agir.

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CONSEJO ECONOMICO Y SOCIAL

DEBATE GENERAL

DECLARACION DEL SR. WILLIAM CLARK,

VICEPRESIDENTE - RELACIONES EXTERNAS, BANCO MUNDIAL



4 de julio de 1975

Me dirijo a ustedes en nombre del señor McNamara, quien lamenta que sus obligaciones para con los miembros del Banco, en esta semana en que concluye nuestro ejercicio y se presenta su presupuesto para el próximo, no le permitan ausentarse de Washington ni siquiera por corto tiempo.

El señor McNamara me ha pedido que hable ante el Consejo en representación suya para subrayar, como él lo haría, la importancia de las decisiones que ustedes adoptarán este verano, en especial en lo referente a problemas que son literalmente asunto de vida o muerte para millones de seres humanos, e insistir en la necesidad imperiosa de que la comunidad de naciones preste ayuda a los países más pobres, que son las principales víctimas de la situación económica actual.

Muchos de ustedes convendrán en que las Naciones Unidas se encuentran este año ante una encrucijada, a medida que ponen los cimientos de un nuevo orden económico internacional. Los resultados de las deliberaciones que tengan lugar en el Consejo y durante el período extraordinario de sesiones determinarán, quizás para muchos años venideros, la dirección que las Naciones

Unidas tomen para ayudar a sus miembros más pobres a superar las inmensas dificultades que confrontan actualmente, así como su capacidad para contribuir al mejoramiento de las perspectivas económicas de todas las naciones. Ahora bien, puesto que no podemos tratar todos los problemas en unas pocas semanas, el asesoramiento sobre prioridades que este Consejo ofrezca a la Asamblea General debería constituir el plan estratégico de las Naciones Unidas para su ataque contra la pobreza mundial.

Por ello, quisiera sugerir cuatro temas que merecen la atención más cuidadosa y urgente del Consejo y la Asamblea.

ALIMENTOS

En primer lugar, el hombre tiene que comer para vivir. El tema de los alimentos encabeza la lista de nuestras preocupaciones por la supervivencia y el desarrollo. El impulso generado por la Conferencia Mundial de la Alimentación no debe perderse. Es probable que en muchos países la situación alimentaria empeore a corto plazo - cualesquiera que sean las decisiones que se adopten ahora en materia de inversiones - y también a largo plazo, a menos que se tomen muy pronto las medidas apropiadas de política y de inversiones. Hemos calculado que mientras la demanda mundial de alimentos aumentará anualmente en un 3,6%, el crecimiento anual de la producción alimentaria puede que no supere el 2,6%, según las proyecciones actuales. Es imprescindible un esfuerzo sostenido y coordinado por parte de todos los países, tanto deficitarios como excedentarios en materia de alimentos, si se quiere que el número de

personas que en el Tercer Mundo sufren de nutrición deficiente o se ven amenazadas periódicamente por el hambre - hay en la actualidad unos 460 millones de personas, por lo menos, en esas condiciones - no siga aumentando aún más. Este es ciertamente un problema crítico.

El Banco Mundial, por su parte, ha venido incrementando de manera continua su apoyo financiero a proyectos agrícolas destinados a mejorar los niveles de producción de alimentos en los países en desarrollo. Además, ha estado trabajando activamente en el establecimiento del Grupo Consultivo sobre Producción Alimentaria e Inversiones Agrícolas en los Países en Desarrollo, que la Conferencia Mundial de la Alimentación pidió al Banco, a la FAO y al PNUD organizar y cuya reunión inaugural se celebrará dentro de dos semanas. El Banco es también copatrocinador y miembro donante del Grupo Consultivo sobre Investigaciones Agronómicas Internacionales, que moviliza el apoyo financiero a 12 centros internacionales de investigaciones agronómicas cuyos trabajos tienen por objeto incrementar los rendimientos de los principales productos alimentarios. No es preciso que diga que esperamos trabajar en estrecha cooperación con el Fondo Internacional de Desarrollo Agrícola propuesto, que está atrayendo actualmente un considerable apoyo financiero, incluso por parte de los países en desarrollo que están en condiciones de prestar asistencia.

POBREZA RURAL

Aun en el caso de que los países que tienen excedentes de alimentos produjeran éstos en cantidad suficiente para satisfacer las necesidades mundiales, en un sentido estadístico, los países más pobres (que son también

los que padecen más hambre) seguirían sin poder adquirir los alimentos que necesitan ni organizar y financiar la distribución de importaciones masivas de productos alimentarios. Por consiguiente, un asunto prioritario que debemos estudiar es el de la lucha contra la pobreza rural, especialmente en los países de ingresos más bajos, cuya escasa producción por hectárea es una de las causas principales tanto del problema alimentario mundial como de la pobreza más devastadora. Pocos países en desarrollo tienen en la actualidad una política coherente de producción alimentaria o una estrategia eficaz de desarrollo rural. Es imperativo que se revisen las políticas nacionales de producción de alimentos si queremos llegar algún día a una estrategia mundial razonable, y lo que no sea una estrategia de ese tipo no servirá de nada. Como ustedes ya saben, la lucha contra la pobreza rural es una de las principales preocupaciones del Banco, y el informe sobre nuestras operaciones en el ejercicio último mostrará el modo en que la hemos emprendido.

EDUCACION

Aunque en el pasado reciente la mayoría de los países en desarrollo ha dado gran importancia a las inversiones en educación, existen indicios de que este esfuerzo puede estar perdiendo eficacia. El número de analfabetos en estos países no desciende y la causa puede ser que muchas de las inversiones en educación han estado mal orientadas. Se ha destinado un excesivo volumen de recursos a la educación superior y a instituciones docentes de elevado costo y, con frecuencia, las normas adoptadas no han sido las más adecuadas para la formación de las aptitudes básicas necesarias para permitir a la gran

masa de la población participar en el proceso de desarrollo. Los sistemas educativos deben desarrollar aptitudes que correspondan a las necesidades de los países en todos los niveles. La educación básica no formal, orientada a grupos específicos con necesidades mínimas de aprendizaje e impartida a través de escuelas primarias reestructuradas o mediante programas no formales, debe convertirse en un suplemento importante del sistema educativo formal. A menos que los países en desarrollo actúen ahora, con el apoyo de la comunidad internacional, para aumentar y reorientar sus actividades educacionales de acuerdo con sus necesidades en materia de desarrollo, entrarán en el próximo siglo con su recurso de mayor potencial productivo -- su gente -- mal preparado y condenado a vivir en la pobreza y la ignorancia.

Las operaciones del Banco en el sector de la educación reflejan estas nuevas preocupaciones. En algunos de los proyectos más recientes, que se describen en el Informe Anual de este ejercicio, se han incorporado enfoques y técnicas cuya finalidad es ayudar a la gran masa de la población de los países a convertirse en agente activo y eficaz de su desarrollo.

SALUD Y NUTRICION

Uno de los asuntos de importancia más crítica que debemos examinar es el de la salud y la nutrición. Las enfermedades, la nutrición deficiente, la pobreza y una elevada tasa de natalidad son factores que se refuerzan mutuamente. Los que están mal alimentados son los más vulnerables a las enfermedades. Los

costos económicos de la mala salud y la nutrición deficiente - reducción de la fuerza laboral, disminución de la eficiencia, menor productividad y desperdicio de recursos - están ahora empezando a comprenderse. Y, sin embargo, incluso en los países más pobres, reducir esos costos económicos no es tanto cuestión de gastos como de formular y establecer programas de nutrición y servicios de atención de la salud adecuados. Estos servicios han de reorientarse con objeto de dar mayor importancia no a los cuidados curativos sino a medidas preventivas y ambientales que estén al alcance de la masa de la población a un costo reducido.

El Banco Mundial presta una atención cada vez mayor a los aspectos de salud de los proyectos que financia, aprovechando en un fuerte grado la experiencia y el asesoramiento especializado de la OMS en este sector.

* * * *

TRANSFERENCIAS DE RECURSOS

Los países en desarrollo, y muy especialmente los más pobres, no pueden aspirar a enfrentarse con eficacia a estos problemas fundamentales si el volumen y la calidad de los recursos que reciben de los países más afortunados no mejoran de manera significativa. El señor McNamara ha insistido repetidas veces, tanto en público como en privado, en que una mayor transferencia de recursos de los países desarrollados a los que están en vías de desarrollo es no sólo indispensable sino posible. También ha afirmado claramente que, en

su opinión, los países en desarrollo pueden hacer uso productivo de un considerable volumen adicional de recursos. La urgencia de que mejore la actuación de los países más ricos en lo que se refiere a la concesión de ayuda ha quedado confirmada sin lugar a dudas en estudios llevados a cabo recientemente por el personal del Banco Mundial, en los cuales se demuestra que las fluctuaciones de los precios, el volumen del comercio, la inflación y otros factores que han influido durante los dos últimos años en la ayuda de tipo concesionario, han reducido la marcha del progreso económico en prácticamente todos los países en desarrollo, habiendo creado en algunos de ellos una atmósfera de derrota, desesperación y retirada.

En el Banco Mundial, teniendo en cuenta esas fuerzas persistentes y adversas, así como la tasa de crecimiento del 6% recomendada como objetivo por la Asamblea General para el Segundo Decenio para el Desarrollo, hemos calculado las necesidades de recursos de 40 países en desarrollo sobre los cuales disponemos de información detallada. Este grupo comprende 11 países (incluidos varios de los más populosos) que tienen un PNB per cápita inferior a US\$200 y 29 países cuyo PNB per cápita es superior a esa cifra. Nuestros estudios indican que las corrientes de capital externo hacia ese grupo de países en conjunto tendrían que ascender por lo menos a US\$50.000 millones anuales durante los próximos cinco años si se quisiera alcanzar la meta de crecimiento del 6%. Esta cifra debe compararse con la de US\$29.000 millones de capital externo de que se podrá disponer probablemente según los planes actuales. Es cierto que en 1980, según nuestros cálculos, US\$21.000 millones de esa corriente total se facilitarán en condiciones altamente concesionarias. Pero

aun así, es casi seguro que los estragos de la inflación harán que esos US\$21.000 millones valgan menos para sus beneficiarios del mundo en desarrollo que los US\$16.000 millones de ayuda de tipo concesionario que reciben actualmente.

Ante estas perspectivas, cabe considerar asunto urgente que los países económicamente adelantados de la OCDE y de Europa oriental, junto con aquellos miembros de la OPEP que registran o esperan registrar grandes superávits financieros, lleguen a un nuevo consenso y demuestren un nuevo sentido de obligación en cuanto a alcanzar las metas relativas a las transferencias de capital. Las metas actuales en cuanto a volumen, expresadas como porcentaje del PNB, han resultado útiles y varios gobiernos se han comprometido a alcanzarlas dentro del plazo del Decenio. Sin embargo, es evidente que esas metas no han recibido el necesario apoyo político en la mayoría de los países industrializados más importantes, y que apenas son aplicables en las circunstancias de los países exportadores netos de petróleo que tienen poblaciones reducidas y considerables superávits financieros, y cuya capacidad para ayudar a otros países en desarrollo viene determinada por factores muy diferentes de aquéllos que afectan a los gobiernos que dependen de asignaciones presupuestarias de sus ingresos fiscales para financiar sus programas de asistencia oficial para el desarrollo.

Un elemento de ese nuevo consenso podría ser un acuerdo acerca de un objetivo geográfico destinado a corregir el fuerte desequilibrio que existe ahora entre "necesidad" - medida por cualquier norma - y ayuda de tipo

concesionario recibida. Por ejemplo, la totalidad, o al menos una proporción considerable, de la ayuda bilateral que se facilitara en condiciones altamente concesionarias podría asignarse a los países más pobres, de acuerdo con su población. Esto contribuiría mucho a mejorar las perspectivas de aquellos países que, de acuerdo con las proyecciones actuales, no pueden esperar sino un crecimiento insignificante, o ningún crecimiento, de su ingreso per cápita durante los próximos cinco años.

El argumento a favor de hacer algún esfuerzo en ese sentido se ve reforzado al examinar más de cerca la situación de los países más pobres - los que en 1975 tenían un ingreso per cápita inferior a US\$200 por año - según se desprende de los estudios del Banco a que me he referido antes. Si consideramos a los países en desarrollo en su conjunto, nuestra primera reacción bien pudiera ser la de que sería absolutamente ilógico y poco razonable esperar que pueda cerrarse la brecha entre lo que se necesita para alcanzar unas metas razonables de crecimiento y el volumen de ayuda de tipo concesionario de que se dispondrá probablemente, una brecha de por lo menos US\$21.000 millones al año. Pero haciendo un examen más detenido, parece ser que sólo serían necesarios US\$2.400 millones al año de recursos externos adicionales en condiciones concesionarias para elevar las tasas de crecimiento de los países más pobres a un nivel de entre el 4% y el 6%; adoptando unos supuestos favorables, se necesitarían solamente US\$1.600 millones. Sugiero que esta cantidad es absolutamente practicable para la comunidad internacional. Sugiero asimismo

que alcanzar esta meta limitada de incremento de las transferencias de recursos a los países más pobres debe constituir asunto de primerísima prioridad para los gobiernos que están en posición de facilitar asistencia para el desarrollo en condiciones concesionarias.

* * * *

COMERCIO

Por otra parte, por mucho que se mejoren la asignación y el monto de la asistencia oficial para el desarrollo mediante la adopción de nuevas metas, es poco probable que las necesidades muy considerables de capital adicional que tienen los países en desarrollo de ingresos medios y más elevados puedan satisfacerse totalmente por medio de dicha asistencia. Ni tampoco es necesario que lo sean. Hay otros medios de ayudar a esos países a proseguir su desarrollo a las tasas que la mayoría de ellos ha logrado en los últimos años. Muchos de esos países pueden permitirse obtener préstamos en condiciones intermedias, o incluso convencionales, para financiar inversiones productivas. Para casi todos ellos la estrategia adecuada debe ser - y creo que en este punto existe un amplio consenso - la de incrementar sus ingresos de exportación, para con ellos poder financiar directamente programas más amplios de importaciones que apoyen una tasa de crecimiento razonable, y reforzar su capacidad para atender un volumen adicional de servicio de la deuda.

Naturalmente, el éxito de tal estrategia dependerá en un fuerte grado de los países industrializados de la OCDE y de Europa oriental. Es inevitable que estos países sigan siendo durante muchos años los mercados para la mayor parte de los productos manufacturados y materias primas y semielaboradas que exporten los países en desarrollo. Las puertas de esos mercados deben permanecer abiertas y acogedoras para el mundo en desarrollo.

Al mismo tiempo, y debido a que los países de la OCDE siguen siendo fundamentalmente los que están en mejor posición para prestar asistencia financiera, los países en desarrollo deben continuar acudiendo a los fondos públicos de esos países en busca del apoyo financiero que necesitan para lograr por lo menos unas tasas decentes de crecimiento per cápita durante los próximos años.

* * * *

En vista de las necesidades de recursos externos de los países en desarrollo, el Banco Mundial está decidido a incrementar su propia contribución.

En primer lugar, algunos miembros del Banco Mundial están considerando la posibilidad de establecer un fondo de subvención de intereses para los préstamos del Banco. Se espera que pronto se harán los arreglos necesarios para que este nuevo mecanismo crediticio - conocido como la "tercera ventanilla" - pueda facilitar fondos a un tipo de interés concesionario de 4,5%, intermedio entre el de los préstamos del Banco y el de los créditos de la AIF. Esperamos

que además de los 11 países industrializados y exportadores de petróleo que han ofrecido ya contribuciones a ese fondo de subvención de intereses, haya otros que contribuyan a hacer posible que la tercera ventanilla facilite un volumen de asistencia de US\$1.000 millones, aparte de las demás operaciones crediticias del Banco Mundial. Debido a que, en cualquier caso, estos fondos son limitados, los criterios en cuanto a condiciones para optar a ellos tenderán a inclinarse a favor de los países en desarrollo cuyo ingreso anual per cápita sea inferior a US\$375, aunque se reconoce la necesidad de una cierta flexibilidad en la aplicación de tales criterios. Esperamos que las operaciones de la tercera ventanilla tengan también algunas consecuencias redistributivas en otras actividades crediticias del Grupo del Banco, a favor tanto de los países en desarrollo más pobres como de los de ingresos medios y más elevados.

En segundo lugar, tenemos intención de ampliar el programa crediticio del Banco, tanto nominalmente como en términos reales. Proyectamos conceder un volumen aproximado de financiamiento de US\$40.000 millones durante el quinquenio de 1976-80. En términos reales, esto significa un incremento del nivel de compromisos del 58% sobre el período quinquenal anterior y de un 153% sobre el que le precedió, el abarcado por los ejercicios de 1966-70.

Por último, pronto comenzaremos las negociaciones para la próxima reposición de los recursos de la AIF, que será la quinta. La cuarta reposición proporcionó a la AIF una capacidad para contraer compromisos de US\$4.500 millones hasta el

30 de junio de 1977, y se espera que para entonces los recursos disponibles de la AIF se hayan comprometido en su totalidad. Teniendo en cuenta las necesidades sin precedentes de los países pobres, es esencial que los gobiernos actúen con decisión y a tiempo para garantizar una reposición que esté de acuerdo con esas necesidades.

* * * *

Como ya indiqué al comienzo de mi discurso, este período de sesiones reviste una importancia crítica para el futuro de todas las actividades internacionales en el campo del desarrollo y, a decir verdad, para el futuro de la propia Organización de las Naciones Unidas. Este es el momento de que el Consejo fije las prioridades y establezca las pautas que en gran medida determinarán la dirección y la eficacia de la actuación de todos los miembros del sistema de las Naciones Unidas en los años venideros. El Banco Mundial no puede sino expresar la esperanza de que el Consejo, al tratar los problemas críticos que figuran en su orden del día, dará la mayor importancia posible a la necesidad de acrecentar la eficacia del sistema. De cara a los problemas crecientes que se avecinan, el sistema de las Naciones Unidas y todos y cada uno de los miembros que lo integran serán juzgados más que nunca por la eficacia real de su actuación. Para ser eficaces, las políticas, las organizaciones y los procedimientos deben adaptarse a las necesidades cambiantes del desarrollo a medida que éstas evolucionan con el tiempo y de país a país. Me atrevo a decir que el Banco, tras un profundo autoexamen y mediante una

reorganización a menudo penosa, ha demostrado que la adaptabilidad era condición esencial para lograr una mayor eficiencia. Nuestras operaciones recientes de financiamiento de proyectos integrados de desarrollo rural, que son multi-sectoriales y combinan actividades en algunos de los sectores clave que he mencionado antes, como los de la educación y la nutrición, son prueba evidente del deseo y la capacidad del Banco para adaptarse a las nuevas circunstancias a fin de seguir siendo plenamente eficaz.

Este es sin duda el momento de actuar.

* * * *

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F- Speeches



MAIL ECHO CARDIFF
ATTENTION CLYDE BROWN
SUPPLEMENTS EDITOR

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CABLE

GREAT BRITAIN

MESSAGE FROM WILLIAM CLARK, VICE PRESIDENT, EXTERNAL RELATIONS AT THE
WORLD BANK.

QUOTE THE PRESIDENT OF THE WORLD BANK, ROBERT S. MCNAMARA, SENDS HIS GREETINGS
FROM OUR HEADQUARTERS IN WASHINGTON D.C. TO ALL OF YOU ASSEMBLING IN CARDIFF
FOR THIS TWO-DAY CONFERENCE ON DEVELOPMENT ORGANIZED BY THE WELSH CENTER FOR
INTERNATIONAL AFFAIRS. BORN AND BRED IN NORTHUMBRIA - A BORDERMAN MYSELF
IT IS A SPECIAL PLEASURE FOR ME TO STEP OVER THE ENGLISH BORDERS INTO WALES
TO REPRESENT THE WORLD BANK ON THIS OCCASION.

HOWEVER, THE MESSAGE I BRING WITH ME ON BEHALF OF THE WORLD BANK (WITH ITS
124 MEMBER COUNTRIES) TRANSCENDS ALL BORDERS. IF WE LOOK ABOUT OUR PLANET
TODAY, IT IS EVIDENT THAT THE DESIRE FOR A GREATER DEGREE OF EQUITY - FOR
A MORE JUST AND REASONABLE EQUALITY OF OPPORTUNITY AMONG INDIVIDUALS, BOTH
WITHIN NATIONS AND BETWEEN NATIONS - IS BECOMING A MAJOR CONCERN OF OUR TIME.
CERTAINLY, IT IS THE MAJOR CONCERN OF THE WORLD BANK.

(Continued)

L. Peter Chatenay

External Relations

Mr. W. Clark
Mr. J. Merriam
Mr. M. Cherniavsky, Paris

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(Continuation)

IT IS AN ISSUE THAT HAS BEEN GATHERING MOMENTUM FOR A CENTURY OR MORE THE RISE OF THE LABOUR UNION MOVEMENT, THE DRIVE AGAINST RACIAL DISCRIMINATION, THE EXPANSION OF CIVIL RIGHTS, THE ENHANCEMENT OF THE STATUS OF WOMEN - THESE AND SIMILAR MOVEMENTS HAVE ALL HAD AN INGREDIENT IN COMMON: THE SURGE TOWARD GREATER SOCIAL JUSTICE AND MORE EQUITABLE ECONOMIC OPPORTUNITY, IT IS THE SEARCH FOR NEW SOLUTIONS TO THE INTOLERABLE PROBLEMS OF POVERTY.

WHAT ARE THE DIMENSIONS OF WORLD POVERTY? AT THE BOTTOM OF THE PYRAMID LIVE ALMOST ONE THIRD OF MANKIND - SOME TWELVE HUNDRED MILLION PEOPLE SUBSISTING ON PER CAPITA INCOMES BELOW 125 POUNDS. IN STATISTICAL TERMS THEIR INCOMES HAVE RISEN BARELY MORE THAN A POUND A YEAR: FROM 75 POUNDS IN 1965 TO 90 POUNDS IN 1975.

BUT WHAT IS BEYOND THE POWER OF ANY SET OF STATISTICS TO ILLUSTRATE IS THE DEGRADATION - THE INHUMAN DEGRADATION - THE VAST MAJORITY OF THESE INDIVIDUALS ARE CONDEMNED TO BECAUSE OF THEIR POVERTY. COMPARED TO US MEETING HERE IN CARDIFF - BY AN ACCIDENT OF BIRTH ENJOYING LIFE IN A DEVELOPED NATION - INDIVIDUALS IN THESE POOREST NATIONS HAVE:

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- . AN INFANT MORTALITY RATE EIGHT TIMES HIGHER;
- . A LIFE EXPECTANCY RATE ONE-THIRD LOWER;
- . AN ADULT LITERACY RATE 60 PERCENT LESS;
- . A NUTRITIONAL LEVEL, FOR ONE OUT OF EVERY TWO IN THE POPULATION, BELOW THE MINIMUM ACCEPTABLE STANDARDS.

THE BLUNT FACT IS THAT POVERTY TENDS TO PERPETUATE ITSELF, AND UNLESS A DELIBERATE INTERVENTION IS DESIGNED AND LAUNCHED AGAINST ITS INTERNAL DYNAMICS, IT WILL PERSIST AND GROW. THE WORLD BANK'S MANDATE IS TO FIGHT THIS WAR AGAINST POVERTY.

AT PRESENT, THE OUTLOOK FOR THESE POOREST COUNTRIES IS APPALLING: OVER THE NEXT DECADE, INCOME PER CAPITA IS PROJECTED TO GROW AT NO MORE THAN 2 PERCENT A YEAR. FOR HUNDREDS OF MILLIONS OF HUMAN BEINGS THAT MEANS AT MOST AN ADVANCE IN INCOME OF ONLY A POUND A YEAR.

THE RESPONSIBILITY FOR BREAKING THIS VICIOUS CIRCLE OF POVERTY LIES FIRST, OF COURSE, WITH THE GOVERNMENTS OF THE POOREST COUNTRIES THEMSELVES. BY AND LARGE THEY ARE MAKING THAT EFFORT - ON THE WHOLE FAR MORE SO THAN MOST PEOPLE IN THE DEVELOPED WORLD REALISE. IN THE PAST DECADE, THE POOR NATIONS HAVE FINANCED

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OVER 90 PERCENT OF THEIR DEVELOPMENT INVESTMENTS OUT OF THEIR OWN SMALL INCOMES. BUT IT IS TRUE THAT THEY MUST MAKE EVEN GREATER EFFORTS.

SO MUST WE. WHATEVER THE DEGREE OF NEGLECT BY GOVERNMENTS IN THE POOREST COUNTRIES IT HAS BEEN MORE THAN MATCHED BY THE FAILURE OF THE INTERNATIONAL COMMUNITY TO ASSIST THEM IN THE DEVELOPMENT TASK. IF THE GOVERNMENTS OF THE POOREST COUNTRIES DO NOT TAKE THE INTERNAL MEASURES THEY MUST, AND IF THE DEVELOPED NATIONS DO NOT HELP THEM WITH THE DEVELOPMENT ASSISTANCE THEY SO SERIOUSLY NEED, THEN THE OUTLOOK FOR THREE OUT OF EVERY FIVE OF THE 1200 MILLION HUMAN BEINGS WHO LIVE IN THESE DISADVANTAGED COUNTRIES IS UNSPEAKINGLY GRIM.

THE RECORD OF THE SO-CALLED MIDDLE-INCOME DEVELOPING COUNTRIES OVER THE PAST DECADE - THE BRAZILS, MEXICOS, TURKEYS AND KOREAS - OFFERS HOPE THAT CHANGE AND IMPROVEMENT IS POSSIBLE. THEIR 900 MILLION CITIZENS NOW ENJOY AN AVERAGE PER CAPITA INCOME OF ABOUT 560 POUNDS, ABOUT 50 PERCENT HIGHER THAN TEN YEARS AGO. WHILE IT IS FAIR TO SAY THAT THESE NATIONS HAVE BEGUN TO ESTABLISH A PROMISING STRUCTURE FOR HIGH ECONOMIC GROWTH RATES, THEIR ACHIEVEMENT HAS BEEN MARRED BY SERIOUS INEQUITIES IN INCOMES DISTRIBUTION.

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NOT ONLY DO THE 170 MILLION ABSOLUTE POOR IN THEIR SOCIETIES SUFFER THE SAME DEPRIVATIONS AS THOSE IN THE POOREST COUNTRIES, BUT HUNDREDS OF MILLIONS MORE SUBSIST ON INCOME LEVELS LESS THAN A THIRD OF THE NATIONAL AVERAGE.

EXTREMES OF INEQUALITY HAVE CONTRIBUTED TO SEVERE POLITICAL TURMOIL IN A NUMBER OF COUNTRIES, AND COULD EASILY TRIGGER FURTHER VIOLENCE. GOVERNMENTS MUST RECOGNISE THAT IF THE GROWTH RATES OF THE PAST ARE TO BE RESUMED AND SUSTAINED, THEIR BENEFITS MUST BE MORE WIDELY DISTRIBUTED. AND, AT THE SAME TIME, THE INDUSTRIAL NATIONS MUST FIND PRACTICAL WAYS TO ASSIST BY PERMITTING MORE EQUITABLE ACCESS TO THEIR OWN MARKETS, AND BY MAKING AVAILABLE ADDITIONAL DEVELOPMENT CAPITAL ON REASONABLE TERMS.

ALTHOUGH THE FORMULA FOR ECONOMIC ADVANCE IN THE MIDDLE-INCOME COUNTRIES DIFFERS FROM THAT APPLICABLE TO THE POOREST NATIONS, THE ACTION REQUIRED IS SIMILAR IN ONE IMPORTANT RESPECT: BOTH GROUPS OF NATIONS NEED ADDITIONAL SUPPORT FROM THE DEVELOPED WORLD IF THEY ARE TO ACHIEVE ACCEPTABLE RATES OF GROWTH. THE CENTRAL POINT IS THAT THE PLIGHT OF ALL THESE NATIONS CAN ONLY BE REMEDIED BY DELIBERATE ACTION, AND THAT ACTION MUST BE TAKEN AT BOTH THE NATIONAL AND INTERNATIONAL

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LEVELS. IN THIS TASK, THE MINISTRY OF OVERSEAS DEVELOPMENT, AND THE EUROPEAN DEVELOPMENT FUND OF THE EEC, BOTH REPRESENTED AT THIS CONFERENCE HAVE, ALONG WITH OUR OWN INSTITUTION, A KEY ROLE TO PLAY. I HOPE WE CAN ALL COUNT ON YOUR SUPPORT. UNQUOTE.

REGARDS. CHATENAY, EXTERNAL RELATIONS ADVISER, WORLD BANK.

L. Pater Chatenay/ef

DRAFT -

speech delivered by Mr. W. CLARK - Hamburg, Germany -
Übersee-Club

filed Clark



Speech to Hamburg Club
[Signature]

*Delivered
recognition*

I am particularly pleased to have this opportunity to speak in the Federal Republic, because, to my delight, there is a certain special relationship evolving between Germany and the World Bank. For you are becoming by far the largest source of Bank borrowings, and we are becoming by far the largest external borrower in your capital market. *As you know the Bank operates by...*

In the current fiscal year we have borrowed from German investors over two billion deutschemarks (DM 2,094 b), of which nearly a billion and a half was new money (DM 1,450 b). In fact this borrowing by us and buying by you has been going on for many years, and today the Bundesbank is the largest single investor in the World Bank, holding some two and a half billion deutschemarks (DM 2,458 b) of our securities.

*and IDA
works*

At the same time the Federal Government has always played its full part in the International Development Association, the soft loan affiliate of the Bank which draws its funds mainly from governments. In particular it was notable that Germany was one of the countries which put up its subscription voluntarily when the replenishment of IDA's empty coffers was delayed by the U.S. Congress. *First to put up cash.*

I really feel that I am reporting to our major shareholders! And so I should point out that some benefits do accrue to you, as a result of all that you do for the Bank. The efficiency and competitiveness of German industry have resulted in a great number of Bank and IDA contracts being awarded - by our system of international competitive bidding - to German firms - something on the order of DM 4 billion worth of contracts.

And increasingly we are finding German nationals in the leading positions within the Bank, and our special recruiting drive this year in

Germany is bringing us in additional recruits for World Bank service. For the World Bank is not only growing, it is becoming more truly a world bank, drawing its money not only from New York and London, but, as I have been saying, from Frankfurt, from Kuwait, from Saudi Arabia and from the Central Banks of no less than nearly 60 member countries. And our staff which used to be almost half British and American, is now seeking new recruits not only here in Europe, but increasingly from less traditional sources, in Japan for instance.

Another sign that the Bank is becoming more independent of its traditional supporters came with the holdup of I.D.A. in the American Congress. A few years ago this would have meant that everyone waited for the American lead. In 1968 the other members of I.D.A. rallied around, put up their share without waiting for American leadership.

If the World Bank is to play its full role as a leader in world development, it has got to be fully international. That is the only way in which it can raise the money it needs; the only way it can find enough experts for its needs, and the only way in which it can assume a position of leadership forward, when so much of world development assistance seems to be going backward. *Mc N's leadership.*

Just a year ago in Mr. McNamara's early days at the Bank he asked us all to take a look at what the Bank should be doing if there were no money restraints. To many people this seemed rather a wild supposition. "If there were no money restraints"; at a time when the American AID was being cut, when IDA was threatened in Congress and when several of the leading donor nations were suffering severely from balance of payments stringency.

But Mr. McNamara argued, and I think he has been proved right, that we needed to look at the economic record of the richer countries as a whole. The balance of payments problems of the rich are a domestic problem of the Group of Ten; they do not represent any failure of the industrialized countries as a whole to expand and grow. In fact, in recent years these industrialized countries have added roughly \$75 billion each year to their gross national products. It was in this rich field that we were seeking to raise perhaps an extra billion of money for first class development projects.

We, at the Bank, were sure the money could be raised, and we were equally sure it could be wisely invested in development. It was as the result of our surveys that Mr. McNamara proposed a doubling of Bank lending over the next five years, compared with the last five.

One essential ingredient in this decision to expand our development activities was the knowledge that the developing countries were a worthwhile investment, and that we could easily find good bankable projects within their confines.

Nothing has done more harm to the international development effort than the belief that it is beyond the capacity of the industrialized powers, unless it is the harm that has been done by the equally false myth that real progress in development has proved beyond the capacity of the poor countries.

The past decade, the so-called Decade of Development, has seen in fact some very remarkable economic development in the poorer countries, even if it has been overshadowed by economic miracles elsewhere. If we look back at the record of Europe or North America for the hundred years, 1850-1950, we will find that these economies grew at the average rate of about 2% per head per annum.

In the past decade 30 or more of the less developed countries had growth rates of 2% per head (in spite of the population explosion) per annum, and a further sizeable group had growth rates of well over 1% per head per annum. These countries, though far down the ladder, are on the same climb that brought us to our present affluence.

So I do not think it too rash of us at the Bank to suppose that we could contribute significantly to the betterment of mankind, and the economic progress of this planet, by increasing our activities and by directing them more accurately and more exactly at development.

Scepticism in the Bank
Nonetheless, there remains some scepticism about whether we can do it - whether we can raise the money, whether we can distribute it as prudently as the Bank has in the past, whether there are more risks with more loans, whether we can in fact expand the world development aid effort, whether we can hasten worldwide development.

eg. East in bad name & India
No-one can be ~~be~~ sure. But I am optimistic and let me tell you why. First on the money raising; we have raised record amounts this year - I don't need to tell you that. Second, as to distribution; we have made more loans this year than before, and there was no shortage of projects appraised by the Bank's experienced teams according to their well-proved standards. --- Development is a good going business, not a rat-hole for good money --- Third -- are there more risks? I know that ^{it} is unorthodox to admit that any element of risk enters into any Banking operation; but that is not a real world, it is only a world seen from inside a computer. Yes there are risks in helping development, yes there are more risks working in countries below the poverty line than in investing in the European Common Market. Then why do we do it?

Firstly, because that is what the Bank was set up to do. It is the International Bank for Reconstruction and Development. We played our part in post-war reconstruction (especially in Japan and the Far East) and we are duty-bound to play a leading part in the even larger task of development, *which is so vast & unprecedented a task it cannot be risk proof.*

[It was, in part, for these reasons that the founding fathers at Bretton Woods gave such cast-iron guarantees for our bonds. They are guaranteed by the Government in which the project is being financed - and no Government has failed to repay or repudiated their debts to us - they are guaranteed by the reserves of the World Bank, and they are guaranteed, finally, by all the Governments of all the members of the Bank, backed in fact by the full weight of the Deutschemmark, the Pound Sterling and the (American) Dollar. *The yen*]

Monetary
Secondly, we are involved in development because, though there are some risks in action, the risks of inaction are far greater. If the rich countries simply build up their own wealth and can find no way to help the poorer countries to help themselves, then we have a very risk-laden world indeed!

I think these are adequate reasons for our action, even without raising the moral obligation to our fellow men. But there remains the *final* question of whether we can, in fact, expand world aid and effectively hasten worldwide development.

Let me not exaggerate the powers of the Bank, nor its duties; no-one elected us to lead the world effort. But, by going boldly forward when others were hesitating, I believe we have given a welcome lead to our

colleagues so that the outlook for development today is less black than it was a year ago.

Furthermore I think, that as the result of our experience in the field, we do today have a clearer vision of the strategy of development. As a result the Bank is putting more of its effort than before into Agriculture and Education because, in both cases, there are bottlenecks to development which must be broken if we are to succeed. The new seed strains, the "miracle" wheat and rice, plus fertilizers, plus irrigation are the basis of the Green Revolution which may transform the food prospects and the prosperity of the developing world. Here the Bank can help and is helping immediately.

Education can be seen as an investment in human resources, - an investment which is absolutely crucial to economic progress. Here again the Bank can invest prudently and profitably even though it is harder to measure the profitability of a technical school than of a power plant. But the profit is there, to be seen in the economic progress of the whole country.

George Woods used to say, "The project is the country." - and what he meant was that the only true measure of the success of the Bank's investment policy was a prospering country going forward along the road to economic and social betterment. That remains the Bank's policy and objective, and one which we are pursuing today with an even greater sense of urgency on an even wider scale.

*Need for political will.
We are not in front*