THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Hollis B. Chenery Papers - McNamara Discussions - Notebooks / Memoranda - 1978 (November - December)

Folder ID: 30211202

Dates: 11/07/1978 – 12/19/1978

Series: McNamara notebooks

Fonds: Personal papers of Hollis B. Chenery

ISAD Reference Code: WB_IBRD/IDA_96-01

Digitized: 09/17/2018

To cite materials from this archival folder, please follow the following format:
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to http://www.worldbank.org/terms-of-use-earchives for full copyright terms of use and disclaimers.

THE WORLD BANK
Washington, D.C.

© International Bank for Reconstruction and Development / International Development Association or
The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

Hollis B. Chenery - papers — McNamara Discussions 1978 (Nov-Dec.)

DECLASSIFIED
WBG Archives

Archives
30211202
R1997-275 Other #: 3 209629B B
Hollis B. Chenery Papers - McNamara Discussions - Notebooks / Memoranda - 1978 (November - December)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara DATE: December 19, 1978

FROM: Hollis B. Chenery, VPD

SUBJECT: Oil Price Increases

1. At their annual meeting in Abu Dhabi, the OPEC governments announced a series of price increases for 1979 which are to total 14.5% for the year. The first of the quarterly installments, 64¢ or 5%, will take effect January 1. Further increases of 50¢ (3.8%), 32¢ (2.3%), and 38¢ (2.7%) will take place in April, July, and October. The price of Saudi Arabian light marker crude oil, used by OPEC as a reference price, will have increased by then from $12.70 to $14.54. The percentage increments represent an internal OPEC compromise that ensures that for the year as a whole the average price will not rise by more than 10%. This correction leaves the price of oil in real terms 5% below its value four years ago (and within the range we projected in 1974).

2. At current levels of imports this would mean an increased cost of almost $12 billion to industrialized countries (1.5% of total merchandise imports of $810 billion) and $1.6 billion to oil-importing developing countries (or 1% of total merchandise imports of $180 billion).

3. Thus, although 14.5% is somewhat above recent press speculation, it is not likely to cause major new problems for oil-importing countries as a whole or necessitate revision of short-run forecasts. Given that global inflation is expected to remain at 7%-8% during 1979, the real increase in oil prices is likely to be of the order of 3%. The effect on income levels is thus likely to be less than two-tenths of 1% in 1979 and 1980.

4. World oil supply is currently tight (owing to the Iranian situation), and hence OPEC production cutbacks as a consequence of the price increase are unlikely. However, if Iranian production quickly returns to previous levels, and/or if a possible 1979 U.S. recession is greater than anticipated, some informal price reductions would be likely.

HHughes/CBlitzer:nf

cc: Mrs. Hughes, EPD
Mr. Blitzer, EPD

Dec 18, 1978

McNamara Discussion – Issues, no decisions.

I DPS/HBC Future – Related to Bank Research & Analysis

HBC: { Have been here 8 yrs.
Can retire between 1–4 yrs. – { SG and Harvard interest.
When to leave? { Work to 70

ASPECTS

Bank: Research
First phase of research established – Bank leader.
[Harvard assessment –]
Results of review –
Disseminate, Focus, expand
18 expand, will be major job

(ESW) Analysis – progress requires shift in guidelines
Not much improvement with lending implicit objective.

TRANSITION

Continuity important – alternatives
(1) HC concentrate on research & analysis, identify successor as manager of DPS, move sidewards at some point (Pollack position as Eng Adv/Res Div)

(2) Clean break –

Conclusion

Talk further, explore with SG, Harvard.

II WDR –

Institutionalization of Present Approach – make it more cooperative:

Requirements:

(1) Identify future Topics

(2) Focus research programs for future

(3) Project leader identified in Jan., team released; incorporate in Budgets – also planning group around Topic

Topics

II Indust & Urban – 1/2 region, 1/2 DED — Adrangar

III – Human Resources, BN – most promising. Brazil study, — Germany (Pol. Plan DED)

IV – Interdependence & Capital Flows – Chatham?

Concl: Will propose in Jan.

III ESW – Report in draft.

Needs revision of objectives

Back as dev. institution ⇒ analysis & research

Discuss with ES in Jan.

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara DATE: December 14, 1978

FROM: Hollis B. Chenery, VPD

SUBJECT: Discussions with the U.N. Economic Commission for Latin America (ECLA)

1. I spent two days in Santiago discussing our work on the World Development Report and other areas of common interest with Enrique Iglesias and his staff. ECLA has had a considerable renaissance under Iglesias and I found a high degree of competence and pragmatism in many of the staff.

2. The Bank's initiative in undertaking the work leading to WDR I and II was very well received. Although Iglesias would have wished for a more effective UN initiative of this type, he recognizes that this is unlikely and has no problems in undertaking joint work with the Bank. Our initial collaborative efforts in the analysis of poverty have gone well; it now forms the basis for a well-conceived program of research on poverty alleviation that ECLA is undertaking under the leadership of Prof. Molina of Chile.

3. We identified three primary areas for future collaboration:

(a) Case studies of poverty and policies for its reduction. We have already established a common conceptual and statistical basis in this field and both ECLA and the DPS now plan a series of case studies. (Molina's projections of poverty in Latin America lead to conclusions similar to ours: absolute levels of poverty will remain fairly constant under present policies, even with high growth rates.)

(b) The evolution of Latin America in the world economy. Here our approaches are complementary, with the Bank developing its global framework and ECLA projecting individual countries in more detail. Collaboration would involve a more regular exchange of technical results and methodology between the respective projections departments.

(c) Industrialization and Industrial Exports. ECLA is quite interested in our comparative analysis of industrializing countries for WDR II, since a large proportion are in Latin America. The ECLA staff would like to consider adopting elements of our approach in their own work, which would predictably have some benefits for the Bank as well.

4. Comment. Of the numerous discussions that I have now had on WDR issues, this was one of the most productive. If we want to establish the WDR series as an accepted international basis for policy discussion, I think there is much to be gained by offering to share information with organizations, such as ECLA, when both sides will benefit. In the long run this effort should provide a genuine basis of support for the WDR approach.

HBChenery:nf

cc: Messrs. E. Stern, VPO
W. Clark, VPE
Ardito-Barletta, LCNVP
Karaosmanoglu, VPD
Haq, PPR
Mrs. Hughes, EPD
Mr. Acharya, WDR
Mr. B. King, DED

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara, President DATE: December 13, 1978

FROM: Attila Karaosmanoglu, Director, DPS

SUBJECT: Population Data for World Development Indicators II

1. This memorandum is in response to your inquiry about the sources for population data to be used in the next issue of the World Development Indicators. You also inquired about the procedures that would be followed in ensuring consistency.

2. To ensure that the estimates of population and GNP per capita would be consistent with other Bank documents, the 1977 World Bank Atlas was used as the source for the estimates of total population that were shown in WDI I. The other demographic indicators reported in Table 15 of WDI I were taken largely from data generated by the UN Population Division and the UN Statistical Office. The Population and Human Resources Division used the Atlas estimates as the base population for undertaking the projections for the period 1976-2000 and the long-term stationary population estimates as reported in Table 16 of WDI I, although some of the base year estimates of the underlying demographic indicators used in the projections were different from those in Table 15.

3. To ensure an internally consistent set of population data in WDI II, the best approach would be to rely on the data prepared by the Population Division of the UN. It is perhaps worth noting that the population estimates of the UN Population Division are not necessarily the same as those published by the UN Statistical Office. The latter are the estimates provided by member governments. These estimates are known to be unsatisfactory in a number of cases. The UN Population Division adjusts these estimates of total population for a given base year and calculates a consistent set of demographic variables. It then projects total population and its components, as well as the underlying demographic variables to the year 2000. The major international agencies, including the Bank, participate in the final preparation of these data. The UN Population Division data are then used by the UN and the specialized agencies for all population-related work. The Bank is the only major agency which does not conform to the practice of using these agreed numbers.

4. We have received a full set of estimates for 1977 from the UN Population Division. The estimates are provisional and there probably will be revisions for some African countries and for Indonesia. However, the final set of estimates is not likely to be available from the Population Division until Spring 1979. This would be too late for inclusion in WDI II.

We therefore propose to use the Population Division estimates that are available as of the end of January. The UN has agreed to our use of these estimates on the understanding that the notes in the WDI indicate that these estimates are provisional.

5. The provisional UN estimates differ from the ones reported by the Bank staff and used in the Atlas, but in most cases the differences are small. A detailed comparison of the estimates for 1977 is set out in Annex I. Of the 105 developing countries for which comparisons can be made, there are 6 where the estimates are exactly the same and a further 46 where the difference is less than ±2%. For 33 countries the difference is between ±2% and ±5%. In most cases, discrepancies between these two sets reflect the choice of methodologies used to extrapolate the 1975 population from the previous census base. We will review the estimates for those countries where the differences are more than ±2% and, in some cases, we may recommend against using the UN estimates. In those cases we will prepare our own set of internally consistent projections.

6. Adoption of the UN estimates of population will require that we revise the 1977 estimates of GNP per capita to be used in the WDI. The likely estent of the revisions can be seen in Annex II where the Bank Atlas estimates are compared with those obtained by using the currently available UN population numbers reported in Annex I. In a number of cases where we may decide not to use the UN population estimates, the revisions to GNP per capita will be much smaller. In any event, it is clear from Annex II that use of the UN estimates would not result in any change in the countries classified as low income. We propose to use a 1977 GNP per capita of $300 as the cut-off for the low-income group.

7. I propose that, once we have a final set of 1977 estimates for population and GNP per capita for the WDI, we use these in all major Bank documents such as CPPs, President's Reports, and the Operational Guidelines.

Attachments

RChander/RCheetham:nf

cc: Mr. Chenery, VPD
Mr. Stern, VPO
Mrs. Hughes, EPD
Mr. Cheetham, EPD
Mr. Acharya, WDR

COMPARISON OF POPULATION ESTIMATES, 1977

Geographic Region/ Income Group/ Country	Atlas (Thous)	UN[1] (Thous)	% Difference (UN-Atlas)/UN
AFRICA SOUTH OF SAHARA			
1. Low Income			
Ethiopia	29,397	30,245	2.8
Mali	5,986	6,129	2.3
Rwanda	4,299	4,378	1.8
Somalia	3,660	3,352	-9.2
Upper Volta	6,318	6,394	1.2
Burundi	3,963	4,156	4.6
Chad	4,207	4,221	0.3
Benin	3,287	3,229	-1.8
Malawi	5,572	5,597	0.4
Zaire	26,074	25,693[2]	-1.5
Guinea	4,750	4,646	-2.2
Niger	4,860	4,862	0.0
Lesotho	1,271	1,250	-1.7
Comoros	..	314	..
Gambia, The	546	554	-1.4
Tanzania	15,545	16,364	5.0
Madagascar	9,400	8,085	-16.3
Sierra Leone	3,126	3,210	2.6
Central African Empire	1,867	2,307	19.1
Kenya	14,369	14,614	1.7
Uganda	12,331	12,048[2]	-2.3
2. Lower & Intermediate			
Togo	2,350	2,468	4.8
Cape Verde	..	308	..
Sudan	16,537	16,917[2]	2.3
Cameroon	7,781	7,882	1.3
Mozambique	..	9,692	..
Equatorial Guinea	327	338	3.3
Mauritania	1,525	1,503	-1.5
Nigeria	..	70,017	-0.6
Senegal	5,274	5,241	-0.6
Botswana	692	756	8.5
Guinea-Bissau	..	544	..
Zambia	5,210	5,128	-1.6
Liberia	1,652	1,684	1.9
Swaziland	527	511	-3.1
Sao Tome & Principe	..	..	..

COMPARISON OF POPULATION ESTIMATES, 1977

Geographic Region/ Income Group/ Country	Atlas (Thous)	UN/1 (Thous)	% Difference (UN-Atlas) UN
AFRICA SOUTH OF SAHARA (Cont.)			
2. Lower & Intermediate (Cont.)			
Congo, P.R. of The	1,392	1,423	2.2
Rhodesia	..	6,684	..
Ghana	10,619	10,633	0.1
Ivory Coast	7,300	7,138	-2.3
Seychelles	..	..	..
Angola	5,952	6,576	9.5
Mauritius	906	939	3.5
Ceuta & Melilla	..	..	..
Namibia	..	926	..
3. Upper & Higher			
South Africa	26,807	26,954	0.6
Reunion	..	499	..
Djibouti	..	..	..
Gabon	552	533	-3.5
NORTH AFRICA & MIDDLE EAST			
1. Low, Lower & Intermediate			
Yemen Arab Rep.	..	4,982	..
Egypt, Arab Rep. of	39,214	37,800	-3.7
Yemen P.D.R. of	1,797	1,659	-8.3
Morocco	17,696	18,463	4.2
Jordan	2,881	2,888	0.2
Syrian Arab Rep.	7,900	7,835	-0.8
Tunisia	5,873	5,899	0.4
Algeria	16,997	16,790	-1.2
2. Upper Middle Income			
Lebanon	..	2,939	..
Iraq	11,910	11,805	-0.9
Iran	34,499	34,782	0.8
Bahrain	343	273	-25.6
3. Higher Income			
Oman	820	814	-0.7
Saudi Arabia	9,250	7,633	-21.2
Libyan Arab Rep.	2,636	2,636	0.0
United Arab Emirates	750	645	-16.3
Qatar	215	189	-13.8
Kuwait	1,090	1,137	4.1

COMPARISON OF POPULATION ESTIMATES, 1977

Geographic Region/ Income Group/ Country	Atlas (Thous)	UN[1] (Thous)	% Difference (UN-Atlas)/UN
LATIN AMERICA & CARIBBEAN			
1. Low, Lower & Intermediate			
Haiti	4,749	5,416	12.3
Grenada	112	97	-15.5
Bolivia	5,946	5,154	-15.4
Honduras	3,039	3,328	8.7
St. Vincent	..	..	..
El Salvador	4,256	4,395	3.2
Dominica	..	..	..
Guyana	806	827	2.5
Colombia	24,977	25,025	0.2
Guatemala	6,436	6,658	3.3
St. Lucia	..	..	..
Ecuador	7,556	7,324	-3.2
Paraguay	2,698	2,810	4.0
St. Kitts-Nevis	..	..	..
Belize	..	..	..
Dominican Rep.	4,980	5,507	9.6
Nicaragua	2,417	2,480	2.5
Peru	16,534	16,364	-1.0
Antigua	..	..	..
Costa Rica	2,061	2,061	0.0
Chile	10,531	10,554	0.2
Jamaica	2,100	2,101	0.1
2. Upper & Higher			
Mexico	64,196	63,317	-1.4
Brazil	113,209	116,107	2.5
Barbados	248	248	0.0
Suriname	..	449	..
Panama	1,770	1,762	-0.5
Uruguay	2,836	2,876	1.4
Argentina	26,056	26,035	-0.1
Guadeloupe	..	..	..
Netherlands Antilles	..	..	..
French Guiana	..	..	..
Trinidad & Tobago	1,115	1,034	-7.8
Puerto Rico	3,300	3,255	-1.4
Venezuela	12,737	13,514	5.8
Martinique	..	..	..
Bahamas	218	213	-2.4
Virgin Is. (U.S.)	..	..	..
Bermuda	..	..	..

COMPARISON OF POPULATION ESTIMATES, 1977

Geographic Region/ Income Group/ Country	Atlas (Thous)	UN[1] (Thous)	% Difference (UN-Atlas) / UN
ASIA & PACIFIC			
1. Low Income			
Kampuchea, Dem.	..	8,407	..
Lao P.D.R.	..	3,461	..
Bhutan	..	1,214	..
Bangladesh	82,700	81,220	-1.8
Burma	31,512	32,802	3.9
Maldives	..	..	..
Nepal	13,140	13,328	1.4
India	631,726	647,699	2.5
Afghanistan	14,304	20,338	29.7
Pakistan	73,445	74,911	2.0
Sri Lanka	14,030	14,096	0.5
Viet Nam, S.R. of	50,413	48,766[3]	-3.4
Indonesia	133,505	141,908[3]	5.9
2. Lower & Intermediate			
Solomon Is.	..	..	..
Samoa	..	153	..
Tonga	..	..	..
Thailand	44,078	43,776	-0.7
Philippines	44,470	46,574	4.5
Papua New Guinea	2,906	2,857	-1.7
New Hebrides	..	..	..
Korea Rep. of	36,450	36,034	-1.2
Gilbert Is.	..	..	..
Malaysia	12,972	12,630	-2.7
China, Rep. of	16,600	..	..
Pacific Is., Trust Terr. of the	..	..	..
Fiji	590	597	1.2
3. Upper & Higher			
Macao	..	..	..
Hong Kong	4,514	4,514	0.0
Singapore	2,308	2,309	*
French Polynesia	..	..	..
New Caledonia	..	..	..
Guam	..	..	..
American Samoa	..	..	..
Brunei	..	..	..

COMPARISON OF POPULATION ESTIMATES, 1977

Geographic Region/ Income Group/ Country	Atlas (Thous)	UN[1] (Thous)	% Difference (UN-Atlas) / UN
SOUTHERN EUROPE			
Turkey	41,935	41,949	*
Cyprus	638	640	0.3
Yugoslavia	21,720	21,740	0.1
Portugal	9,766	9,577	-2.0
Malta	333	333	0.0
Greece	9,242	9,111	-1.4
Spain	36,226	35,860	-1.0
Gibraltar	..	..	..
Israel	3,531	3,612	2.2
WESTERN EUROPE			
Ireland	3,197	3,197	0.0
Italy	56,446	56,468	*
United Kingdom	55,852	55,879	0.1
Austria	7,520	7,524	0.1
Finland	4,740	4,732	-0.2
Iceland	222	222	0.0
Netherlands	13,853	13,864	0.1
France	53,080	53,113	0.1
Luxembourg	356	356	0.0
Belgium	9,834	9,824	-0.1
Germany, F.R. of	61,396	61,418	*
Norway	4,044	4,042	-0.1
Denmark	5,089	5,093	0.1
Sweden	8,255	8,263	0.1
Switzerland	6,330	6,307	-0.4
NORTH AMERICA & OCEANIA			
New Zealand	3,145	3,136	-0.3
Japan	113,860	113,466	-0.4
Australia	14,066	14,074	0.1
Canada	23,316	23,291	-0.1
United States	216,817	216,817	0.0
CENTRALLY PLANNED ECONOMIES			
China, P.R. of	..	902,376	..
Korea, D.P.R. of	..	16,651	..
Mongolia	..	1,530	..
Cuba	..	9,590	..
Albania	..	2,613	..

COMPARISON OF POPULATION ESTIMATES, 1977

Geographic Region/ Income Group/ Country	Atlas (Thous)	UN/1 (Thous)	% Difference (UN-Atlas) / UN
CENTRALLY PLANNED ECONOMIES (Cont.)			
Romania	21,672	21,648	-0.1
Bulgaria	..	8,829	..
Hungary	..	10,668	..
USSR	..	259,273	..
Poland	..	34,730	..
Czechoslovakia	..	15,029	..
German Dem. Rep.	..	16,746	..

.. Not available.
* Negligible

/1 For industrialized countries (Western Europe and North America & Oceania), Kuwait and Puerto Rico, data are taken from Population and Vital Statistics Report by UN, April 1978, which are latest official estimates.

For all other countries, interpolation was made by applying 1975-80 growth rate to 1975 population (new provisional set of UN data).

/2 Caution should be exercised on data for Sudan, Uganda, Zaire.

/3 UN estimate for Indonesia may be revised downwards.

ANNEX II

COMPARISON OF GNP PER CAPITA ESTIMATES
USING ATLAS VS. UN POPULATION DATA, 1977

	Atlas Series (Atlas US$)	Revised Series (Atlas US$)	% Difference (UN-Atlas)/UN
1. Bhutan	80	80	-
2. Cambodia	n.a.	n.a.	-
3. Bangladesh	90	90	-
4. Lao P.D.R.	n.a.	n.a.	-
5. Ethiopia	110	110	
6. Mali	110	110	-
7. Nepal	110	110	-
8. Somalia	110	120	+ 8.0
9. Upper Volta	110	110	-
10. Burundi	130	130	-
11. Chad	130	130	-
12. Rwanda	130	130	-
13. Zaire	130	130	-
14. Burma	140	130	- 7.7
15. Malawi	140	140	-
16. India	150	150	-
17. Mozambique	150	150	-
18. Niger	160	160	-
19. Viet Nam	170	170	-
20. Afghanistan	190	140	- 35.7
21. Pakistan	190	190	-
22. Benin	200	200	-
23. Sierra Leone	200	190	- 5.3
24. Sri Lanka	200	200	-
25. Tanzania	200	190	- 5.3
26. Madagascar	210	240	+12.5
27. Guinea	230	230	
28. Haiti	230	200	-15.0
29. Lesotho	230	240	+4.2
30. Central African Empire	250	200	-25.0
31. Uganda	260	270	+3.7
32. Kenya	270	270	-
33. Mauritania	270	270	-
34. Indonesia	300	290	-3.4
35. Sudan	300	250	-20.0
36. Togo	300	280	-7.1

		Atlas Series (Atlas US$)	Revised Series (Atlas US$)	% Difference (UN-Atlas) / UN
37.	Egypt	310	320	+3.1
38.	Yemen, P.D.R. of	320	350	+8.6
39.	Angola	330	300	-10.0
40.	Cameroon	340	340	--
41.	Ghana	380	380	--
42.	Yemen Arab Republic	390	430	+9.3
43.	Thailand	410	420	+2.4
44.	Nigeria	420	480	+12.5
45.	Senegal	420	430	+2.3
46.	Liberia	430	420	-2.4
47.	Honduras	450	410	-9.8
48.	Philippines	450	430	-4.7
49.	Zambia	450	450	--
50.	Papua New Guinea	480	490	+2.0
51.	Congo, P. R. of the	500	460	-8.7
52.	Rhodesia	500	500	--
53.	Bolivia	540	630	+14.3
54.	El Salvador	570	530	-7.5
55.	Morocco	570	550	-3.6
56.	Ivory Coast	710	730	+2.7
57.	Jordan	710	700	-1.4
58.	Colombia	710	700	-1.4
59.	Paraguay	760	720	-5.6
60.	Ecuador	770	790	+2.5
61.	Guatemala	790	760	-3.9
62.	Korea, Rep. of	810	820	+1.2
63.	Nicaragua	830	810	-2.5
64.	Peru	830	840	+1.2
65.	Dominican Rep.	840	760	-10.5
66.	Tunisia	860	760	-13.2
67.	Syrian Arab Rep.	900	910	+1.1
68.	Malaysia	930	930	--
69.	Algeria	1,110	1,130	+1.8
70.	Mexico	1,110	1,120	+0.8
71.	Turkey	1,110	1,110	--
72.	Jamaica	1,150	1,150	--
73.	Lebanon	n.a.	n.a.	--
74.	Chile	1,170	1,160	-0.9
75.	China, Rep. of	1,180	n.a.	n.a.
76.	Panama	1,220	1,220	--

		Atlas Series (Atlas US$)	Revised Series (Atlas US$)	% Difference (UN-Atlas) / UN
77.	Costa Rica	1,240	1,240	-
78.	South Africa	1,340	1,340	-
79.	Brazil	1,390	1,360	-2.2
80.	Uruguay	1,450	1,430	-1.4
81.	Iraq	1,530	1,550	+1.3
82.	Argentina	1,730	1,730	-
83.	Portugal	1,850	1,890	+2.1
84.	Yugoslavia	1,960	1,960	-
85.	Iran	2,180	2,160	-0.9
86.	Trinidad & Tobago	2,380	2,560	+7.0
87.	Hong Kong	2,590	2,590	-
88.	Greece	2,810	2,850	+1.4
89.	Venezuela	2,820	2,660	-6.0
90.	Singapore	2,890	2,880	-0.3
91.	Israel	2,920	2,850	-2.5
92.	Spain	3,190	3,230	+1.2
93.	Ireland	2,880	2,880	-
94.	Italy	3,450	3,440	-0.3
95.	New Zealand	4,370	4,390	+0.5
96.	United Kingdom	4,430	4,420	-0.2
97.	Japan	5,640	5,670	+0.5
98.	Austria	6,140	6,130	-0.2
99.	Finland	6,150	6,160	+0.2
100.	Netherlands	7,160	7,150	-0.1
101.	France	7,290	7,290	-
102.	Australia	7,340	7,340	-
103.	Belgium	7,580	7,590	+0.1
104.	Denmark	8,050	8,040	+0.1
105.	Germany, Fed. Rep.	8,160	8,160	-
106.	Canada	8,450	8,460	+0.1
107.	Norway	8,540	8,550	+0.1
108.	United States	8,640	8,640	-
109.	Sweden	9,250	9,250	-
110.	Switzerland	9,960	10,000	+0.4

		Atlas Series (Atlas US$)	Revised Series (Atlas US$)	% Difference (UN-Atlas) UN
111.	Saudi Arabia	4,980	6,040	+17.5
112.	Libya	6,680	6,680	-
113.	Kuwait	12,700	12,180	- 4.3
114.	China, People's Rep.	390	360	- 8.3
115.	Albania	610	610	-
116.	Korea, Rep. of	670	670	-
117.	Mongolia	830	830	-
118.	Cuba	910	910	-
119.	Romania	1,580	1,580	-
120.	Hungary	2,440	2,440	-
121.	Bulgaria	2,460	2,460	-
122.	USSR	2,870	2,860	- 0.3
123.	Poland	3,000	3,000	-
124.	Czechoslovakia	3,890	3,890	-
125.	German Dem. Rep.	4,700	4,710	+ 0.2

COUNTRIES WITH POPULATION LESS THAN 1 MILLION

	Atlas Series (Atlas US$)	Revised Series (Atlas US$)	% Difference (UN-Atlas) / UN
1. Cape Verde	140	130	-7.7
2. Guinea Bissau	160	280	+42.9
3. Comoros	180	220	+18.2
4. Gambia, The	200	200	-
5. Eq. Guinea	340	330	-3.0
6. Sao Tome and Principe	420	n.a.	n.a.
7. Botswana	440	400	-10.0
8. Grenada	450	520	+13.5
9. Guyana	560	540	-3.7
10. Swaziland	580	610	+4.9
11. Mauritius	760	730	-4.1
12. Fiji	1,220	1,210	-0.8
13. Surinam	1,500	1,470	-2.0
14. Cyprus	1,740	1,830	+4.9
15. Barbados	1,780	1,770	-0.6
16. Puerto Rico	2,460	2,490	+1.2
17. Oman	2,520	2,540	+0.8
18. Bahamas	3,450	3,520	+2.0
19. Gabon	3,730	3,860	+3.4
20. Bahrain	3,790	4,760	+20.4
21. Iceland	4,570	4,550	-0.4
22. Luxembourg	7,150	7,160	+0.1
23. Qatar	11,670	13,280	+12.1
24. U.A.E.	14,420	16,760	+14.0
25. Western Samoa	n.a.	n.a.	n.a.

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara DATE: December 1, 1978

FROM: Hollis B. Chenery, VPD

SUBJECT: John Sewell's "Can the Rich Prosper Without Progress by the Poor?"

1. John Sewell substantially modified his paper between May (my memorandum of June 2, 1978) and July 1978. He changed his views further after a conference at Princeton in September (attended by Mahbub ul Haq and Helen Hughes) when he recognized that the "backlash" dangers of overstating the self-interest case for aid were considerable.

2. There is no doubt that the strong growth of developing countries can have a beneficial effect on developed countries through the latter's gains from trade, and that capital flows from developed to developing countries can contribute importantly to developing country growth. However, such gains can only be achieved in the long run. In the short run the adjustment processes that are necessary for the long-run gains require the reconciliation of often conflicting interests between developing and developed countries. Thus, in political terms the view of long-term gains is often lost in short-term conflicts.

3. It is widely believed that in the trade adjustment process, those who lose in the developed countries tend to be among the poorest groups in the community while those who gain most in the developing countries tend to be among the richest. This alleged asymmetry is leading to doubts in the labor movement and elsewhere as to further penetration.

4. It is now generally accepted that commodity prices do not play a critical role in overall inflation trends. Short-term conflicts are again acute, both among producers and between producers and consumers. It is not surprising that the commodity fund meetings have again broken up without progress.

5. There is a consensus that massive short-run transfers of capital are neither an efficient solution to the current recession problems of the developed countries, nor for the long-run growth of the developing countries. The developed countries have some bottlenecks in the output of products for which developing country orders are quite heavy at current levels of capital transfers. The needs of the developing countries are not, by and large, in sectors in which the developed countries have excess capacity.

6. The short-run argument for capital transfers presents particular problems for the Bank.

(a) New forms of concessional transfers would to some extent be likely to be alternative rather than additional to IDA and Bank capital appropriations.

(b) Such transfers, combined with pressure by capital goods exporters from developing countries, could lead to wasteful expenditures by developing countries on capital intensive projects.

7. In sum, "interdependence" can be used to support the IDA-Bank case in general terms, if it is carefully handled. However, to overstate the argument in a way that gives rise to high expectations of more rapid growth in developed countries could be very counterproductive.

HBChenery/HHughes:nf

cc: Mr. S. Singh, EPD

McN Notebook

1/23/79
cc AK
Mrs Hughes.

Mr. Robert S. McNamara November 28, 1978

Hollis B. Chenery, VPD

Status Report on Statistical Work in the World Bank

1. At your request we have prepared the attached report on the status of work on economic and social data in the Bank. The report provides an overview of how the Bank's statistical work is conducted and identifies some of the reasons for the difficulties with data that periodically emerge.

2. There has been a very rapid growth in the economic and social data collected by the Bank, and its total cost is currently about $10 million a year. Because the Bank has an operational need for the most recent information about social and economic conditions in its member countries, a large part of our data is collected in the field by Bank missions. In this respect, the Bank is unique among international agencies. While these data meet the Bank's need for up-to-date information, they are not always comparable in concept and coverage with similar data prepared for other countries. This means they are not well suited for the cross-country and global analysis. To meet the latter need the Economic Analysis and Projections Department relies heavily on standardized data collected by other international agencies, in combination with some data collected by Regional staff.

Should be

3. The decentralized nature of data collection has resulted in a multiplicity of separate data collections throughout the Bank. This, in turn, has led to problems of consistency, accessibility, and duplication. Section II of the paper examines the main problems that emerge from the current approach to data work. Several conclusions emerge from this discussion:

(a) Important management documents such as CPPs and President's Reports have to rely on up-to-date country data, while the WDR and other documents that deal with cross-country issues have to use internationally comparable data. The Bank must therefore continue to work with both "country economists" and internationally comparable numbers. Some discrepancies are unavoidable.

(b) Attention must be given to making data collected in the field more easily available for Bank-wide use. This will require the improvement of

computer-based storage and access facilities, and more effective procedures for maintaining and updating these statistics on a regular basis.

(c) To ensure overall coordination and guidance for the Bank's data work, I propose to establish a Standing Committee for Statistical Work. This group would be analogous to and work closely with the Computing Priorities Committee. It would be responsible for establishing and maintaining appropriate statistical standards, for ensuring coordination of data work, and for liaison with other international agencies on statistical matters of common interest.

4. The Economic Analysis and Projections Department will continue to be responsible for internationally comparable data. The data base under active management in the Department has been growing at an average of about 10% a year over the past five years, and the quality of the data has been substantially improved. The Department's professional staff has remained stable, we have eliminated marginal areas of work, and improved use of computer-based systems. Work on data collection and maintenance now absorbs about 35% of the staff resources of the Department.

5. The bulk of the Department's statistical efforts are concentrated on public and private debt, national income accounts, trade, and social indicators. Despite their importance only nominal resources are devoted to collection and maintenance of data on balance of payments, public finance, prices and exchange rates, labor force and employment. Priority will be given to continued improvements in the reporting of public and private debt, external trade, and social indicators. We will maintain the current level of activity in national accounts. With existing resources we are not able to undertake any major initiatives in other areas.

6. Additional resources will be needed if the Department is to keep pace with the growth in demand for statistical information. The Department's data base will continue to grow at about 10% a year for the foreseeable future to meet the Bank's analytical requirements, particularly for trade and social data.

Since we are reaching the limit of improving internal efficiency, further expansion will require some increases in professional and research assistant staff. Additional resources will also be needed for the further up-grading of computer-based data processing capacities throughout the Bank. Specific proposals for resources for statistical work will be included in the DPS budget for FY80.

Attachment

HBChenery/RCheetham/HHughes:nf

cc: Messrs. Stern, VPO
Karaosmanoglu, VPD
Gabriel, PAB
DPS Directors
Chief Economists

STATISTICAL WORK IN THE WORLD BANK: A STATUS REPORT

Economic Analysis and Projections Department
November 22, 1978

STATISTICAL WORK IN THE WORLD BANK: A STATUS REPORT

Economic Analysis and Projections Department
November 22, 1978

TABLE OF CONTENTS

		Page No.
A.	The Present Situation	1
	Internationally Comparable Data Collected by EPD	2
	Data Collection by Regional Staff	2
	Data Collection at the Sector and Project Level	3
	Data Generated by the Research Program	4
	Current Cost of Statistical Work	5
B.	Statistical Policy and Management: Current Issues	5
	The Problem of Consistency	5
	The Quality of Bank Data	8
	Storage and Access to Data	10
	Statistical Policy and Coordination	10
C.	Direction for Future Work in EPD	11
	Priorities for Future Work	14
D.	Annex	

STATISTICAL WORK IN THE WORLD BANK: A STATUS REPORT

1. The World Bank is the largest user of economic and social statistics among the multilateral and bilateral agencies of the international community. Its data requirements for operations, research, policy formulation and project monitoring are extensive and virtually universal. The Bank's operations cover almost every major sector of economic and social concern in the developing countries, and consequently, its need for detailed data on population and social conditions, national income and production, and trade and finance parallel that of agencies such as the United Nations, the IMF and the OECD. Its data requirements are also comparable to those of the individual UN specialized agencies: WHO in health and sanitation, ILO in labor force and employment, UNESCO in education, and FAO in agriculture and primary commodities. Unlike those of the regional development banks and the UN regional economic commissions, the Bank's data requirements have few geographic limitations.

2. The objective of this paper is to review the current approach to economic and social data work in the Bank, and to identify some of the major issues affecting this work. It then discusses the priorities for statistical work in the Economic Analysis and Projections Department (EPD) during the next couple of years where the Bank's work on internationally comparable data is centered.

A. The Present Situation

3. The Bank's statistical organization is unique among the major international organizations. The UN, the IMF and the OECD, as well as the UN specialized agencies and regional commissions, have centralized departments of statistics or of statistics and computing combined. In contrast, statistical work in the Bank is largely decentralized and only loosely coordinated. The EPD, which is responsible for internationally comparable data, is the only unit within the Bank with more than a handful of staff regularly engaged in statistical work. This approach to statistical organization in the Bank reflects the view that analytical and operational work has to be closely linked to the basic data work in the area or discipline concerned, and that the Bank's statistical work is, in turn, strengthened by its proximity to the applications which it supports.

4. The organization and management of statistical work in the Bank has devolved into four principal spheres of activity:

(a) collection of a set of internationally comparable economic and social statistics in the EPD for cross-country and global analysis and Bank publications;

(b) collection of economic and social data by Regional staff in support of country economic analysis undertaken by the Bank and embodied in documents like economic reports and CPPs;

(c) collection of sector and project-oriented data by Regional staff and Central Projects Staff (CPS) for the appraisal of specific projects, for sectoral analysis for lending activities, for monitoring the impact of projects and for evaluating progress in project implementation; and

(d) collection of data in conjunction with Bank-sponsored research.

Internationally Comparable Data Collected by EPD

5. The EPD is responsible for the collection and maintenance of an internationally comparable set of economic and social statistics. At present the EPD Data Base under active management includes statistics drawn from various sources on national accounts, trade, balance of payments, external debt, population and demographic indicators, commodity production, trade and prices and social statistics. (Annex I summarizes its contents.)

6. With the exception of national accounts and external debt data for developing countries, the data are obtained principally from other international agencies. The national income accounts data are supplied by Bank Regional staff. The Bank has the mandate for collecting external debt data from borrowing countries, and supplies these data to the international community. The Department maintains data on trade and population reported and provided by the Statistical Office of the United Nations (UNSO), on commodity production and trade by FAO, on education by UNESCO, on balance of payments and government finance by IMF, and so forth. The agencies which operate these systems are indispensable sources of data and, further, establish the standards and criteria under which most country statistical activity is organized and made internationally comparable. However, because the data they collect and produce are global in coverage and standardized, their systems are somewhat remote from original sources and there is normally considerable delay in the publication of statistics.

Data Collection by Regional Staff

7. The Bank depends, probably to a greater extent than is generally recognized, on the statistical work of the country economists and other Regional staff and the informal economic reporting system embodied in the program of periodic missions to member countries. Basic economic, financial, and social data are collected or updated through this system at least once a year for almost all active borrowing members of the Bank Group. Although the data so collected are often supplemented from other sources, including the the Bank's debt reporting system and similar reporting systems of the IMF and the UN and its specialized agencies, the core of the operational data base has been and remains the country economic work undertaken by Regional staff.

8. In undertaking country economic work Regional staff require extensive and varied data that are as current as possible. Because the data generally available from the various international agencies take time to appear and are often insufficiently disaggregated, they are irrelevant for many of the Bank's purposes, particularly for the assessment of country economic performance and creditworthiness. As a result, Regional staff spend a considerable amount of time and effort both in the field and in Washington collecting and processing data, and their work in this area probably constitutes the largest block of resources in the Bank devoted to statistical activity. Regional staff obtain data from a variety of sources in many of the developing countries, particularly in those where the statistical system is decentralized and coordination of statistics is weak.

9. The strength of this approach--reflected in the timeliness and relevance of the country economic data--is also the source of some of its weaknesses. First, while the data prepared under this system are usually up-to-date at the time of the economic mission, they are often subject to subsequent revision and they are rarely comparable in concept or coverage with similar data prepared for other countries. Second, the data occasionally lacks continuity. Since country economic work usually focuses on the immediate past and the near future, the data collected often cover relatively short periods, and may be inconsistent with or difficult to link to other series. The lack of organized capacity to store and maintain data files in the Bank's regional offices exacerbates the problem. Moreover, many of these data are not readily available to a majority of Bank staff except through the statistical annexes to economic reports.

Data Collection at the Sector and Project Level

10. Regional and Central Projects staff collect substantial amounts of economic and social data in preparing sector reports and during project appraisal, implementation and monitoring. There are no readily available estimates of the extent of this activity, since it is so dispersed, but it has obviously increased rapidly with the steady expansion of Bank lending in new fields such as education, family planning, environmental rehabilitation, mineral exploration and exploitation.

11. As with the data collected by country economists, these data are generally not organized so they can be easily used by a large number of staff. Aside from what might be called "project data banks", of which several are now in operation or being designed, only the Education Projects Department (EDC) has made a major effort to collect, analyze and store data on a relatively large scale to support operations and research in a specific subject-matter field. That Department produces from its data bank of education statistics, a standard list of comparative indicators to accompany project appraisals and for sector studies and other purposes. The information in this file, which is updated regularly, comes partly from UNESCO and partly from returning

appraisal and project supervision missions. As the EDC data base expands, the issue of maintaining consistency with macro-economic data maintained by country economists and by EPD will inevitably arise.

12. For several reasons a more systematic approach to sectoral and project-related data is being developed in CPS and elsewhere. First, the preparation of Bank-wide sector program papers and special cross-country and regional studies in the past several years have led to extensive data collection and analysis and, not incidentally, revealed serious shortcomings in the data available to support research and planning in several key areas. Most of the data used in these studies and reports are not original. They were collected specifically for use in these studies, and, if maintained and updated, would have continuing value.1/ Another factor exerting some influence on sectoral and project data work is the steady expansion of the Bank's operations evaluation program, together with the rapid implementation of plans for monitoring and evaluating the lending program. These are both generating a significant demand for more and better statistics at a sectoral and project level.

Data Generated by the Research Program

13. Over the past five years, the Bank has spent an average of nearly $12 million on the research program managed by the Research Committee. A sizeable share of this expenditure was for collecting and processing data to support specific research projects; in some research projects, in fact, data collection and processing constitute a major share of the total. The Development Research Center and other departments in DPS and CPS have thus collected a large amount of primary data, notably through surveys of households, farms and industrial establishments, often in collaboration with local institutions. Examples are the large amount of price and expenditure statistics collected with the help of national statistical offices in more than 30 countries for the International Comparison Project, and the regional data collected for the study of rural development in Northeast Brazil. The compilation of income distribution data in machine-readable form, together with the results of poverty surveys undertaken by national governments, are other major sources of data used in Bank research. Taken together, the Bank research program has generated a considerable body of statistics which could potentially be used beyond the immediate research or operational needs of the Bank.

14. These data are not generally accessible for wide use, partly for lack of institutional arrangements and of resources for storing and disseminating them. A central repository or capability is needed to take responsibility for storing, retrieving and disseminating research data.

1/ Special data on ocean shipping were collected from a variety of sources in 1976, primarily to support global port analysis; but although they were computerized initially, the data have not been maintained. Similar work in a regional context include studies undertaken over the past three years in West Africa on such diverse subjects as the regional foodgrain situation, emergency grain reserves in the Sahel, and studies on forestry and population migration.

Current Cost of Statistical Work

15. The precise cost of collecting and managing the Bank's economic and social data is not known partly because data work forms part of other tasks. Some rough estimates are possible however. In EPD, about one-third of the available manpower is devoted exclusively to statistical work. It is likely that other central economic staff devote as much as one-fifth of their time to data work. Senior economic staff in the Regional offices estimate that country economists spend between a quarter and a third of their time on routine statistical matters, and Projects staff probably devote only slightly less time to this kind of work.

16. If these rough estimates are even close to being accurate, it is likely that for the Bank as a whole, between 100 and 150 man-years per year are taken up with purely statistical matters. To this must be added the computing resources devoted to maintaining and operating systems that handle economic and social data. These amount to about $1 million a year for EPD alone, and for the entire Bank, they are probably around $2 million a year. Thus, the total cost of the Bank's statistical work on economic and social data is probably in the vicinity of $10 million a year at present, or around 4% of the administrative budget. Given the current rate of growth in the amount of economic and social data being collected and processed by the Bank, this figure will probably rise to around $15 million (at 1978 prices) within five years. At these levels of expenditure, substantial benefits could be realized from even modest improvements in the efficiency of the Bank's statistical work.

B. Statistical Policy and Management: Current Issues

17. The preceding section brings out several issues to be considered in any discussion about the future direction of statistical work in the Bank:

(a) the problem of consistency among statistics from different sources;
(b) the improvement of the quality of the Bank's data;
(c) the improvement of storage of these data and access to them; and
(d) the need for a more effective statistical policy and better coordination of data work in the Bank.

The Problem of Consistency

18. There are several dimensions to the problem of consistency among the economic and social statistics used by the Bank, but the one we are concerned with here is the existence within the Bank of more than one estimate for the same statistical indicator for any given time period.1/

1/ Another aspect of the consistency problem, not addressed in this paper, is the problem of reconciling estimates for comparable indicators in different sets of economic accounts. An example is the problem of reconciling figures for exports that appear in a country's external trade accounts with those that appear in the national income accounts.

19. The fact that the staff use different sources for the same indicator is a major reason for the apparent data inconsistencies that show up in Bank documents from time to time. It is important to remember that these differences have always been implicit in Bank work. The preparation of statistical material for CPPs, President's Reports, etc. has traditionally been the responsibility of Regional staff. They have naturally relied upon their own data collected in the field. What has been changing, however, is the extent to which the Bank, and EPD in particular, has been systematically collecting data from international agencies and using them in cross-country and global analysis. The recent publication of the World Development Indicators, which relies heavily on internationally comparable sources rather than on estimates provided by Regional staff, has highlighted the existence of these discrepancies.

20. Staff frequently use economic and social data whose definitions differ from internationally accepted practice. Operational staff concerned with a country's economy must work with what there is, and what people can readily recognize and understand in the country context. Internationally accepted definitions and comparability are of interest to them, but they are not their prime concern. The issue here is the extent to which we should be concerned about establishing a relationship between a particular country's statistics collected by Regional staff and international norms. Such reconciliations are desirable for certain purposes, but it would be extremely costly to do so for all data.

21. A few examples of the kinds of discrepancies that exist might be helpful. There are, for example, two sets of population data for developing countries available within the Bank. One set is provided by Regional staff and used in documents such as the Social Indicators Data Sheet, and the Atlas. The other is from UN sources. Of the 118 developing countries for which a comparison can be made, there are 10 where the estimates are exactly the same, and a further 54 where the difference is less than $\pm$1%. For another 41 countries the difference is between $\pm$1% and $\pm$5%, and for the remaining 13 countries the difference is more than $\pm$5%. For the countries where the differences are small, the discrepancies mostly reflect the choice of methods used to extrapolate the 1975 population from the previous census. For the few countries where the discrepancies are large, there generally are clear explanations. For example, the UN has to use official population data even if these have been slanted for political reasons.

22. Another example of inconsistencies is in the statistics on primary school enrollment ratios. Out of 89 developing countries for which we have internationally published data (from UNESCO) and Regional staff estimates, the primary school enrollment ratios are the same for 69. For a further 8 countries the differences are less than $\pm$5% and for the other 12, the differences are greater than $\pm$5%. The problem here is that we do not know whether the discrepancy is due to differences in the numerator--estimates of children in school--or the denominator--the number of children in the relevant age bracket. The latter in turn depends on the estimates of population.

23. As a final example of inconsistency, the three different published sources of export data shown in Table 1 are all likely to be used in Bank work. The UN source is the only one that has accompanying details about the commodity composition of exports and so may be used for this type of analysis. The IMF Direction of Trade data are likely to be used if the destination of exports among trading partners is to be analyzed. The balance of payments data are those that typically appear in the balance of payments accounts prepared by the IMF.

Table 1: COMPARISON OF EXPORT DATA FROM THREE SOURCES FOR TEN DEVELOPING COUNTRIES, 1975

(millions US dollars)

Country	United Nations	IMF Direction of Trade	IMF Balance of Payments	% Difference $\left(\frac{\text{UN-DOT}}{\text{UN}}\right)$	% Difference $\left(\frac{\text{UN-BOP}}{\text{UN}}\right)$
Iran	20,212	18,264	20,432	9.6	-1.1
Venezuela	8,800	8,498	8,846	-3.4	-0.5
Brazil	8,670	8,668	8,493	*	2.0
Iraq	8,276	7,414	8,301	10.4	-0.3
Nigeria	7,993	7,995	8,329	*	-4.2
Spain	7,669	7,672	7,807	*	-1.8
Indonesia	7,103	7,102	6,888	*	3.0
Hong Kong	6,019	6,019	n.a.	0.0	n.a.
Singapore	5,376	5,375	5,081	*	5.5
Korea	5,081	5,081	5,003	0.0	1.5

* Negligible.

Sources: United Nations, Monthly Bulletin of Statistics, October 1978; IMF, Direction of Trade, Annual 1971-77, and International Financial Statistics, November 1978.

24. How can the problem of consistency be handled in the Bank? There are basically three approaches. One would be to rely more heavily on data from international sources. There are, however, several disadvantages to this solution. Perhaps the main one is that because of reporting lags, the international agencies cannot provide the really current data that is essential for Bank operations. For this there is no alternative to material collected directly in the field during economic missions. The second approach would be to rely much more heavily on the data collected by Regional staff. Here the main disadvantage is the amount of additional work that would be needed to develop and maintain complete time series that are adjusted so as to be internationally comparable, and hence usable for cross-country and global analysis.

25. The third option, and the only really viable one, is to compromise between these first two approaches and to recognize that the Bank must work with at least two sets of data--internationally comparable numbers as well as "country economists'" numbers. What is therefore needed is clearer agreement about the circumstances under which each set of data should be used. It makes sense to continue using country economists' numbers in important management documents like CPPs and President's Reports. But, as the subsequent discussion suggests, more attention must be given to developing effective arrangements whereby these data can be easily used by a larger Bank audience.

The Quality of Bank Data

26. It is beyond the scope of this memorandum to explore all the varied facets of the quality of economic and social data used by the Bank. Having already dealt with the problem of consistency, in this section we will touch briefly on questions of country coverage, timeliness and documentation of data.

27. With a few notable exceptions, the country coverage of the Bank's economic data is reasonably good. The Bank now has major economic accounts (like national income, balance of payments, external trade, and so on) for all but the smallest of the developing countries, even though for many countries these accounts only cover the last five to ten years. For social statistics, except for population, the same is not true: reasonably reliable data for social indicators, income distribution and poverty are available for only a few countries. In these areas much remains to be done, and as the subsequent discussion points out, progress in improving these data largely depends on the actions of individual countries themselves.

28. Timeliness of data is a major issue. The Bank's needs for up-to-date information about economic conditions in member countries have made it unique among the international organizations in the range of data it collects in the field. This is both a strength and a weakness in its statistical work. It has the necessary access to current data, but once inside the institution, arrangements for documenting, storing and accessing these data are far from adequate.

29. This leads us to the problem of documentation. The usefulness of the data collected by the Bank could be greatly increased by better documentation. A typical case arises when a time series for, say, exports must be obtained by combining a country economist's estimate for the most recent years with data from an earlier period from the United Nations. Lack of documentation often makes it difficult to know whether the data from the two sources are comparable. More systematic documentation of Bank data would clearly be desirable. But since attention to these kinds of details in statistical work typically receives a low priority in Bank activities, it tends not to be done.

30. The Bank also faces problems of quality with data from various international agencies. For example, we use WHO data for the indicator "access to excreta disposal" in the Social Indicators Data Sheet. As Table 2 indicates, there are a number of countries where this particular statistic is surprisingly high. For Bangladesh, on the other hand, there is a dramatic decline in that indicator between 1970 and 1975, whereas for Turkey the indicator appears to be unreasonably low.

Table 2: ACCESS TO EXCRETA DISPOSAL/a

Country	% Urban Pop.		% Rural Pop.		% Total Pop.	
	1970	1975	1970	1975	1970	1975
Central African Empire	64	100	96	100	72	100
Rwanda	83	87	52	56	53	57
Swaziland	..	99	..	25	..	36
Bangladesh	87	40	..	..	6	5
India	85	87	1	2	18	20
Sri Lanka	76	68	61	55	64	59
Turkey	..	13	..	5	..	8

/a Excreta disposal, as defined by WHO, "may include the collection and disposal, with or without treatment, of human excreta and wastewater by water-borne systems, or the use of pit privies and similar installations."

.. Not available.

Source: WHO.

Storage and Access to Data

31. We have already noted that data are collected and analyzed on a large scale in most of the operating departments of the Bank, as well as in the CPS and the DPS. While not all of these data are of use or even of interest outside the originating unit, many of them are of considerable value to others in the Bank. With a few notable exceptions the storage of these data is poorly organized and coordinated, and access to them is limited-frequently to the producing division or in some cases, to the individual analysts. This is a serious deficiency. It leads to unnecessary duplication of effort and is a source of potential conflict and confusion, particularly, for example, in the coverage and consistency of Bank data.

32. Firm action on two fronts is needed here. First, arrangements need to be developed to provide computer-based storage and access to these data. Second, more effective procedures are needed to maintain and update them on a regular basis.

Statistical Policy and Coordination

33. The EPD has normally represented the Bank in statistical matters in the international sphere. In addition, the Department exercises certain statistical policy responsibilities through, for example, its operation of the Debtor Reporting System (establishment of definitions and reporting standards), and its work on the Atlas and Operational Guidelines for the lending program (country classification and inter-country comparability). More complex matters have typically been dealt with on an ad hoc basis; examples are the temporary committee set up in 1976-77 to review the status of the Bank's work on external debt, and the current task force examining the context and format of the statistical attachments to the CPPs and President's Reports.

34. The Bank is not equipped to undertake an intensive dialogue with other international agencies about the quality of all the data they publish. Typically Bank staff collect new or different information in the field where international agencies' estimates seem to be unsatisfactory. But as we have already observed, the documentation of these field estimates often is inadequate and with frequent staff turnover in country economic work, revisions on the basis of new field data (perhaps collected from a different government agency, or perhaps estimated with a different methodology) can yield unaccountably large changes or inconsistent time series.

35. Within the World Bank, however, arrangements for coordination and guidance of statistical work are less clear-cut. Given the Bank's need for up-to-date information about economic conditions in borrowing countries, it is obvious that the present decentralized system of data collection by operational staff must continue. The question is how far the storage and management of these data should also be decentralized. Opinions on the matter differ widely in the Bank, and we are unlikely to get definitive guidance from the experience of other international agencies, including the IMF, whose situation may be as nearly analogous to that of the Bank as any other agency. Data work in the IMF has long been centralized in principle, and has become even more so in practice over the last two or three years with the addition of the divisions of balance of payments and government finance to the Bureau of Statistics. However, while the IMF statistical program has been highly successful in many respects, problems of consistency remain.

36. Given the magnitude and diversity of the Bank's data work, better overall guidance and coordination are needed than exist at present. The Bank has no policy or organized machinery to establish statistical standards and ensure adherence to them, to work out definitions and classifications which are suitable for management and operations, to set priorities for data work on a Bank-wide scale, to monitor and evaluate the cost of this work and to represent the Bank's views on statistical matters in the larger international community. One solution would be to create a Standing Committee for Statistical Work in the Bank that would be responsible for these matters.

C. Directions for Future Work in EPD

37. The data base under active management in the Department currently contains about 10 million numbers and has been growing at an average rate of about 10% a year over the past five years. As Table 3 indicates, staff resources allocated to the development and maintenance of this data base have grown at 7.3% a year, while the total staff resources of the Department have increased at 3.6% a year, mainly through the use of consultants. Work on data collection and maintenance now absorbs about 35% of the staff resources of the Department.

38. The current allocation of manpower among various functional areas of statistical work is given in Table 4. As this table indicates, external debt, including work on private debt, accounts for about 55% of the total. The other priority areas are national accounts, social indicators, and external trade. To help meet the demand for additional work in these areas, work on public finance has been reduced sharply, and we have discontinued work on the Creditor Reporting System. Despite their importance the Department has not been able to allocate more than a minimal amount of manpower to work on population, labor force, prices and exchange rates, and balance of payments during the past five years. It is fair to say that the current level of effort in these areas is far from adequate in terms of the Bank's overall needs.

Table 3: DISTRIBUTION OF STAFF BY FUNCTIONS AND CATEGORIES WITHIN EPD: FY74-78

Category	Distribution (%)					Average Annual Increase
	FY74	FY75	FY76	FY77	FY78	% FY74-78
Data collection & maintenance	30.6	29.6	31.4	33.0	35.1	7.3
Mission support	6.6	5.3	4.7	3.4	2.8	-16.2
Systems development	3.3	3.6	5.2	4.8	4.7	13.1
Analysis	43.0	42.8	37.1	38.7	38.9	1.1
Management & overhead	16.5	18.7	21.6	20.1	18.5	6.7
Total	100.0	100.0	100.0	100.0	100.0	
Professional staff	55.0	53.6	51.5	51.8	49.3	0.9
Research assistants	41.5	42.5	45.9	44.6	45.5	6.0
Consultants	3.5	3.9	2.6	3.6	5.2	14.1
Memo Item:						
Staff in manweeks	5472	5599	5879	6152	6314	3.6

Notes: Data Collection includes staff deployed for the Capital Markets System. The System was transferred to PAB in May of FY78.

Source: Time Reporting Sheets and Staff Estimates.

39. Given the current level of demand for statistical information, the EPD Data Base will continue to grow at about 10% a year for the foreseeable future. Maintaining even today's modest standards will therefore require some expansion of staff resources for statistical work. Moreover, it is essential that there is continued substantial progress in upgrading the Department's computer-based data processing capacities. Substantial progress has been made in the past couple of years in laying the foundations for a more effective data management system within the Department. We have consolidated a plethora of independent but overlapping data bases into one data base (the EPD Data Base) in which unnecessary duplication of data has been eliminated. Procedures for updating this data base are being improved, as are our capabilities for retrieving and processing these data. However, a great deal more remains to be done to develop the kind of data management system needed within the Department. A number of major investigations are now being conducted in collaboration with the Computing Activities Department to assess the Department's future needs. These studies will lead to the development of a detailed program of action for FY80-82. Budgetary support for this program will be essential if we are to manage an increasingly large economic and social data base, and at the same time meet the rapidly growing number of requests for data that come from within and outside the Bank.

Table 4 : ALLOCATION OF EPD STAFF AMONG AREAS OF STATISTICAL WORK, FY1974-FY1978

Category	Amount (Manweeks)					Distribution (%)				
	FY74	FY75	FY76	FY77	FY78	FY74	FY75	FY76	FY77	FY78
Domestic Accounts										
National income	162	158	215	265	306	9.9	10.1	12.5	14.2	14.5
Public finance	38	47	86	10	18	2.3	3.0	5.0	0.5	0.7
External Accounts										
Balance of payments	38	36	52	55	50	2.3	2.3	3.0	2.9	2.4
Trade	27	29	32	128	151	1.7	1.9	1.8	6.8	7.2
External Debt										
Public debt	1020	966	1022	1003	1073	62.5	61.5	59.0	53.7	50.9
Private debt	6	8	8	24	96	0.4	0.5	0.5	1.3	4.6
Creditor reporting system	120	120	120	84	4	7.4	7.6	6.9	4.5	0.1
Social Accounts										
Population and labor	23	18	18	22	35	1.4	1.1	1.0	1.2	1.7
Social indicators	76	76	95	150	251	4.7	4.8	5.5	8.0	11.9
Commodities	100	103	73	115	107	6.1	6.6	4.2	6.2	5.1
Prices and Exchange Rates	21	9	10	13	18	1.3	0.6	0.6	0.7	0.9
TOTAL	1631	1570	1731	1869	2109	100.0	100.0	100.0	100.0	100.0
Memo Item										
Capital Markets System /a	45	85	116	162	108					

/a The Capital Markets System was transferred to PAB in May of FY78 and is therefore not included in the totals.

Source: Time Reporting Sheets and Staff Estimates.

Priorities for Future Work

40. Turning now to the future, the Department's approach to statistical work can be summarized in the following way:

(a) to continue to improve the country coverage and quality of economic statistics, with particular emphasis on international trade and debt data;

(b) to collaborate with other parts of the Bank, and with other international agencies, in seeking ways to upgrade the quality of income distribution and poverty data available to the Bank; and

(c) to upgrade data management procedures, through enhanced computer systems, thereby improving control over the quality of data, and increasing capacities for undertaking statistical and analytical work.

41. Work on external debt will continue to account for a major part of the Department's activities. In the past two years we have taken steps to improve and expand reporting of private sector debt that does not carry a government guarantee. Currently, we obtain reports of private debt from 19 countries, and we regularly prepare estimates for countries for which there are no reports. The amount of private debt that is not now being reported, or for which debtor country estimates are not available (i.e., for which the Department still makes separate estimates) is relatively small. In 1976, for example, it was about $7 billion or 3.4% of total debt outstanding (see Table 5). Within the Debtor Reporting System emphasis is being placed on improving the timeliness and quality of the data. Countries will be encouraged and assisted to transmit debt data in standardized formats on magnetic tapes since this will facilitate processing and thereby improve timeliness. We shall also continue to cross check reported data against data from creditor sources, and mount country missions in order to improve the coverage and quality of data. The latter activity will continue to incorporate an element of technical assistance, not only for upgrading countries' debt reporting but also for making debt data accessible for economic management and planning.

42. The Department's work on national income accounts has grown steadily over the past five years, and, after external debt, it is the next most important area of statistical activity. At present we maintain industrial origin and expenditure accounts for 110 developing countries and 21 industrialized countries. Accounts for 30 smaller developing countries, the Capital Surplus Oil Exporters, and the Centrally Planned Economies are in a much weaker state. To improve the national income accounts for the CPEs we have entered into an agreement with the Vienna Institute for Comparative Economic Studies. Work on the other two groups of countries is conditional upon the availability of additional resources.

Table 5: TOTAL AMOUNT OF EXTERNAL DEBT OF 96 DEVELOPING COUNTRIES IN DEBTOR REPORTING SYSTEM, 1976

(billions US$)

Loan Categories	Reported in DRS	EPD Estimate	Total
Official with Debtor Country Guarantee	87.8	-	87.8
Private	111.3	7.1	118.4
With Debtor Country Guarantee	72.7	-	72.7
Without Debtor Country Guarantee	38.6/a	7.1	45.7
Total	199.1	7.1	206.2

Note: Does not include Australia, Finland, Iceland, Ireland, (not developing countries) as well as Bahamas, Grenada, Hong Kong, Rhodesia, Suriman and Western Samoa for which information is inadequate.

/a Includes $15.9 billion estimated by debtor countries and not reported directly through the DRS.

43. The Department will continue to play an active role in the development of internationally comparable measures of GNP, by participating in the UN's International Comparison Project (ICP). It is designed to provide more realistic comparisons of income levels based on comparisons of purchasing power. To date work has been completed for 16 countries, based on 152 detailed categories of expenditure in each country. A further 14 countries will be reported upon in 1979. We are investigating the development of short-cut methods that would enable us to use the methodology more widely.

44. With the expansion of the framework for global economic analysis undertaken for the World Development Report and the growing need for analytical work on trade policy within the Bank, the demands placed upon the Department for various kinds of trade data have expanded very rapidly. These demands will undoubtedly continue to increase. The primary objective of our work over the next couple of years, therefore, will be to improve the consistency of the substantial amount of frequently conflicting data on international trade and to make these readily available to analysts within the Bank. We have arrangements to acquire trade data tapes from the UN Statistical Office, but limitations in our data retrieval capacity make these difficult to exploit. High priority is attached to overcoming these problems by developing a system that provides a broader range of information on trade, including for example data on the origin and destination of trade for groups of commodities.

45. The Department maintains data for 180 countries on population and demographic indicators. For the developing countries two historical series are available. One is the estimate of current population and demographic indicators supplied by Regional staff for inclusion in the Bank Atlas and other Bank documents. The other is the estimates and projections based on the United Nations data. For population data our work program includes: (a) development of procedures whereby the population projections in the data base will be routinely updated in collaboration with Regional staff and made available throughout the Bank; and (b) a systematic review of reasons for differences between UN and Regional staff estimates of population and demographic indicators in those cases where there are substantial discrepancies. This work will be done in close cooperation with the Population and Human Resources Division of the Development Economics Department.

46. As Table 4 indicates, we have increased our work on social indicators quite sharply in the last couple of years, and as a result the data base now includes information on 90 social indicators for 130 countries. We are now in the process of comparing the "internationally comparable" indicators with staff estimates to identify some of the more obvious deficiencies in these data. Nevertheless, the absence of a framework and standards similar to those for national accounts makes social data difficult to standardize across countries. Although EPD will continue to accord high priority to this area of work, progress largely depends upon application of stricter statistical standards and better surveys within individual countries. We expect that the 1980 round of population and housing censuses will give us a better understanding of social change in the 1970s. The Department will be liaising with the UN Statistical Office to acquire relevant data as census results begin to become available in 1981.

47. The information on income distribution that is included in the Department's data base are taken from the work undertaken in the DRC and reported in "Size Distribution of Income" and on revisions provided by Regional staff. These data are far from satisfactory, but they represent a summary of most of the information about income distribution that is readily available in the world. The deficiencies in these data are well known. Our proposals for Bank work on income distribution include support of the United Nations National Household Survey Capability program and the possibility of the Bank financing the development of appropriate survey instruments for gathering income and consumption data. The possibility of the Bank financing the collection of benchmark data in some 20 to 25 developing countries with the help of the ISI-established World Fertility Survey team which has a proven capability is being explored. The UN program is a longer term effort which will lead to general upgrading of data. The household surveys would provide consistent and comparable income distribution and related social data. Two important aspects ought to be noted, however. First, neither approach will yield data for some years to come, given the lead time required. Second, the costs involved will be substantial. Regardless of the approach taken, improvements in the data on poverty and income distribution will require greater attention by individual countries to the use of standardized concepts.

48. With EPD's existing resources, no major new initiatives are planned for work in such areas as public finance, balance of payments, labor force and employment, and prices and exchange rates, despite the fact that our data base is far from adequate in these areas at present. To give one example, the Department only maintains balance of payments data obtained from the IMF. Yet the balance of payments data used by Regional staff in documents like CPPs and President's Reports frequently differ from those of the IMF. There is an obvious need to collect and maintain the external accounts prepared by Regional staff if we are to make any real progress in dealing with the consistency problems discussed earlier in this paper.

ANNEX I

CONTENTS OF EPD DATA BASE

Functional Groups	Number of countries Maintained by EPD	Sources	Remarks	Time Series
National Accounts	130, Plus some data for 30 small/new member countries (20 CPE's have Atlas $)	Country or Bank estimates for LDC's and CPE's	Data for some countries not available for ealier years and for 1977	1950-77
Balance of Payments	110 countries	IMF/country economist estimates	Data for some countries not available for 1977	1967-77
Population	180 countries, population	UN/country economist estimates	Population estimates used for LDC's are from UN with revisions by country economists	Population, 1950-77
Demographic Indicators	110 countries	UN	Data from UN sources	1960-76, Selected years
Prices, Consumer Prices	100	IMF/country economist estimates		1960-76,77
GDP Deflator	130	Bank National Accounts Sources	Developed in EPD	1960-76
Trade	130	UN Trade tapes, FAO, UNCTAD, IMF, USDA	UN Tapes used primarily	1960-77
Public Finance	80	IMF/country economist estimates	Incomplete and not Standardized	Varied
External Debt				
Public	106	Member Governments through DRS	Data from DRS-Public Debt	1963-77
Private - Reports	19	Member Governments through DRS,	Highly aggregated	1970-77, Selected years
- EPD Estimates	13	Estimates by EPD		
Country Estimates	13	Member Government Estimates		
Social Indicators				
Education	130	UN, FAO, WHO,	Both sources of data are	1960-76
Health	130	UNESCO, ILO, UNRISD,	used. One of International	1960-76
Nutrition	130	Regional commissions,	origin, another revised in-	1960-76
Housing	130	country economist	cluding country economist data	1960, 1970, 1975
Poverty	130	estimates		1975
Income Distribution	1960's-70 1970's-25 Recent-20	DRC study by S. Jain, 1975, and updates by country economist estimates	Weak Data	Varied. Useable data for approximately 20 countries
Labor Force	130	ILO	Highly aggregated using census benchmarks. Total, Labor force male-female, and by sector are available for most countries.	Totals 1950-2000 (5-year span) Other, 1950, 1960, 1970, 1976)

Mr. Robert S. McNamara November 17, 1978

Hollis B. Chenery, VPD

Turkey

You asked for my reactions to the Turkish economic situation. I will comment mainly on the balance of payments problem, which was the subject of the conference that I addressed in Istanbul ("Problems of Orienting the Turkish Economy to External Markets") and overrides all other issues. In addition to the academic and business people at the conference, I talked with university groups and economic officials in Ankara and visited several industrial plants in Bursa.

My main impression is that the extent of autarchic policies and the resulting distortions in the Turkish economy are not sufficiently recognized by the Turkish government (or in some Bank documents). Turkey devalued sufficiently in 1970 to stimulate the growth of industrial exports for the next two years. However, since then Turkish inflation has been much more rapid than that of her trading partners and export markets have become very unattractive. Even the 1978 devaluation left the Turkish lira overvalued by some 50% relative to 1970 (see attached table). Only traditional products can be exported at this rate, even with rebates. This policy produced the explosive growth of imports--much as it did in Mexico--which has little to do with a rising "propensity to import" (as the Bank report states).

There is a tendency in Turkey (and to some extent in the Bank) to attribute the stagnation of Turkish exports largely to the slow growth and protectionist tendencies of the OECD. I would stress more the high wage settlements, inflation and failure to adopt a crawling peg or other means of maintaining attractive prices for exporters. Countries that have followed such policies have continued to expand manufactured exports in recent years. The model for Turkey should be Brazil or Colombia, where inflation is neutralized by frequent exchange adjustments. This idea is accepted by only a minority of academics and government officials although Mrs. Krueger's discussion of it was welcomed in Istanbul.

Since the long-term resolution of Turkey's problems hinges on increasing commodity exports (and not relying so heavily on volatile remittances), I think that the Bank's analysis and dialogue with the government should be focused on

this area. (The problem is reminiscent of the Indian situation of several years ago but is considerably more acute.) However, the five-year plan seems to be an inappropriate basis for such a discussion, since it is concerned with the long term rather than the means of getting there and is reportedly quite unrealistic.

Attachment

HBChenery:nf

cc: Messrs. E. Stern, VPO
Benjenk, EMNVP

TABLE I [1/]

Nominal, Real, and PPP Exchange Rates, 1963 to 1978

	NER (1) (TL/$US)	PLD NER (2) (1964TL/$US)	PPP PLD NER-U.S. (3) ((2)/1963 US$)	PPP PLD NER Germany (4) ((2)/1963 DM)	PPP PLD NER 7 countries (5) ((2)/7 currencies)
1963	9.00	9.20	9.22	2.32	8.85
1964	9.00	9.00	9.03	2.31	8.77
1965	9.00	8.07	8.34	2.10	7.87
1966	9.00	8.05	8.51	2.13	7.88
1967	9.00	7.59	8.08	1.98	7.27
1968	9.00	6.79	7.42	1.68	6.34
1969	9.00	6.48	7.41	1.81	6.34
1970	14.85	10.05	11.81	2.99	10.28
1971	14.15	7.80	9.49	2.69	8.44
1972	14.15	6.78	8.69	2.48	7.47
1973	14.15	5.34	8.04	2.47	6.51
1974	13.99	4.07	7.27	2.39	5.65
1975	15.15	4.00	7.82	2.26	5.02
1976	16.66	3.81	7.78	2.48	4.46
1977	19.44	3.57	7.73	2.68	4.43
*1978	25.25	3.17	7.41	2.44	4.12
Index 1978/1970			.62		.42

Sources: Exchange rates to U.S. dollar from *International Financial Statistics*

Price series: Line 63a (or, if unavailable, Line 63) of *International Financial Statistics*.

Trade weights: 1976 data from *Direction of Trade Annual 1970-76*.

NOTE: The seven largest trading partners, and their shares were: Germany (31.1%); United States (14.8%); Italy (13.1%); United Kingdom (12.9%); Switzerland (10.8%); France (10.1%); and Japan (7.2%). Shares were calculated by summing imports and exports.

* Estimates for 1978 are for the month of June.

1/ From a paper presented to the Istanbul conference entitled "The Role of Exchange Rate Policy in Opening Up The Economy" by Prof. Anne O. Krueger, University of Minnesota.

Mr. Robert S. McNamara November 16, 1978

Hollis B. Chenery, VPD

The Editorial Bottleneck

1. On several occasions I have stressed the fact that the proper dissemination of the analytical work of the Bank is hampered by the inadequacy of editorial staff to review the output of research and country economic analysis and to process the items selected for publication. The effects of this bottleneck are both to delay publication and lower the quality of what is published and also to reduce the amount of what might usefully be published.

2. In a recent discussion of this subject with William Clark and me, you asked him to submit an analysis of the publishing operation and to compare it to that of Brookings. His subsequent memorandum of November 7 shows that the Bank has an editorial staff one-third the size of Brookings to cope with a considerably larger volume of potentially publishable material. As a result we are not in a position to do much evaluation of publication possibilities among materials produced for internal purposes. As William points out, what we do publish suffers from unnecessary delays, and erratic editing and lack of effective distribution.

3. There are now under way reviews of both the Bank's research program--which accounts for roughly 70% of existing publication--and its country analysis, which provides most of the remainder. Both reviews are likely to stress better dissemination of results outside the Bank and hence more effective publication. This finding would only reinforce the existing needs for more adequate editorial and publication facilities.

4. I hope you find these arguments for the requested increase of two editors in the current fiscal year persuasive, both on grounds of cost effectiveness and as a necessary step toward more satisfactory dissemination of the Bank's research and analysis to its member countries.

HBChenery:nf

cc: Messrs. W.Clark,VPE/Merriam,IPA
Gabriel, PAB

7

Mr. Robert S. McNamara November 6, 1973

William Clark

Publications Program

The attached memorandum gives some detail of comparative book costs and earnings for the Bank and Brookings. In brief it shows that our costs of production per book are very comparable; that Brookings sells many more copies of its books than we do, but does not nearly cover costs. Brookings does its own marketing, which is expensive but effective in the U.S.: we rely on our two main publishers (Johns Hopkins and Oxford University Press) to do the marketing in return for about half of the sales income.

I think the two University Presses do a fairly good job covering, as they have to, the whole world and not just the relatively lucrative American market. There could be improvements, but I doubt that we could do better ourselves, in selling what is mainly the outcome of excellent research undertaken primarily for the Bank's own reasons, and not tailored - as Brookings' publications are - to an outside, general audience.

The report also argues that if we are to keep up even this "miserable program" on an up to date basis we shall need to replace half of our herd of freelance editors with two permanent editors.

But if we are to produce books which circulate widely around the world, then we must plan to produce them with that object in mind. Up till now we have tended to concentrate on the need for an 'entrepreneur of ideas'. Certainly let us find such a person, but if we are to produce books for the 1980 market we need to begin planning now, on authors and subjects.

WDClark:sf
Attachment

Summary
1) Quality Poor (long delays)
2) Not cost-effective.

OFFICIAL FILE COPY

OFFICE MEMORANDUM

TO: William D. Clark, VPE (through M. Merriam) DATE: November 7, 1978

FROM: Goddard Winterbottom, Senior Editor, IPA

SUBJECT: Editorial Personnel

You have asked that I provide figures about costs, sales, and income relative to the activity of the Professional and Technical Publications Unit; the relation of these figures to the permanent and freelance staff of the Unit; and comparisons with the experience of the Brookings Institution.

Character of the Work

Publishing activity, in the Bank and elsewhere, traditionally rests upon four principal foundations:

- Administration, including manuscript acquisition and development
- Editing
- Production, from finally edited manuscript through bound book
- Marketing, including promotion, order processing, warehousing, shipping, and related activities

The work of the Professional and Technical Publications Unit encompasses the first three of these activities entirely and must deal with aspects of the last, notably promotion. The principal responsibility for marketing must, however, fall upon our external publishers in English, French, and Spanish, since the Bank has no internal mechanisms or personnel to perform the function.

The editorial work is therefore only a part of the whole bookmaking process, but it is the crucial part. If it is done ineptly, the other work will produce only an inept book, however handsome it may appear to be.

Staff and Output

The figures in Table 1 provide a quick insight into the comparative bookmaking and bookselling staffs at the World Bank and the Brookings Institution.

Table 1. Comparison of Permanent Publications Staffs at the World Bank and the Brookings Institution

Position	World Bank	Brookings
Director of Publications	1[a]	1
Managing Editor	0[b]	1
Editors (professional)	1	6
Editors (subprofessional)	1[b]	1
Secretary	1	1
Marketing personnel	0	10

a. At the Bank the role equivalent to that of Director of Publications at Brookings is filled by the Senior Editor.

b. At the Bank a part of the role of Managing Editor has been filled by the (subprofessional) Editorial Assistant.

The figures in Table 2 show comparative gross output of the publications programs at the two institutions.

Table 2. Comparison of Gross Output of the Publications Programs of the World Bank and the Brookings Institution, Fiscal 1977 and 1978

Kind of publication	Fiscal 1977	Fiscal 1978
Original titles in English		
World Bank	11	9
Brookings[a]	21	29
Translations		
World Bank	7	7
Brookings	0	0
Second or subsequent editions or printings		
World Bank	7	5
Brookings	?	?
Total production		
World Bank	25	21
Brookings	21[b]	29[b]

Note: The table does not take into account data on the Reprint Series maintained by each institution.

a. The figure for fiscal 1977 includes 3 issues of the periodical Brookings Papers on Economic Activity; for fiscal 1978, 4 issues.

b. Plus an unknown number of second or subsequent printings.

There is no way fully to compare activity between the Bank and Brookings in the area of manuscript acquisition and development. At Brookings this is primarily the responsibility of the several individual Study Programs. At the Bank the responsibility falls heavily upon the Professional and Technical Publications Unit, which expends 20 percent or more of its time on coordination of the work of the Publications Committee and, especially, the Editorial Subcommittee. In fiscal 1978, for example, the Unit received proposals for publication of 38 manuscripts; it solicited more than 100 and received 78 readers' reviews of such manuscripts. Each of these items was considered individually and required separate communication with Committee and Subcommittee members.

Cost, Sales, and Income

The figures in Table 3 indicate the costs (including editorial costs), the gross sales, and the income realized from sales for the Bank and Brookings. (I must emphasize that different accounting procedures and other factors make the figures not exactly comparable in some instances.)

A further comparison can be extrapolated showing the average cost per title published and per book sold, as shown in Table 4.

Again, costs to the Bank shown in Tables 3 and 4 cover many activities--such as coordination of Committees--that are not included in the Brookings publications program. Therefore, Bank costs for comparable activity can be lowered by at least 20 percent from the figures shown in the table and tabulation.

Flow of Manuscripts

As of October 1, 1978, the following figures reflected the status of book editing and production in the Professional and Technical Publications Unit:

Manuscripts in the editorial-production process:	16
Approved manuscripts being revised by authors before entering editorial-production process:	10
Manuscripts being vetted by Editorial Subcommittee:	10
Being translated into, or in production in, French, Spanish, and Portuguese:	13
Total	49

(Text continues on page 8.)

Table 3. Comparison of Costs, Sales, and Income of the Publications Programs of the World Bank and the Brookings Institution, Fiscal 1977 and 1978
(Thousands of dollars except as noted otherwise)

Item	Fiscal 1977	Fiscal 1978
A. Summmary		
Fixed costs (editing, production, and overhead)		
World Bank	471	405
Brookings	687	881
Variable costs (marketing)		
World Bank[a]	---	---
Brookings	620	636
Total cost of program		
World Bank	471	405
Brookings	1,307	1,517
Sales (number of books)		
World Bank[b]	40,800	42,700
Brookings[c]	134,300	138,000
Income from sales (net)[d]		
World Bank	84	93
Brookings	806	828
Loss (cost minus income)		
World Bank	387	312
Brookings	501	689
B. Breakdown of fixed costs		
Editing (staff salaries and overhead, freelance editors)		
World Bank	172	190
Brookings	223	304
Production		
World Bank	299	216
Brookings	464	577

(See footnotes on next page.)

a. Variable costs to the Bank comparable to those incurred by Brookings are absorbed by the Bank's external publishers, for which they receive from 50 to 60 percent of net sales income.

b. Sales figures shown are low by about 1,000 to 2,000 because publishers with only one or two titles (Yale, Oceana, PUF, Stanford) are omitted, since their reporting is irregular.

c. Actual figures not available. Figures shown are derived on the basis of an estimated average price of $6.00 a book.

d. The figures for the Bank reflect a return of from 40 to 50 percent of net income from sales, the remainder retained by the external publisher for marketing expenses and margin of profit.

Table 4. Comparison of Average Cost and Loss per Title Published and per Book Sold, the World Bank and the Brookings Institution Fiscal 1977 and 1978

Item	Fiscal 1977	Fiscal 1978
Average cost per title published (thousands of dollars)		
World Bank (including second and subsequent editions or printings)	19	19
Brookings (not including unknown number of second and subsequent editions or printings)	62	52
Average loss per title published (thousands of dollars)		
World Bank	15	15
Brookings	24	24
Average cost per book sold (dollars)		
World Bank	11	9
Brookings	9	11
Average loss per book sold (dollars)		
World Bank	9	7
Brookings	4	5

Editorial Costs

Figures for editorial costs for the Bank include salaries and overhead for permanent staff (including secretary) and the cost of freelance editors. These are shown below, in thousands of dollars:

Item	Fiscal 1977	Fiscal 1978
Permanent staff costs	140	139
Freelance costs	32	51
Total contractual services costs (including proofreader, designers, indexers, and readers of manuscripts)	60	64

Freelance and Permanent Editors

As of November 1, 1978, 8 freelance editors were under contract to the Information and Public Affairs Department to work for the Professional and Technical Publications Unit; some had more than one manuscript in hand. Of the 16 manuscripts in the editorial-production process as of October 1, 13 had been or were being edited by freelancers.

The singe advantage of using freelance editors is financial: though their hourly wages may be higher than those of permanent staff, they do not have the customary staff benefits, nor do they usually require office and other overhead.

The disadvantages of using freelancers are so heavy that Brookings discontinued using them some years ago as being detrimental to quality. The bulk of freelance editors are young and inexperienced, marginal editors who have difficulty hanging on, or moonlighters who can give tired evenings to their work. A freelance editor cannot begin to absorb the desired house style, nor can he begin to know enough about the special needs of the institution for which he is working, in his first assignment. Even if he is skilled, his manuscript must be carefully checked by permanent staff--a task that has come to absorb more than 10 percent of our time in recent months. If he is less skilled than we anticipated, his work must usually be wholly redone by permanent staff--and the author irritated by a seemingly unnecessary second round of editing. Finding, training, and then keeping a first-rate freelancer almost never happens.

To summarize:

- Under present arrangements, the great proportion of the editorial work of the Professional and Technical Publications Unit must be done--and is being done--by freelance editors.
- Permanent staff must check over the great proportion of this work, further reducing the amount of original editing they can do themselves.
- To increase the present number of freelancers would reduce permanent staff virtually to the role of full-time checkers and force them to do little or no original editing.

Reappraisal of Editorial Staff Needs

Given these circumstances, I believe that the Professional and Technical Publications Unit is at present at or even above its capacity to absorb freelance editorial work. It must, however, continue to accept manuscripts approved for publication.

In consequence, the length of time between receipt of an approved manuscript and publication has become extended, from the normal 8 months required at Brookings to anywhere up to 2 years. A further consequence is understandably dissatisfied authors and a growing number of books whose data base is out of date.

I estimate that two additional professional positions would cut our need for freelancers by at least half.

Effect on the Publications Program

The principal effect that this would have on the publications program can be summarized easily: better books, more readable and up-to-date books, books that can be accessible to a wider set of publics.

The added cost of two J-level editors would be (salary and overhead) about $70,000; the saving from reduction in expenditure for freelance editors would be about $30,000. In addition, a C- or D-level secretary would probably be required to service the additional staff at a total cost of $15,000 or less.