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Hollis B. Cheney papers - McNamara Discussions

1976 (July-Dec.)



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Hollis B. Cheney Papers - McNamara discussions / notebooks / memoranda - 1976 (Jul
- December)

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N. DeLoach

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: December 23, 1976

FROM: Hollis B. Chenery *HBC*SUBJECT: Oil Price Increases

1. We have made the following estimates of the implications of the new prices of oil and their effect on the import bills of LDCs. As you know, eleven of the OPEC members decided to increase the marker crude price by 10% from \$11.51 per barrel in 1976 (price of marker crude) to \$12.70 per barrel as of January 1, 1977 and to \$13.30 as of July 1. Saudi Arabia and United Arab Emirates decided to raise their prices by 5%--from \$11.51 per barrel to \$12.09--for the entire year 1977. Saudi Arabia's decision to lift the 8.5 million bld of annual average production ceiling was subsequently reported to have been withdrawn.

2. For the past several years we have projected a constant price (in 1974 dollars) or a gradual decline. The trend so far is as follows:

Saudi Arabia 34° API Crude Price per Barrel

<u>Year</u>	<u>Price per Barrel</u> (1974 \$)
1974	9.77
1975	9.36
1976	9.44
1977	9.15

If the announced prices hold for 1977, this would represent an annual decline of about 2% per year. The downward trend could easily be reversed by a strong OECD recovery.

3. Saudi Arabia's attitude towards increasing its share in the OPEC production is uncertain at present: it will be very sensitive to political developments in 1977. The total production capacity of 13 OPEC members as at the end of 1976 is about 39 million bld of which Saudi Arabia alone accounts for about 30% at 11.8 million bld of production capacity. It could increase its production up to 3.0 million bld more than its present level.

4. The following table shows the increase in the developing countries' import bill for 1977, with the announced prices and alternative assumptions as to the mix of supplies:

- a. Saudi Arabia increases production;
- b. Saudi Arabia maintains current production.

OIL IMPORTS BY DEVELOPING COUNTRIES 1975-77

(billions of current dollars)

Developing Countries:	<u>1975</u>	<u>1976</u>	<u>1977</u>	
			Assumption a.	Assumption b.
Low Income	3.1	3.3	4.0	4.2
Others	<u>12.5</u>	<u>13.2</u>	<u>14.4</u>	<u>14.7</u>
TOTAL	<u>15.6</u>	<u>16.5</u>	<u>18.4</u>	<u>18.9</u>

HBChenery/HHughes:nff

Mr. Robert S. McNamara

December 21, 1976

Hollis B. Chenery

Annual Report on Research

I attach a copy of the current draft of this year's report in case you want to see it at this stage. The main novelties are the discussion of the "research cycle" in Chapter I and the attempt to trace the effects of one of our earliest research projects in Chapter III.

We are now receiving comments to be incorporated in the final draft, which I plan to send you about January 6. We expect to distribute the report to the Board on January 17 for the scheduled meeting on February 15.

In Chapter I of this draft (para. 27, page 21), there is a reference to the proposed advisory panel. I will send you a note on this subject early in January.

HBChenery/BBKing:nff

Attachment

1770 to Dr. McNamara
An excellent
speech H.B.C.
thanks
L.P.W.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Hollis B. Chenery *HBC*

SUBJECT: Enders on the North-South Dialogue

DATE: December 20, 1976

I think you would be interested in the attached statement by Tom Enders, which I think is excellent. He suggests plausible answers to several of the questions that we will be exploring in our current work program. (Apparently, the U.S. Ambassador to Canada can take a more balanced view of world problems than an Assistant Secretary of State.)

Attachment

HBC Chenery:nff

cc: Messrs. E. Stern
Avramovic
Duloy
Haq
Karaosmanoglu
Mrs. Hughes

Mr. Robert S. McNamara

December 20, 1976

Hollis B. Chenery

Enders on the North-South Dialogue

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"NORTH-SOUTH DIALOGUE:
TOWARDS ONE WORLD ECONOMIC SYSTEM — OR SEVERAL?"

1976 HENRY MARSHALL TORY LECTURE

BY

UNITED STATES AMBASSADOR THOMAS OSTROM ENDERS

UNIVERSITY OF ALBERTA, EDMONTON, NOVEMBER 1, 1976

THE QUESTION I WOULD LIKE TO ASK TONIGHT IS HOW ARE NORTH AND SOUTH GOING TO MANAGE THEIR RELATIONS IN THE NEXT DECADE?

LET ME SAY RIGHT OFF THAT THE ANSWERS I PROPOSE ARE PERSONAL ONES, NOT DESIGNED TO REFLECT THE VIEWS OF MY GOVERNMENT.

ON THE FACE OF IT, NORTH AND SOUTH WOULD APPEAR HEADED FOR DECADES OF TENSION.

THE DEVELOPING COUNTRIES ARE PUTTING FORWARD MORE AND MORE FAR-REACHING DEMANDS, ESPECIALLY DEMANDS TO CHANGE THE TERMS OF TRADE AND EXCHANGES WITH THE NORTH. THEY ARE FRUSTRATED BY THE FACT THAT FOR ALL THE WELL-MEANING EFFORTS AT DEVELOPMENT -- THEIRS AND OURS -- THE POOR COUNTRIES DID NOT GAIN GROUND ON THE INDUSTRIAL WORLD THESE LAST TEN YEARS. FOR ALL THE ECONOMIC DAMAGE THE OIL CRISIS CAUSED THEM -- AND IT HAS BEEN MASSIVE -- THEY HAVE BEEN ELECTRIFIED BY THE SUCCESS OF OPEC, POOR COUNTRIES THAT DID NOT BEG OR BORROW BUT SEIZED WEALTH FROM THE INDUSTRIAL WORLD, COUNTER TO ITS WILL. IT IS NO LONGER ACCEPTABLE -- IF IT EVER WAS -- TO EXPLAIN THE CENTRAL FACT OF POVERTY IN TERMS OF THE HISTORY OF POOR COUNTRIES THEMSELVES. POVERTY ON THE SCALE AND PERSISTENCE DEVELOPING COUNTRIES EXPERIENCE -- MOST OF THEM BELIEVE -- CAN ONLY BE THE RESULT OF RICH COUNTRY DOMINANCE. THEY SEE POVERTY AS A PROBLEM IN POWER.

IN THE RICH COUNTRIES, UNTIL RECENTLY THE TREND HAS BEEN TOWARD DECLINING SYMPATHY OR EVEN INTEREST IN THE DEVELOPING WORLD. TRUE, HUMANITARIAN CONCERN IS VERY MUCH ALIVE, AND THERE IS A STEADY BUT NOT GROWING CONSTITUENCY FOR FOOD AID AND AID TO THE WEAKEST. TRUE ALSO, THREE COUNTRIES (SWEDEN, NETHERLANDS AND CANADA) HAVE SIGNIFICANTLY INCREASED THEIR AID EFFORT IN RECENT YEARS. BUT THE TOTAL OF AID HAS IF ANYTHING STAGNATED IN REAL TERMS IN THE 1970'S. NOW THAT MOST POOR COUNTRIES HAVE TURNED AWAY FROM DEMOCRACY THEY HAVE LOST SOME OF THEIR LIBERAL CONSTITUENCY IN THE INDUSTRIAL WORLD. WITH THE SOVIET UNION NO LONGER COMPETING ECONOMICALLY IN THE DEVELOPING WORLD, THEY HAVE LOST SOME OF

THEIR CONSERVATIVE CONSTITUENCY. TWENTY YEARS AGO MANY OF US WERE ASKING HOW WE COULD CONTRIBUTE TO DEVELOPMENT. NOW WE ASK: WHAT CAN THE DEVELOPING COUNTRIES DO TO US IF WE DON'T HELP? THERE ARE SOME RECENT SIGNS OF REVIVED INTEREST IN THE AMERICAN CONGRESS AND ELSEWHERE BUT AS A WHOLE THE INDUSTRIAL, DEMOCRATIC NORTH DOES NOT APPEAR TO KNOW VERY WELL WHAT IT WANTS IN THE SOUTH.

EXCEPT PERHAPS FREEDOM FROM HARASSMENT. IN MOST OF THE INDUSTRIAL DEMOCRACIES IT IS AS BAD POLITICS TO BE PERCEIVED AS OPPOSING POOR COUNTRY ASPIRATIONS, AS IT IS TO PROPOSE SACRIFICES TO HELP REALIZE THEM. MOST OF THE RICH COUNTRIES WILL MAKE CONCESSIONS -- BOTH MATERIAL AND OF PRINCIPLE -- TO AVOID NORTH-SOUTH CONFRONTATIONS AT INTERNATIONAL MEETINGS. AND THE SOUTH HAS EXPLOITED OUR WISH FOR TRANQUILLITY CONSISTENTLY, IF NOT ALWAYS SKILLFULLY.

YOU CAN MAKE A GOOD CASE FOR CONFLICT IN INTERNATIONAL AFFAIRS AS THE GREAT ENGINE OF CHANGE. THAT IS THE CASE THE DEVELOPING COUNTRIES NOW MAKE. BUT THERE IS ALSO A DANGER IN THIS DIPLOMACY OF HARASSMENT, THE SUBTLE ONE THAT BOTH ITS FAILURES AND ITS SUCCESSES CAN DIVERT NORTH AND SOUTH FROM THE MAIN CHANCE. FOR THE CONCESSIONS DOLED OUT ARE NOT LIKELY TO BE SUFFICIENTLY GREAT TO MAKE VERY MUCH DIFFERENCE -- IN HISTORICAL TERMS -- IN THE DESTINY OF THE POOR COUNTRIES. BUT ON THE OTHER HAND, THE HOPES AND PROMISES, FRUSTRATIONS AND RESENTMENTS THE PROCESS ITSELF GENERATES CAN DIVERT BOTH RICH AND POOR COUNTRIES FROM WHAT DOES MATTER HISTORICALLY: SOCIAL CHANGE TO GENERATE INVESTMENT CAPITAL IN DEVELOPING COUNTRIES THEMSELVES, AND THE BUILDING OF A NEW CONSTITUENCY FOR LARGE-SCALE GRANTS AND CONCESSIONAL LOANS FROM THE NORTH TO THE SOUTH.

THE CONCLUSION TO DRAW IS NOT THAT WE SHOULD FINESSE THE "NEW INTERNATIONAL ECONOMIC ORDER" AND DOWNPEDAL THE WHOLE APPARATUS OF NORTH-SOUTH DIPLOMACY. THIS IS NOT ACCEPTABLE TO EITHER NORTH OR SOUTH.

A. THE CONCLUSION TO DRAW IS THAT WE SHOULD STEP UP OUR NORTH-SOUTH NEGOTIATIONS, PUT MORE ON THE TABLE AND

USE THIS DECADE TO EXPLOIT THE FULL POTENTIAL OF CHANGES IN THE FUTURE OF THE DEVELOPING COUNTRIES THAT CAN BE ACHIEVED THROUGH TRADE AND CAPITAL MARKETS.

- B. FOR ONLY BY REALIZING BOTH THE PROMISE AND THE LIMITATION OF WHAT CAN BE DONE THROUGH NEGOTIATION CAN NORTH AND SOUTH ACHIEVE THE RELATIONSHIP -- AND SENSE OF DIRECTION -- TO MAKE POSSIBLE THE GIGANTIC INTERNAL AND EXTERNAL CAPITAL INVESTMENT WHICH ALONE CAN END POVERTY.

2

I SAID THAT FOR THE DEVELOPING COUNTRIES POVERTY IS NOW A PROBLEM IN POWER, BUT NOT ALL SEE THE SAME SOLUTION. THERE IS A BROADLY HELD MAJORITY VIEW, BUT THERE ARE ALSO WHAT YOU MIGHT CALL LEFT AND RIGHT WING MINORITY VIEWS.

FOR THE MAJORITY, THE ANSWER TO RICH COUNTRY DOMINANCE IS A KIND OF TRADE UNIONISM AND COLLECTIVE BARGAINING. ORGANIZE THE POOR COUNTRIES INTO A BLOC. DEVELOP A CAREFULLY ARTICULATED PLATFORM. ENFORCE DISCIPLINE ON COUNTRIES WHICH MAKE DEALS CONTRARY TO THE PLATFORM. USE THE THREAT OF CONFRONTATION, RICH-COUNTRY SENSE OF GUILT, OIL PRODUCER LEVERAGE, WHATEVER HANDLE INTERNATIONAL MEETINGS AND ORGANIZATIONS GIVE TO PUT THE PLATFORM OVER.

THIS IS THE LINE OF ATTACK OF THE GROUP OF 77 AND NON-ALIGNED, OF THE CHARTER OF ECONOMIC RIGHTS AND DUTIES, IN UNCTAD AND NOW IN THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION. ITS PRINCIPAL PLANKS ARE: SET COMMODITY PRICES AT HIGH AND RISING LEVELS; REDEPLOY INDUSTRY FROM RICH TO POOR COUNTRIES, REDEFINE CAPITAL SERVICES CONTRACTS SO AS TO FURNISH TECHNOLOGY TRANSFERS, EQUIPMENT AND LOANS ON NON-COMMERCIAL TERMS; DOUBLE GRANTS AND CONCESSIONAL AID.

ONE OF THE MOST STRIKING THINGS ABOUT THIS MAJORITY VIEW IS THAT IT'S INTEGRATIONIST -- IT IMPLIES MORE INTERDEPENDENCE BETWEEN RICH AND POOR, NOT LESS. IT CALLS FOR MORE TRADE, AID, INVESTMENT, ALL ON DIFFERENT TERMS, NOT LESS. DON'T ABANDON THE PRESENT INTERNATIONAL ECONOMIC SYSTEM, IT SAYS, REFORM IT, PERFECT IT. IF YOU'LL FORGIVE THE MARXIAN JARGON, IT'S PURE REVISIONISM.

THERE IS ALSO A LEFT WING VIEW, CALLING FOR LESS INTEGRATION INTO THE WORLD ECONOMY, NOT MORE. DON'T TRY TO BUILD YOUR DEVELOPMENT ON EXPORTS AND WESTERN TECHNOLOGY, THIS VIEW SAYS. FOR THE PRICES OF THE TRACTORS YOU BUY WILL ALWAYS GO UP FASTER THAN THOSE OF THE FARM PRODUCTS YOU SELL; YOUR DEBT AND DIVIDEND PAYMENTS WILL END BY CRUSHING YOU; FOREIGN INVESTORS WILL DEVELOP YOUR ECONOMY IN AN ANARCHIC MANNER, BRINGING WITH THEM SLUMS, UNEMPLOYMENT, VICE. INSTEAD YOU SHOULD BASE GROWTH ON THE POOR, NOT THE RICH. TEACH YOUR FARMERS HOW TO IMPROVE PRODUCTION WITHIN THE FRAMEWORK OF THEIR OWN SOCIETY. USE YOUR INDUSTRY TO PRODUCE TOOLS YOUR FARMERS CAN UNDERSTAND. GROW BY MOBILIZING THE WORK AND SAVINGS OF THE WHOLE POPULATION, NOT JUST OF A MODERN SECTOR.

THE MODEL OF COURSE IS ASIAN COMMUNISM. SO FAR FEW ATTEMPT TO PUT IT INTO PRACTICE. BUT CHINA'S POWER AND SUCCESS AND THE EMPHASIS ON SELF RELIANCE GIVE IT GREAT MORAL AUTHORITY. THOSE ATTRACTED TO THIS MODEL FIND IN IT REASON FOR INTRANSIGENCE, EVEN DEFIANCE IN DEALING WITH RICH COUNTRIES.

THE RIGHT WING MINORITY VIEW IS OPPORTUNISTIC. IT IS HELD IN THOSE COUNTRIES -- THE KOREAS, SINGAPORES, MEXICOS, BRAZILS, VENEZUELAS, IRANS -- THAT ARE ALREADY USING EXPLOSIVE INCREASES IN TRADE AND INVESTMENT WITH THE INDUSTRIAL WORLD TO BECOME PART OF IT. FOR COUNTRIES SUCH AS THESE, NORTH-SOUTH CONTESTATION OFFERS A VARIETY OF BENEFITS: ECONOMIC OPPORTUNITIES (SUCH AS TARIFF PREFERENCES) WHICH COULDN'T HAVE BEEN OBTAINED WITHOUT THE BARGAINING STRENGTH OF THE COLLECTIVITY; OPPORTUNITIES TO EXERCISE POLITICAL LEADERSHIP;

AND POLITICAL PROTECTION (AS IN THE CASE OF OIL PRODUCERS WHO WERE ABLE TO TURN ASIDE POOR COUNTRY RESENTMENT AT THEIR HIGH OIL PRICES BY PROPOSING TO JOIN TOGETHER TO CARTELIZE ALL RAW MATERIALS). CHARACTERISTICALLY, ADHERENTS OF THIS VIEW ARE ANXIOUS TO PREVENT THE DEVELOPING COUNTRIES FROM PURSUING TOO VIGOROUSLY PROPOSALS -- SUCH AS GENERAL DEBT MORATORIUMS -- THAT COULD CLOSE DOWN THEIR ACCESS TO THE TRADE AND CAPITAL MARKETS OF THE NORTH.

3

THE QUESTION TO ASK NOW IS: HOW RELEVANT ARE THESE THREE APPROACHES LIKELY TO BE TO THE FUTURE EVOLUTION OF THE WORLD ECONOMY?

THE WORK PROFESSOR WASSILY LEONTIEFF HAS JUST COMPLETED FOR THE UNITED NATIONS GIVES A FRAMEWORK FOR SOME FIRST ANSWERS. LEONTIEFF CONSTRUCTED AN INPUT-OUTPUT MODEL OF THE WORLD ECONOMY OF UNPRECEDENTED SCOPE AND DETAIL. HE ASKED IT WHAT WOULD BE REQUIRED TO ACCELERATE DEVELOPMENT IN POOR COUNTRIES SO AS TO CUT THE PER CAPITA INCOME GAP BETWEEN RICH AND POOR BY HALF BY THE END OF THE CENTURY.

THE RESPONSE TO LEONTIEFF'S QUESTION IS COMPLEX, BUT THREE ELEMENTS STAND OUT.

- FIRST, THERE WOULD HAVE TO BE A REVOLUTIONARY INCREASE IN CAPITAL INVESTMENT BY THE POOR COUNTRIES THEMSELVES, FROM SOMETHING LIKE 20 PERCENT NOW TO 30, 35 OR EVEN IN SOME CASES 40 PERCENT OF THEIR PRODUCT. YOU CAN IMAGINE THE EXTRAORDINARY DIFFICULTY OF DECREASING RATES OF CONSUMPTION BY A COMPARABLE AMOUNT IN OUR AFFLUENT SOCIETY. THE EFFORT REQUIRED WILL BE MUCH GREATER IN THE POOR COUNTRIES, WHERE CONSUMPTION LEVELS ARE MINIMAL.

- SECOND, STEPS MUST BE TAKEN TO DEAL WITH MASSIVE TRADE AND PAYMENTS DEFICITS WHICH WILL APPEAR IN DEVELOPING COUNTRIES. SUPPLY CONSTRAINTS WILL HOLD DOWN GROWTH OF THEIR EXPORTS OF RAW MATERIALS AND AGRICULTURAL PRODUCTS, WHILE LOW COMPETITIVENESS AND RICH COUNTRY PROTECTION WILL CAUSE THEIR EXPORTS OF INDUSTRIAL GOODS TO LAG.
- FOR COUNTRIES WITH LITTLE EXPORTS OF RAW MATERIALS OR AGRICULTURAL PRODUCTS (LIKE THE INDIAN SUB-CONTINENT) THE WAY OUT OF THE DEFICIT IS TO EMPHASIZE IMPORT REPLACEMENT AS THEY INDUSTRIALIZE, WHILE OBTAINING PRIVILEGED ACCESS TO RICH COUNTRY MARKETS FOR MANUFACTURES.
- FOR RAW MATERIAL AND AGRICULTURAL EXPORTERS, THE WAY OUT OF THE DEFICITS IS SUSTAINED INCREASES IN COMMODITY PRICES. LEONTIEFF NOTES THAT THIS WOULD FURTHER BURDEN THE MOST POPULOUS AND POOREST (AGAIN THE INDIAN SUB-CONTINENT), BUT POINTS OUT THAT COMPENSATORY ARRANGEMENTS FOR THEM ARE AT LEAST CONCEIVABLE.
- THIRD, CAPITAL FROM ABROAD IS ESSENTIAL BOTH IN INCREASING INVESTMENT AND IN FINANCING PAYMENTS DEFICITS.
- BUT LEONTIEFF'S WORK SHOWS THAT ONLY MASSIVE INTERNAL EFFORTS TO MOBILIZE CAPITAL THROUGH TAX, CREDIT, AND INCOME DISTRIBUTION MEASURES, AND INCREASED COMMODITY PRICES AND ACCESS TO MANUFACTURED MARKETS CAN PROVIDE THE VOLUME OF RESOURCES REQUIRED. BOTH ARE REQUIRED, NOT ONE OR THE OTHER.

WHAT DO LEONTIEFF'S FINDINGS MEAN? THEY MEAN THAT YOU CAN'T GET A MAJOR NARROWING OF THE INCOME GAP BETWEEN NORTH AND SOUTH WITHOUT A RADICAL RE-ORGANIZATION OF THE POOR COUNTRIES FROM WITHIN AND WITHOUT UNPRECEDENTED LEVELS OF INTERNATIONAL COOPERATION. SOMEHOW THE INTERNATIONALISM OF THE PROPONENTS OF A NEW WORLD ECONOMIC ORDER MUST BE LINKED TO THE SELF-RELIANCE ADVOCATED BY THE LEFT-WING APPROACHES TO DEVELOPMENT.

IMAGINE WHAT WOULD BE REQUIRED INTERNATIONALLY. THERE WOULD HAVE TO BE AGREEMENT ON MECHANISMS TO STABILIZE AND RAISE COMMODITY PRICES; INVOLVING SOME 20 COMMODITIES AND PERHAPS A HUNDRED PRODUCERS AND CONSUMERS. THEN THERE WOULD HAVE TO BE AGREEMENT ON HOW TO COMPENSATE THE POOREST, MOST POPULOUS COUNTRIES LIKE INDIA THAT ARE NET COMMODITY IMPORTERS. EXPERIENCE WITH OPEC SHOWS HOW TRICKY COMPENSATION CAN BE. TO BE SURE, OPEC HAS RETURNED SUBSTANTIAL SUMS TO THE NON-OIL DEVELOPING COUNTRIES: \$5 BILLION DISBURSED OUT OF A \$26 BILLION ADDITIONAL OIL BILL PAID BY DEVELOPING COUNTRIES SINCE THE EMBARGO. BUT MUCH OF THE RETURN MONEY HAS BEEN FOR POLITICAL PURPOSES TO A LIMITED RANGE OF ARAB AND WESTERN ASIAN COUNTRIES. THERE HAS BEEN LITTLE FOR DEVELOPMENT. THERE HAS BEEN NO CONTRACTUAL COMMITMENT, NO OBLIGATION. FINALLY THERE WOULD HAVE TO BE AN UNDERSTANDING AMONG THE DEVELOPED COUNTRIES, FOR ARTIFICIALLY RISING COMMODITY PRICES WOULD GIVE SUCH NET COMMODITY PRODUCERS AS THE UNITED STATES, CANADA, USSR, AUSTRALIA, SOUTH AFRICA ENORMOUS WINDFALL GAINS, AND INFLICT ENORMOUS WINDFALL LOSSES ON EUROPE AND JAPAN. CONSUMERS THROUGHOUT THE INDUSTRIAL WORLD WOULD OF COURSE SUFFER.

HOW CREDIBLE REALLY IS THIS SCENARIO OF ARTIFICIALLY RISING COMMODITY PRICES? DEVELOPING COUNTRIES ACCOUNT FOR LESS THAN 30 PERCENT OF ALL NON-ENERGY COMMODITY EXPORTS. IS IT REALLY POSSIBLE TO REORGANIZE THE WHOLE WORLD, RADICALLY CHANGING POWER RELATIONSHIPS IN THE DEVELOPING AND INDUSTRIAL WORLDS, IN ORDER TO GIVE ONLY ONE GROUP OF DEVELOPING COUNTRIES AN INCOME TRANSFER?

I THINK NOT. BUT IF NOT, THE OTHER MEASURES OF INTERNATIONAL COOPERATION --- ACCESS FOR MANUFACTURED EXPORTS, DIRECT INVESTMENT, COMMERCIAL LAWS, TECHNOLOGY TRANSFERS, ^{ESPECIALLY} CONCESSIONAL AID AND GRANTS --- BECOME EVEN MORE ESSENTIAL. THE QUESTION IS HOW A FRAMEWORK CAN BE CREATED IN WHICH THEY CAN OCCUR ON A MASSIVE SCALE AND ON A BASIS OF GENEROSITY.

THERE IS A SECOND CONCLUSION TO DRAW FROM LEONTIEFF'S FINDINGS. IF PART OF THE INTERNATIONAL SCENARIO HE POSITS IS NOT LIKELY TO OCCUR, THEN INTERNAL ACTION -- SAVINGS AND INVESTMENT -- MUST CARRY EVEN MORE OF THE FREIGHT IF THERE IS TO BE A SIGNIFICANT CHANGE IN THE INCOME GAP. THIS CAN ONLY MEAN THAT WE ARE UNLIKELY IN OUR LIFETIMES TO SEE ANY TURNING BACK FROM THE AUTHORITARIAN TREND NOW RUNNING SO STRONGLY IN THE DEVELOPING WORLD. IT MEANS THAT THE SELF-RELIANT, AUTARCHIC DEVELOPMENT DOCTRINES OF ASIAN COMMUNISM -- EMPHASIZING MOBILIZATION OF THE WORK AND SAVING OF THE RURAL POOR -- ARE ALMOST BOUND TO GET A WIDER AND WIDER FOLLOWING. IF I AM RIGHT ABOUT THOSE TWO TRENDS, THEN A MORAL AND POLITICAL BASIS FOR NORTH-SOUTH COOPERATION WILL BE EVEN MORE DIFFICULT TO FIND.

THE THIRD CONCLUSION TO BE DRAWN FROM LEONTIEFF'S FINDINGS IS THAT IT WILL BE EXTRAORDINARILY DIFFICULT TO ACHIEVE A SIGNIFICANT NARROWING OF THE INCOME GAP. WE SHOULD BE CLEAR ON WHAT THAT MEANS. IF WE DON'T MAKE PROGRESS, THE POOR'S RESENTMENT OF THE RICH WILL GROW. NORTH-SOUTH RELATIONS WILL BE CAST IN AN INCREASINGLY ADVERSARIAL MODE. POOR COUNTRY GOVERNMENTS WILL TRY -- EVEN MORE DETERMINEDLY THAN NOW -- TO SUBSTITUTE POLITICAL AND MILITARY SUCCESS FOR ECONOMIC ADVANCE. WARS COULD BECOME MORE FREQUENT. SO COULD MAYHEM WITHIN DEVELOPING COUNTRIES.

THE DIRECT EFFECT ON US MIGHT NOT BE GREAT. FOR MUCH OF THE CENTURY WE ARE LIKELY TO REMAIN INVULNERABLE TO THE ANGER OF THE DEVELOPING COUNTRIES. ASIDE FROM OIL THERE ARE FEW IF ANY CARTELIZABLE COMMODITIES, AND EFFORTS TO USE OIL PRODUCER LEVERAGE TO GET CONCESSIONS FOR POOR COUNTRIES WOULD ALMOST CERTAINLY PRODUCE A DANGEROUS BACKLASH. NOR DO THE POOR COUNTRIES POSE A MILITARY THREAT TO US AT ANY EARLY POINT, ALTHOUGH WE CAN BE COMPLACENT ON NUCLEAR PROLIFERATION ONLY AT GREAT FUTURE PERIL.

BUT THE GULF BETWEEN THE TWO WORLDS WOULD WIDEN. THE RICH WOULD BEGIN TO LIVE IN A STOCKADE SOCIETY. COOPERATIVE EFFORT WOULD BECOME LESS AND LESS CREDIBLE, HARDER AND HARDER TO LAUNCH.

4

THIS THEN IS OUR SITUATION.

THE WORLD ECONOMY IS LIKELY TO EVOLVE IN WAYS THAT REQUIRE CLOSER AND CLOSER NORTH-SOUTH COOPERATION, IF STAGNATION IS TO BE AVOIDED IN THE SOUTH AND A START MADE IN CLOSING THE INCOME GAP.

UNLESS COUNTERED, THE UNDERLYING POLITICAL TRENDS ARE LIKELY OVER TIME TO MAKE THAT COOPERATION MORE, NOT LESS DIFFICULT FOR US TO ACHIEVE.

YET WE HAVE BEFORE US, IN THE "NEW INTERNATIONAL ECONOMIC ORDER", ON BEHALF OF THE MAJORITY OF DEVELOPING COUNTRIES, A PROPOSAL TO NEGOTIATE COMPREHENSIVE NEW ECONOMIC ARRANGEMENTS. WE MAY NOT LIKE MANY OF THE CONCEPTS, OR THINK THEM SOUND, OR AGREE WITH THE TERMS PROPOSED. BUT THE OFFER IS UNMISTAKABLE.

WHAT SHOULD OUR RESPONSE BE?

I THINK WE SHOULD REGARD THIS AS A MAJOR OPPORTUNITY, A UNIQUE CHANCE FOR WORLD CONSTRUCTION OFFERED TO THE INDUSTRIAL DEMOCRACIES.

IT IS ALSO AN OPPORTUNITY TO ORGANIZE EXPANDED TRADE AND INVESTMENT WITH WHAT COULD BE, IF EVER THE RIGHT CONDITIONS CAN BE CREATED, THE GROWTH FRONTIER OF THE WORLD ECONOMY.

IT IS THE MEASURE OF HOW MUCH THE OIL CRISIS SHOOK OUR CONFIDENCE THAT THE "NEW INTERNATIONAL ECONOMIC ORDER" WAS FIRST PERCEIVED AMONG US MUCH MORE AS A THREAT THAN AS AN OPPORTUNITY. YET OUR BARGAINING POWER IS SUFFICIENTLY GREAT TO GUARANTEE THAT WE CAN TAKE CARE OF OURSELVES IN A NEGOTIATION.

ALREADY LAST YEAR, AT THE SEVENTH SPECIAL SESSION OF THE U.N. GENERAL ASSEMBLY, THE NORTH MOVED TO TELL THE SOUTH THAT WE HAD HEARD THEM, AND TO PUT FORWARD A BROAD FIRST RANGE OF PROPOSALS, MOSTLY FOR INCREASED FINANCIAL ASSISTANCE. UNCTAD AND THE CURRENT CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION CONFIRM A MUTUAL DESIRE TO NEGOTIATE.

WHAT IS NEEDED NOW IS FOR THE NORTH TO TAKE THE INITIATIVE.

WE SHOULD PUT MUCH MORE ON THE NEGOTIATING TABLE ^{THAN} HERETOFORE, FOR ONLY BY BOLD MOVES CAN WE LIFT OURSELVES OUT OF DIPLOMACY BY HARASSMENT AND HAVE A CHANCE TO CREATE PERMANENT BONDS OF CONFIDENCE.

WE SHOULD ASK MORE OF THE SOUTH THAN HERETOFORE. NO STABLE RELATIONSHIP BETWEEN NORTH AND SOUTH CAN BE BUILT ON UNILATERAL CONCESSIONS. OUR OWN PUBLICS WOULD NOT ACCEPT IT. AND THE SOUTH COULD EASILY BE LED BY OUR APPARENT ACCOMMODATION TO OVERPLAY ITS HAND.

WHAT WOULD A NEW, MORE ACTIVIST APPROACH TO THE DEVELOPING COUNTRIES CONSIST OF?

5

FIRST WE MUST FACE UP TO THE COMMODITY PROBLEM.

NO ISSUE HAS A GREATER HOLD CURRENTLY ON THE MIND OF THE DEVELOPING WORLD.

AFTER ALL 50 PERCENT OF THE EXPORTS OF NON-OIL DEVELOPING COUNTRIES ARE COMMODITIES. UNLESS WE COME TO TERMS WITH COMMODITIES, IT IS UNLIKELY THAT WE WILL FIND A STABLE BASE FOR GENERAL COOPERATION.

IT IS IMPORTANT TO BE CLEAR ABOUT THE GIVENS OF THE COMMODITY PROBLEM. MOST DEVELOPING COUNTRIES -- AT LEAST COMMODITY EXPORTERS -- WANT TO PEG COMMODITY PRICES AT HIGH LEVELS. THERE IS NO OTHER CONSTRUCTION WE CAN PUT ON PROPOSALS FOR AN "INTEGRATED COMMODITY PROGRAM". AS I ARGUED ABOVE, I DO NOT BELIEVE THAT ACTION TO SUSTAIN COMMODITY PRICES ABOVE MARKET IS EITHER JUSTIFIED OR INDEED CREDIBLE. THE INCOME EFFECTS ARE TOO CAPRICIOUS, AIDING THE RICHEST INDUSTRIAL COUNTRIES AND HURTING THE POOREST DEVELOPING COUNTRIES.

BUT BOTH DEVELOPING AND INDUSTRIAL COUNTRIES HAVE AN INTEREST IN NEUTRAL STABILIZATION DEVICES, OPERATING TO KEEP PRICES IN A RANGE AROUND A MARKET TREND. FOR DEVELOPING COUNTRIES, COMMODITY STABILIZATION OFFERS WHAT THE CURRENT EXPORT SHORTFALL COMPENSATION PROGRAMS CANNOT GIVE: A PREDICTABLE MARKET FOR PLANNING AND STABLE EMPLOYMENT. FOR INDUSTRIAL COUNTRIES STABILIZATION STOCKS OFFER AN ALTERNATIVE MEANS OF MEETING PEAK DEMAND. THEY CAN SUBSTITUTE FOR UNCONTROLLABLE PRICE INCREASES, WHICH FREQUENTLY BECOME PERMANENTLY RACHETTED INTO THE COST STRUCTURE, AND CAN BE A MAJOR SOURCE OF INFLATION.

I RECOGNIZE THAT STABILIZATION SCHEMES MAY NOT BE APPROPRIATE OR USEFUL FOR EVERY COMMODITY. IN SOME, LIKE TEA, THE PROBLEM IS LONG TERM DECLINE IN DEMAND. IN OTHERS, LIKE RUBBER, IT IS COMPETITION FROM SYNTHETICS. IN STILL OTHERS, GROWTH COULD BE COMPROMISED BY STABILIZATION AND THE ANSWER IS INCENTIVES FOR INVESTMENT. BUT THERE REMAINS A RANGE OF COMMODITIES INCLUDING ^{IMPORTANT}NON-FERROUS METALS WHERE STABILIZATION CAN BE ADVANTAGEOUS.

MOST TRUE BUFFER STOCK SCHEMES WOULD REQUIRE MASSIVE CAPITAL INVESTMENTS. ONE CALCULATION FOR COPPER SUGGEST THAT AS MUCH AS SEVERAL BILLIONS MIGHT BE REQUIRED AT VARIOUS STAGES OF THE BUSINESS CYCLE. SOME, BUT NO MEANS ALL OF THIS MONEY WOULD SUBSTITUTE FOR INVESTMENT IN CAPACITY TO SERVICE PEAK DEMAND. BUT IF COSTLY, THESE INVESTMENTS COULD BE A LOT LESS EXPENSIVE TO THE INDUSTRIAL

DEMOCRACIES FOR THE EFFECT ACHIEVED THAN ALTERNATIVE MEANS OF CONTROLLING INFLATION, SUCH AS PRICE AND WAGE CONTROLS, AND UNEMPLOYMENT.

THE DANGER OF ATTEMPTING TO NEGOTIATE STABILIZATION SCHEMES OF COURSE IS THAT PLAYERS ARE RELUCTANT TO PUT UP THE MONEY REQUIRED. NEGOTIATORS OFTEN TURN TO PRODUCTION CONTROLS AS A SUBSTITUTE. UNLESS CAREFULLY CIRCUMSCRIBED, ADOPTION OF PRODUCTION CONTROLS IN THE MAIN COMMODITIES COULD HAVE PRECISELY THE INFLATIONARY EFFECT INDUSTRIAL COUNTRIES WISH TO AVOID. INDEED ALL WE WOULD BE DOING IS TO ASSIST THE FORMATION OF CARTELS THAT OTHERWISE COULD NOT BE CREATED. FEAR OF THE POLITICAL CONSEQUENCES OF FAILURE WORKS TO INCREASE THE PRESSURE IN INDUSTRIAL COUNTRIES TO CONCEDE ON THIS POINT.

STABILIZATION NEGOTIATION SHOULD THUS BE ATTEMPTED ONLY IF THERE ARE REAL CHANCES OF FINDING THE FINANCING. IN PRACTICE, GIVEN THE COMPETING DEMANDS ON PARLIAMENTARY APPROPRIATIONS, THIS MEANS SOME FORM OF INTERNATIONAL FINANCING THROUGH THE IMF OR IBRD. THE LATTER WOULD REQUIRE A HIGHER CAPITAL STRUCTURE FOR THE WORLD BANK, AND THUS EVENTUALLY COMPETE WITH DEVELOPING LENDING. BUT THE FORMER, WE SHOULD BE CLEAR, WOULD WHEN ADDED TO ALL THE OTHER DEMANDS ON THE FUND EVENTUALLY REQUIRE SPECIAL LENDING BY INDIVIDUAL IMF MEMBERS.

IN THIS REGARD, I THINK THE EXACT VEHICLE FOR FINANCING -- WHETHER THE "COMMON FUND" PROPOSED IN UNCTAD, OR SOME OTHER ARRANGEMENT -- DOES NOT MATTER VERY MUCH. WHAT IS IMPORTANT IS NOT TO GIVE THE FUNDS MANAGERS (WHETHER IMF, IBRD, OR INTEGRATED FUND) POWER OVER OPERATIONS POLICY.

IT IS ALSO IMPORTANT TO RECOGNIZE THAT THE BUSINESS CYCLE CAN HAVE A SIGNIFICANT BEARING ON COMMODITY NEGOTIATIONS. DEVELOPING COUNTRY INTEREST COULD FADE IF WE MOVE TOWARDS A NEW COMMODITY BOOM, RENEW AFTER IT. CURRENTLY, HOWEVER, THERE APPEARS TO BE NO SIGNIFICANT LIKELIHOOD OF SUCH A BOOM IN THE NEXT 24 MONTHS.

ONE PARTICULARLY URGENT COMMODITY PROBLEM IS WHEAT. FOR THREE YEARS THE WORLD WORKED WITH DANGEROUSLY LOW WHEAT STOCKS, EXPOSED TO SHORTAGE AND UNCONTROLLED PRICE RISES. NOW WE HAVE A GOOD CROP YEAR. YET INSTEAD OF USING IT TO REBUILD WORLD STOCKS ON AN ORDERLY AND SHARED BASIS, EACH OF THE MAIN WHEAT EXPORTERS IS JOCKEYING TO GET A BIGGER SHARE OF THE EXPORT MARKET BY CUTTING PRICES. WE AGAIN FACE THE RIDICULOUS POSSIBILITY OF USING PUBLIC FUNDS FOR EXPORT SUBSIDIES, MONEYS THAT SHOULD BE USED TO OPERATE A WORLD STOCKPILING AGREEMENT.

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A SERIOUS ATTACK ON COMMODITY PROBLEMS WILL INVOLVE A DECADE OF NEGOTIATION. SUCCESSFUL COMMODITY NEGOTIATIONS WOULD BE THE FIRST SIGNIFICANT EFFORT AT INTERNATIONAL ECONOMIC INSTITUTION BUILDING IN WHICH RICH AND POOR WOULD BE INVOLVED FROM THE GROUND UP. SUCH BRETTON WOODS INSTITUTIONS AS THE IMF AND GATT WERE AFTER ALL MERELY EXTENDED TO DEVELOPING COUNTRIES. TARIFF PREFERENCES CAME OUT OF A NORTH-SOUTH INSTITUTION -- UNCTAD -- BUT THEY WERE GRANTED BY THE RICH, NOT JOINTLY ESTABLISHED.

THERE ARE OTHER AREAS IN WHICH NORTH AND SOUTH CAN EACH ADVANCE ITS INTERESTS BY AGREEMENT, AREAS IN WHICH THE PAYOFFS CAN BE GREATER THAN COMMODITIES. TRADE IS SURELY ONE. THE TARIFF PREFERENCES GRANTED THESE LAST TEN YEARS, FOR EXAMPLE, GAVE THE DEVELOPING COUNTRIES AN OPPORTUNITY TO GROW RAPIDLY IN SOME SECTORS. THE COST TO US WAS SIGNIFICANT -- LOST JOBS AND ORDERS WHERE OUR INDUSTRY WAS NOT COMPETITIVE WITHOUT PROTECTION. BUT WE ALSO RECEIVED BENEFITS: LOW-COST IMPORTS, AND GROWTH IN EXPORTS TO THE POOR COUNTRIES OVER AND ABOVE WHAT OTHERWISE WOULD HAVE OCCURRED.

THE TARIFF PREFERENCES GRANTED WERE CONSTRAINED OR LIMITED IN SOME SECTORS. ONCE A CLIMATE OF CONFIDENCE CAN BE ESTABLISHED WITH THE DEVELOPING COUNTRIES, SHOULD WE NOT MOVE TO COMPLETE OUR PREFERENTIAL SYSTEMS, REMOVING THE EXCLUSIONS AND MANY OF THE CONSTRAINTS? THE IMPACT OF THIS ACTION ON DEVELOPING COUNTRIES WOULD BE MAJOR.

SHOULD WE NOT ADOPT THE SAME PRINCIPLE OF PRIVILEGED ACCESS IN THE CAPITAL SECTOR? FAST-MOVING DEVELOPING COUNTRIES HAVE HEAVY RECOURSE TO BORROWING IN NEW YORK AND LONDON. BUT THEY ARE NOT FIRST-CLASS CREDIT RISKS. MONEY CAN COST A LOT FOR THEM, AND THEY ARE VULNERABLE TO "CROWDING OUT" IF MORE COMPETITIVE CLIENTS APPEAR IN THE MARKET. INTERRUPTIONS IN THE BORROWING PROGRAM CAN CAUSE SIGNIFICANT FLUCTUATION IN DEVELOPMENT. ONE SOLUTION WOULD BE TO IMPROVE THE CREDIT-WORTHINESS OF DEVELOPING COUNTRIES' BORROWERS THROUGH A "SAFETY NET" FINANCED BY INDUSTRIAL, DEVELOPING AND OPEC COUNTRIES, TO PROVIDE SHORT- AND MEDIUM-TERM TAKE-OUT LOANS FOR COUNTRIES FORCED TO INTERRUPT A BORROWING PROGRAM.

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WHAT WOULD WE WANT IN RETURN? NOTHING EQUIVALENT TO WHAT WE PUT ON THE TABLE, BUT ENOUGH TO START THE CONSTRUCTION OF TRULY WORLD-WIDE ECONOMIC SYSTEMS INCLUDING THE DEVELOPING COUNTRIES.

CERTAINLY WE WILL WANT ASSURANCE AGAINST CARTEL-LIKE BEHAVIOUR -- SUPPLY CUTOFFS, CONFISCATORY EXPORT TAXATION, AND SIMILAR ACTIONS.

WE WILL WANT A BETTER UNDERSTANDING OF THE RIGHTS AND DUTIES OF FOREIGN INVESTORS, EMBODIED IN A CODE THAT IS MORALLY IF NOT LEGALLY ENFORCEABLE AND PROVIDES A BASE FOR DISPUTE SETTLEMENT.

WE WILL WANT ACCEPTANCE OF BASIC TRADE DISCIPLINES -- OF NON-DISCRIMINATION AMONG SUPPLIERS, MONITORING OF QUANTITATIVE RESTRICTIONS, AND THE BEGINNING OF BINDINGS ON THE AMOUNT OF PROTECTION PROVIDED. IF DEVELOPING COUNTRIES ARE TO BECOME A MAJOR FACTOR IN WORLD TRADE, THEY MUST BEGIN TO APPLY THE AGREED STANDARDS OF THE GATT.

AND WE WILL NEED A MUCH FIRMER UNDERSTANDING ON GRADUATION; ON WHEN INCOME LEVELS HAVE REACHED THE POINT WHERE PRIVILEGED ACCESS CAN NO LONGER BE JUSTIFIED. WITHOUT SUCH AN UNDERSTANDING TO PREVENT FREELOADING BY RICH DEVELOPING COUNTRIES OUR OWN PUBLICS WILL NOT PLAY.

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CLEARLY THERE IS MUCH MORE THAN WE CAN DO IN THE TRADE, CAPITAL AND COMMODITY FIELDS THAN WE SO FAR HAVE DONE, AS WELL AS IN TECHNOLOGY, ENERGY, INDUSTRIAL POLICY AREAS. WE SHOULD TAKE FULL ADVANTAGE OF THE OPPORTUNITY WE NOW HAVE TO NEGOTIATE IN EVERY ONE OF THESE FIELDS.

TO THE DEGREE THESE NEGOTIATIONS RESULT IN GREATER EXCHANGES BETWEEN NORTH AND SOUTH, THEY WILL BE IN OUR JOINT ADVANTAGE. BUT WE SHOULD BE UNDER NO ILLUSION AS TO DISTANCE SUCH EXCHANGES CAN TAKE US IN CLOSING THE INCOME GAP. THE ULTIMATE MEASURE OF SUCCESS WILL BE WHETHER NORTH AND SOUTH CAN AGAIN CREATE BETWEEN THEMSELVES THE MUTUAL INTEREST AND CONFIDENCE TO PERMIT THE GREATLY INCREASED TRANSFERS OF REAL RESOURCES THROUGH CLASSICAL FORMS OF AID AND CONCESSIONAL LENDING, WITHOUT WHICH THE GAP CANNOT BE DECISIVELY NARROWED. WE ARE ALREADY SEEING A RENAISSANCE OF INTEREST IN AID. BUT I DO NOT BELIEVE THAT REALLY LARGE SCALE AID ^{DOUBLE OR} ---/TRIPLE PRESENT LEVELS --- CAN OCCUR UNTIL A SENSE OF COMMUNITY CAN AGAIN BE CREATED. BUT, BY FORCING THE PACE IN WORKING TOGETHER NOW, WE SHOULD GIVE OURSELVES EVERY OPPORTUNITY FOR THESE SHARED COMMITMENTS TO EMERGE.

EQUALLY FUNDAMENTAL, THE DEVELOPING COUNTRIES MUST CARRY THROUGH THE ENORMOUS INTERNAL TRANSFORMATIONS WITHOUT WHICH THERE CAN BE NO PROGRESS AGAINST POVERTY. IT MAY BE THAT THEY WILL BE UNABLE FULLY TO COMMIT TO THAT PROCESS BEFORE THEY SEE WHAT CAN -- AND WHAT CANNOT -- BE ACHIEVED THROUGH

INTERNATIONAL NEGOTIATIONS ON COMMODITIES, TRADE AND CAPITAL.

WHAT ARE THE CHANCES THAT DEVELOPING COUNTRIES WOULD RESPOND FAVORABLY TO AN ACTIVIST APPROACH TO NORTH-SOUTH RELATIONS?

NOT BAD, I THINK. AFTER ALL MOST OF THEM HAVE FAR MORE TO LOSE FROM INACTION THAN WE DO AND THEIR GOVERNMENTS ARE UNDER PRESSURE TO SHOW PROGRESS.

I DO NOT KNOW HOW LONG THE OPPORTUNITY TO NEGOTIATE WILL LAST. AFTER SOME POINT DEMORALIZATION AND ANGER CAN BECOME THE PREDOMINATE MOOD IN THE DEVELOPING COUNTRIES. BUT WE HAVE A REAL OPPORTUNITY NOW.

WE SHOULD TAKE IT.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Hollis B. Chenery *HBC*

SUBJECT: Export Growth and Capital Requirements

DATE: December 14, 1976

The attachment answers the question you raised on this subject. The figures from your speech (which are the same as the Prospects figures) are compared to the effects of higher exports, numerically offset by lower capital flows. In economic terms, this adjustment would be much less likely than a mixture of higher growth and lower borrowing.

Attachment

cc: Ms. Hughes, Messrs. Wood, Stern and Karaosmanoglu

HBChenery:di

DEC 13 1976

OFFICE MEMORANDUM

TO: Mr. Hollis Chenery

DATE: December 13, 1976

FROM: John Shilling *JS*SUBJECT: Effects of Higher Export Growth Rates on 1980 Capital Flows
Shown in Annual Speech

Joe Wood relayed your request to calculate the effects of the higher manufactured export growth rates examined in my paper "Sensitivity Analysis of Prospects 1976" on the Debt Status Tables of the Annual Speech under the assumption that import and GDP projections did not change. It is of course improbable that our import projections would remain unchanged if exports grew more rapidly, but purely as a demonstration of the magnitudes involved, the effects are shown on the accompanying table. The 1980 figures from the tables on pages 11 and 17 of the Annual Speech 1976 respectively are repeated along with the revised numbers based on the suggested assumptions. These figures retain the capital flow assumptions from "Prospects 1976" and do not reflect the recent adjustments to official flows discussed in the paper "Sensitivity Analysis of Prospects 1976".

The higher export assumption of course reduces the borrowing requirement over the period, due to smaller resource gaps and then progressively also due to lower interest payments that result from the lower borrowing. The effect on the low-income countries is not large as the increase in manufactured exports is not so great for them: \$0.7 billion in 1980. It is assumed that this reduction in borrowing is divided evenly between public and private sources. However the increase of \$10.9 billion in exports for the middle income countries reduces their current account deficit by 40% in 1980. For these countries it is assumed that 20% of the reduced borrowing requirement comes from lower public source borrowing, which is already largely programmed through 1980 and the rest from private source borrowing, which is largely residual financing. If these assumptions were carried on to 1985, the results would suggest that the middle income countries would become major exporters of capital at a rate of about \$60 billion in that year.

cc: Mr. W. Tims
Ms. H. Hughes
Mr. J. Wood

JS/keb

COMPARISON OF DEBT STATUS OF LOW AND MIDDLE INCOME
COUNTRIES IN 1980 WITH HIGHER MANUFACTURED EXPORT GROWTH^{3/}

	<u>Low Income</u>		<u>Middle Income</u>	
	Revised		Revised	
	<u>1980^{1/}</u>	<u>1980</u>	<u>1980^{2/}</u>	<u>1980</u>
Current Acct. Deficit before Interest Payments	7.1	6.4	16.4	5.5
Interest Payments	1.4	1.3	12.5	10.6
Changes in Reserves & Short-Term Debt	<u>.7</u>	<u>1.0</u>	<u>1.4</u>	<u>2.0</u>
Total Remaining to be Financed	<u>9.2</u>	<u>8.7</u>	<u>30.3</u>	<u>18.1</u>
Financed by Medium-& Long-Term Capital from:				
Public Sources	8.6	8.4	10.9	8.7
Private Sources	<u>.7</u>	<u>.4</u>	<u>19.4</u>	<u>9.4</u>
Total Net Capital Flows - Current \$	<u>9.3</u>	<u>8.8</u>	<u>30.3</u>	<u>18.1</u>
--1975 \$	<u>6.4</u>	<u>6.2</u>	<u>21.2</u>	<u>12.7</u>
Outstanding Medium-& Long-Term Debt				
Public Sources	41.7	41.3	64.3	58.3
Private Sources	7.2	6.6	113.9	92.7
Total--Current \$	<u>48.9</u>	<u>47.9</u>	<u>178.2</u>	<u>151.6</u>
--1975 \$	<u>34.2</u>	<u>33.5</u>	<u>124.6</u>	<u>106.0</u>
Debt Service:				
Interest Payments	1.4	1.3	12.5	10.6
Debt Amortization	2.1	2.1	22.0	20.1
Interest Payments as % of GNP	.4	.3	1.1	.9
Debt Service as % of Exports	12.2	11.9	25.0	23.1
Price Deflator	143	143	143	143

^{1/} from Table on Page 11 of Annual Speech
^{2/} " " " " 17 " " "
^{3/} GNP and Import growth assumed unchanged

Mr. Robert S. McNamara

December 7, 1976

Hollis B. Chenery

Cooper Seminar

You may be interested in my observer's note on
Cooper's presentation.

Attachment

cc: Mr. W. Clark

HEChenery:di

OFFICE MEMORANDUM

TO: Mr. Hollis B. Chenery, Vice President
Development Policy

DATE: December 6, 1976

FROM: Joris J.C. Voorhoeve, Policy Planning Division

SUBJECT: Talk by Charles A. Cooper on the Future of the Bank

1. On December 1, Mr. Cooper, former Executive Director for the USA, gave his personal view of the future of the Bank to a rather large audience consisting of many Directors and Vice Presidents. Mr. Cooper's presentation was very informal and general. He was less critical than expected and called the Bank a sound financial institution whose growth had been appropriate up till now. However, the Bank should not push itself to its limits, and slow down the pace of change and expansion. It should strive for a relatively conservative style. He warned against too many new-style projects whose ultimate productivity was still in doubt.
2. There were two points of interest among his remarks. First, Mr. Cooper saw a new role for the Bank in energy development. Second, he urged the Bank to act more as a financial intermediary (like IFC does), combining various sources of finance with management and technology for development projects. The Bank should be an umbrella for a larger flow of non-Bank funds to LDCs. It should not measure its performance solely by the size of its own lending program. Mr. Cooper did not elaborate these points.
3. Mr. Cooper emphasized the need for a lean institution that grew on the basis of its own strength, rather than according to the Third World need for a larger Bank role. He rejected annual lending targets as a threat to the quality of the Bank's work.

cc: Messrs. Haq
Chernick (o/r)
Streeten
Burki
PPD Staff

JJCvoorhoeve:ls

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Hollis B. Chenery *HBC*

SUBJECT: Sensitivity Analysis of "Prospects" Projections
(Technical Notes 1, 2, 3 and 6)

DATE: December 6, 1976

The attached memorandum provides a synthesis of the implications to be drawn from the separate sensitivity analyses of OECD growth, imports, exports and inflation rates (Technical Notes 1, 2, 3 and 6). Note 3 is also attached. The implications of these several analyses for Bank lending are best brought out by considering them together. The following conclusions emerge.

1. Partly because of the assumed slowdown in export growth, a maximum of import "compression" was already assumed in the Prospects projections; further reduction would reduce LDC growth.

2. Note 3 shows that export growth is likely to be higher than projected, which would permit higher rates of growth in GNP. This would have two main consequences for Bank lending:

- (a) Some low income countries would probably become significant World Bank borrowers.
- (b) The middle income countries' improved performance would underwrite increased private borrowing so that the transfer of resources to middle income countries would not have to decline in the 1980s as projected in "Prospects". But with increased private borrowing their term and maturity debt structure would deteriorate in the absence of increased World Bank lending.

3. OECD growth in 1977 will probably be lower (4%) than projected in "Prospects" (5.2%). However, for political reasons, we do not expect that low growth will persist throughout the 1970s (the low growth case discussed in "Prospects"). The effect on capital demand of a lower 1977 growth rate will be minimal.

Attachments

cc: Mr. Knapp
Mr. Cargill
Mr. Stern
Mr. Adler
Mr. Wood

HBChenery:di

MEMORANDUM FOR THE RECORD

CC: [Handwritten initials]
DEC 1 1976

Second Meeting to Discuss Future Work on Development, December 1, 1976

Present: Messrs. McNamara, Chenery, Clark, Stern

The meeting discussed Mr. Chenery's memorandum of November 19, 1976, on Bank leadership in development policy and his agenda for the meeting dated December 1, 1976.

Mr. Stern agreed with Mr. Chenery's view on our influence on donor policies as outlined on page 7 of the memorandum of November 19. He said that donor policies could be influenced through the Development Committee and that we should make use of this forum. With respect to strategies for development, a presentation of what the long-term future looks like in view of the Leontif study, the ILO declaration on basic needs, and other UN declarations showing differences between the view of the declarations and the Bank could be very useful. Appropriate fora for such a presentation could be the Board, the Development Committee or the Annual Meeting. As concerns the international framework, we should stay out of the specifics debated in the CIEC or in relation to the new international economic order. Basic and quite specific work on trade was, however, required.

Mr. Clark agreed with Mr. Stern on the need for a study of the long-term future. Such a study might be passed through the Board to the Development Committee and then to the public. He felt that it was important that we be persuasive in our development work rather than overly analytical.

Mr. Chenery said that it was important to decide what the audience for the work would be. As an illustration he mentioned the prospects paper where large amounts of manpower could have been saved if we had realized the limited absorptive capacity of the Board for economic analysis and had concentrated on the summary which was subsequently sent to the Development Committee instead.

Mr. McNamara said that the first audience for all work on development would be the Bank staff itself. But papers should be written to persuade policy makers rather than strictly for economists. The next audience would be either the Board, the Development Committee or the Annual Meeting. We should ask ourselves what the development community needed to know and then do the work in which we had a comparative advantage. He was impressed and thankful for the diversity of opinion expressed in the memoranda attached to Mr. Chenery's memorandum of November 19, but he said that we should be very careful about the distribution of such papers since outsiders could use them to hurt the Bank. Mr. McNamara disagreed with the view that the Bank obtained its major impact through its project and technical assistance work. Although this work, of course, was essential, it did not influence the population at large in our borrowing countries, nor did it influence donor policies. The development community was influenced by soundly based ideas and it was an essential part of the work of DPS to find such ideas and turn them into strategies for development.

It was agreed that work should proceed in all four areas outlined on page 2 of Mr. Chenery's memorandum of November 19, and that the work should be both "bottom up" and "top down." Mr. Chenery would prepare a work program to this end by Monday, December 13, for discussion by the group on Wednesday, December 15, at an hour to be decided when the revised work program was received.

It was decided that Mr. Chenery would propose the establishment of an advisory panel on development in the research paper scheduled for Board discussion in February 1977.

Finally, Mr. McNamara said that, without attempting to reconcile the inconsistencies within the targets and declarations of the UN system, we should point these inconsistencies out before the ACC meeting in the Spring of 1977, hopefully thereby stimulating the UN system to do things that it was not now doing.

cc: Mr. Chenery ✓
Mr. Clark
Mr. Stern

SB
December 2, 1976

OFFICE MEMORANDUM

TO: Mrs. Hughes, Messrs. Karaosmanoglu, DATE: December 2, 1976
 Haq, Duloy
FROM: Hollis B. Chenery *HBC*
SUBJECT: Discussion with Mr. McNamara of the DPS
 Work Program on Development Policy

Messrs. Clark, Stern and I had our second meeting with McNamara on December 1 on the overall agenda laid out on October 22. The following comments cover the main points that affect the DPS work program in relation to development policy and the work of the Development Committee. The agenda for the discussion was provided by my memorandum on the World Bank as a Development Institution in which all of you participated.

Mr. McNamara stated at the outset that he had found the memorandum and the individual comments of the participants in the discussion group very informative. He stated his disagreements with the views of Messrs. van der Tak, Little and Wright and endorsed statements by Mrs. Hughes on the scope of trade analysis and debt studies and some passages from Messrs. Streeten and Karaosmanoglu.

We first clarified the audience to whom policy papers would be primarily addressed as being the Bank Board, the Development Committee and the Board of Governors of the Bank. This would indicate somewhat simpler forms of presentation with a greater policy focus than we have used in the Prospects paper. However, the analysis underlying the Prospects paper should be extended to provide a consistent basis for individual policy papers. The discussion then followed the four topics in my memorandum.

I. The International Framework

McNamara stressed the importance of continuing the Prospects analysis as a global framework, whichever particular aspects we were going to discuss in policy papers. The question of issuing some version of the Prospects paper to the Development Committee was not discussed further.

Work on trade was supported by all present. It was agreed that we should be concerned with the implications for the developing countries but not with negotiating policy in GATT or the mechanics of changing trading rules. There is no inclination to play a more active role in the CIEC forum.

II. Donor Policies

Ernie Stern indicated the main interests of the Development Committee to be initially in this Category. It is proposed to have a paper for the Committee on aid allocation in which the DAC staff would participate. On the basis of this experience, we will see whether we can work jointly with DAC on other aspects. However, McNamara stressed that the Bank should maintain an independent view on matters such as the likely volume of ODA, in which we have disagreed with the DAC in the past.

III. Development Strategies

The main thrust of Bank research and policy should continue to be the implications of a poverty focus for various types of policy. It was agreed that it would be useful to explore the differences (if any) between the policy implications of the ILO "Basic Needs" strategy and the Bank's approach of raising the productivity of the poor and improving the distribution of public services. I stated that Streeten would be in charge of a working group to lay out the issues in this area, and that we would involve participants from other parts of the Bank, including the DRC, which did some earlier work on approaches to poverty programs.

For clarity in applying the basic needs concept, I suggested that we stick to the definition given on page 32 of the ILO Report, which defines the concept as including two elements: minimum requirements for private consumption and essential public services. The question to be explored first is whether focussing on this objective leads to different approaches to development policy than one which starts from growth of total resources and the purchasing power of the poor. I suggested that having clarified the conceptual issues, we would try to illustrate them in the case of particular countries which are attempting to follow poverty oriented strategies.

Although we would not start from global estimates of the costs of fulfilling basic needs, we would derive some implications for global targets and aid policy from an analysis beginning with country strategies. McNamara stated that he was sure that even a rough calculation would show that the ILO targets could not be met and that it would be important to modify them for the purposes of our own thinking. I think it is fair to say that McNamara would give slightly more attention to global estimates than I would, but he does not lay primary stress on them.

IV. Sector Policies

Mr. McNamara made no suggestions for work in this area beyond what is now under way and indicated that he thought the areas for Bank leadership were more in the other three areas.

Conclusion

On the basis of this guidance, I am asked to submit a work program for the DPS covering the priority areas indicated by December 13. McNamara said that he felt that this represented a sufficient follow-up on his Manila speech so that that need not constitute a separate item. He agreed that it was not particularly important to try to identify the themes for next year's Governors' speech at this time, since they should emerge from the analysis. Our main concern therefore is a set of policy papers aimed primarily at the Board and the Development Committee and providing internal guidance to the Bank, as in the case of the debt paper.

We briefly discussed the desirability of establishing an advisory group on development research and policy. McNamara suggested that Ben King and I include such a proposal in the Annual Report on Research and indicate in a background note the types of people that we would propose and its means of operation. We would decide later what procedures to adopt after considering the draft of the Report.

HBChenery:nff

cc: Messrs. W. Clark
E. Stern
Avramovic
B. King
Burmester

N. Atelod

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Hollis B. Chenery *HBC*

SUBJECT: Work Program on External Debt

DATE: January 6, 1976

You asked who will be in charge of the work.

Mr. Holsen will have the primary responsibility for the two studies, which will involve the work of several divisions. Mr. Tims has the overall responsibility for the Annual Review of Development Prospects, and will make sure that the two studies are properly coordinated.

cc: Mr. Tims
Mr. Holsen
Mr. Karaosmanoglu

HBC/cgs

Nathans

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
FROM: Hollis B. Chenery *HBC*
SUBJECT: Avramovic Report on UNCTAD

DATE: January 6, 1976

Attached is Avramovic's first progress report on international commodity discussions and the UNCTAD program, following the December meeting of the Committee on Commodities. I would draw your attention to the extent of the preparations for UNCTAD IV in which developing countries are now engaged (paras. 9-12), and to the outline of a possible compromise in Nairobi, consisting of an agreement on principles and on procedure for further negotiations (paras. 13-14). Also notable is the fact that the Common Market countries were unable to agree on their position, since some of them are favorably disposed to the integrated program and the common fund (para. 5).

While my personal assessment of the situation is less optimistic, I believe that a compromise solution might be reached if there is some give in the U.S. position. I suggest that we give further thought to the role the Bank might play in this process, if asked by both the developing and developed countries (paras. 15-16).

att.

cc: Mr. Avramovic
Mr. Karaosmanoglu
William Clark

HBC/cgs

December 30, 1975

INTERNATIONAL COMMODITY POLICY (UNCTAD ACTION
PROGRAM): PROGRESS REPORT I

I. Introduction

1. This note reviews the present status of the UNCTAD Integrated Programme for Commodities, and reports on the work undertaken in the Bank on the weakest commodities produced in the poorest regions.

II. Committee on Commodities,
Geneva, December 1975

2. After several days of difficult negotiations, the UNCTAD Committee concluded on December 19, 1975 that the studies and the intergovernmental discussions of them have advanced to a point at which it is now up to the governments to make decisions. The operative paragraphs of the unanimously adopted resolution follow: 1/

"The Committee:

Taking note with appreciation of the comprehensive and detailed studies on the objectives, elements and principles and possible procedures for negotiation and implementation, of the integrated programme prepared by the UNCTAD secretariat in the light of informal discussions with governments and of the Committee's deliberations at the first, second and third parts of its eighth session,

1. Agrees that the detailed and comprehensive studies referred to above and the inter-governmental discussions thereon have reached a stage at which it is possible to take concrete decisions.

2. Recommends to this end that the Board [Trade and Development Board], at its seventh special session, should make, with respect to an integrated programme and its applicability, detailed recommendations for decisions by the Conference at its fourth session [UNCTAD IV], inter alia, on:

- (a) objectives;
- (b) commodities to be covered;
- (c) international measures;
- (d) follow-up procedures and timetables for the implementation of agreed measures."

1/ For the complete text, see Annex A.

3. The seventh special session of the Trade and Development Board meets on March 8, 1976 in Geneva. At that time it will be somewhat clearer whether a consensus, and of what kind, can be reached in May 1976 in Nairobi. A consensus on substance did not emerge during the Committee meeting in December. The fact that an agreement on procedure could be reached, however, should be considered a step forward.

4. Two important substantive questions were clarified during the December meeting. First, it was made clear that the Integrated Programme did not dispense with the need for a thorough examination of individual commodities and for concluding of individual commodity agreements. It was argued rather, that such individual agreements were unlikely to materialise in the absence of an agreement on principles and procedures, including an agreement on financing commodity stocks. Secondly, in response to a comment that no convincing analysis had been provided showing that a common fund would result in economies in financing of commodity stocks, reference was made to the Secretariat studies proving the existence of the mutually off-setting movements in commodity prices and the consequential reduction in net capital requirements of a group of stocks compared to the gross requirements of individual stocks.^{1/} Reference was also made to the likelihood that a common fund would achieve economies in operating costs as well: it should be able to obtain better market terms of borrowing than would the individual commodity organizations as it would pool and reduce the risks.

III. Position of Developed Countries

5. The developed countries do not have a unified stand on the issue of the integrated programme and the common fund. The United States have stated serious objections to both; it is reported that the opposition of the Federal Republic of Germany is stronger than that of the United States; and Japan is not at present convinced of the advisability of establishing the fund. On the other hand, Austria, Finland, Norway and Sweden have stated their favorable attitude towards the programme and the fund; and it is reported that the Netherlands also is favorably disposed. The position of other developed countries range between the two poles. In Geneva, the developed countries could not arrive at a unified stand for a whole week of internal discussions and negotiations. The Common Market as a group, in its final statement, declared that they had not yet taken a position on the common fund.

6. The developed countries have been regularly discussing the key commodity issues within the OECD in recent months. The outcome of these discussions is set forth in a recently issued restricted OECD document:

"The Group began discussion of the UNCTAD proposals for an integrated programme for commodities, and noted recent developments in this area.

^{1/} Annex B.

The Group considered that recent UNCTAD documentation generally represents a serious and substantial set of proposals, in preparing with the UNCTAD Secretariat have already moderated some originally more extreme elements.

The Group considered three principal elements of the programme: a common fund to finance international buffer stocks; commodity agreements; compensatory financing of export receipts. It was also noted that, although indexation does not form part of the programme as such, elements of the concept appear throughout in the references to "real" prices.^{1/} With regard to proposals for individual commodity agreements, the Group generally accepted the desirability of producer/consumer discussions taking place in suitable bodies related to each commodity. It noted the suggestion put forward by the UNCTAD Secretariat that some general procedures for negotiations of the elements in the integrated programme should be evolved together with a timetable for their completion. This question will require further consideration.

It was clear that the proposals for a Common Fund to finance international stocks were regarded by UNCTAD as a key element in the scheme but most Members of the Group felt that the stress laid on it was misplaced. There was a general feeling, as regards timing, that decisions on a common fund should not be taken in advance of decisions on the desirability of stocks for specific commodities, and their magnitudes. However, a minority took the view that advanced commitments to finance buffer stocks might facilitate the conclusion of individual ~~or~~ commodity agreements. The work of the Group made it apparent that for certain products buffer stocks as such were not likely to be the best solution.^{2/} For those products where a buffer stock is judged to be appropriate, decisions on the size of the stock required and the relative value of the agreement to the producers and consumers of each product would have to be taken before most governments could decide on their willingness to contribute to the financing of a commodity stock.

A wider and more fundamental issue is that of consumer participation in buffer stock financing. A number of countries are prepared to subscribe to this principle, though without giving it a compulsory character. Others have not taken a position and will only do so on a case-by-case basis. The Group noted the possibility that developing countries might set up their own fund without consumer participation or representation."

SOURCE: Interim Report by the High Level Group on Commodities, Paris, 5th December 1975.

- ^{1/} This statement is incomplete. In the operations of the common fund it is proposed that support (buying) prices be regularly reviewed (once a year) to take account not only of the movements in costs and purchasing power ("indexation"), but also of the movements in accumulated stocks (e.g. prices would be adjusted downwards if excessive stocks are accumulated, and vice versa), as a key operating principle.
- ^{2/} This statement is not clear as the OECD commodity-by-commodity analysis in the same document shows the need for stocks as a stabilizing device in six out of the seven commodities reviewed.

7. The developed countries will be reviewing their positions over the next several months, in preparation for the March UNCTAD meetings and the North-South conferences in Paris. The final policy position of some of the developed countries is likely to be influenced by the policy stand of the developing countries and specifically by the degree of unity, determination and realism the latter will succeed in achieving in formulating their specific demands before Nairobi.

IV. Position of Developing Countries

8. The developing countries as a group support the integrated programme and the common fund. Some have not yet decided, however, whether they would consider a major progress on these two issues the key element in their economic relations with the developed countries. For some, the issue of debt rescheduling, if negotiable, may loom more important than an improvement in their export prices. Some are still considering whether the possible increases in their import costs, resulting from the programme, may not outweigh the increases in their export earnings, and what measures can be taken, and negotiated, to avoid such possible adverse effects. Some may feel that the proposed joint effort with the developed countries is either unlikely to succeed or may not sufficiently benefit the developing countries. And all of these countries have to weigh the immediate cost -- capital contribution to the common fund they are asked to make -- against possible future benefits. The process of internal deliberations is not yet completed.

9. A Ministerial Meeting of the 77 will be held in Manila from January 26 to February 6, 1976. It is at this meeting that the developing countries will have formulated their specific demands for Nairobi, including the priority they attach to the integrated programme and the common fund. The Manila Meeting is preceded by three regional meetings, also at the Ministerial level. The meeting of the African countries was already held in Algiers, at the end of November. The African countries have decided to support the programme and the fund as a major demand.

10. The Latin American countries will be meeting in Caracas the second week of January. In the earlier discussions, some of the Latin American countries have insisted both on the access to markets and on the action on prices; this is likely to emerge as their general position. A major issue is whether Brazil will decide to play a major role in formulating and negotiating the commodity programme of the developing countries. So far it has stayed in the background, for various reasons. They are the largest single seller of commodities of major export interest to developing countries. The economic and political advantages, and the associated risks, of assuming leadership were weighed by the Brazilian authorities earlier this month.

11. The Asian developing countries will be meeting in Jakarta in mid-January. A major issue there will be the position of India. India is likely to support the programme and the fund, but it will probably insist either on concessional sales from stocks to importing developing countries or on special price or financing facilities to be extended by other developing countries exporters. Malaysia, the largest single exporter of major products after

Brazil, has been a continuing supporter of the programme and the fund, and it is reported that it is now joined by Indonesia, another large exporter.

12. Among the petroleum producing countries, Venezuela has stated its support for the programme and the fund, and has promoted them actively. Algeria and Nigeria have also declared their support. It is reported that Iran may also play an active role, following discussions it had with the Venezuelan government earlier this year. Saudi Arabia has not made up its mind. It has expressed interest in further work on the programme and the fund, and attempted to bridge the differences in views between the key developed and developing countries.

V. Prospects

13. An optimistic outcome of UNCTAD IV would be an agreement on:

- (a) Objectives, principles, techniques and perhaps commodity coverage of a commodities programme; and
- (b) The establishment of a negotiating machinery and a specific timetable in which an attempt would be made to conclude a number of commodity agreements and to negotiate the issue of financing.

14. The conditions for such an optimistic outcome are:

- (a) Readiness of the developed countries to negotiate agreements on, say, ten commodities (including those already existing), and a change of the position of some key developed countries on the issue of stock financing; and
- (b) Consensus of the developing countries to keep down the number of commodities for which stabilization action is requested at the present time to a negotiable number.

15. An agreement on the issue of finance, including an agreement on the aggregate amount, would have the effect of determining the scope of stabilization action. In the absence of such an agreement on finance, the number of products on which action is requested becomes open-ended, and the likelihood of any general agreement dim.

16. A possible compromise on the financing issue, mentioned by officials of a developed country, would be the establishment of a common fund within the World Bank (or the IMF), as a separate facility ("window"), administered by the Bank staff, but perhaps with a voting structure in which the developing countries would have 50%.

VI. Bank Project: Study of Stabilization, Adjustment and Diversification --
Poorest Regions Producing Weakest Commodities.

17. The work on the reconnaissance phase of the study started on December 1, 1975, with the target completion date of April 1, 1976. The broad objective of the study is to examine the need for and the feasibility of preparing a comprehensive action plan, addressed simultaneously to the issue of price stabilization, income support, production adjustment, productivity improvement in the traditional occupations and a systematic shift of resources to other occupations. Included are the regions producing jute and allied fibers, hard fibers (sisal, etc.), tea and, if possible, bananas. These objectives are ambitious, and therefore it is proposed to start with a reconnaissance phase. The purpose of the reconnaissance phase is to arrive, by early February 1976, at a first impression of the magnitude of the problem, of the past experience and present efforts and programs to alleviate it and of the main components of a possible comprehensive approach. This first impression would be followed, during February-March 1976, by further examination of the feasibility of such an approach and of the role which the international community, including the Bank, may play in supporting the proposed activities.

18. Set forth below is the work plan of the reconnaissance phase.

19. As a first step, the study staff proposes to review the existing estimates and judgements concerning the world market's absorptive capacity for the products concerned (jute, hard fibers, tea and, to the extent possible, bananas), and the likely prices at which output can be sold in view of the expected competitive situation. As a second step, this will be followed by a review of the existing studies and proposals concerning the need for, the mechanism of, and the possible cost of price stabilization of the products concerned (jute, hard fibers, tea), including here a review of the existing estimates of the capital cost (as determined by the size of the required stocks) and the operating cost (as determined by the cost of storage). The need for income stabilization would also be examined (bananas especially).

20. The two steps described above will fix, provisionally, the external framework of the study. As a third step, the study staff will assemble the existing estimates of the labor force engaged in the production of the commodities listed, their current wage levels and trend in real wages over time, as well as any available material concerning non-wage incomes.

21. The fourth step would consist of pulling together the available information on:

- (a) On-going investment activity in the regions concerned aimed at (i) diversification away from the commodities listed above, and (ii) productivity improvements and production increases in these commodities;

- (b) The past experience with these types of projects and programs, paying particular attention to the experience with diversification;
- (c) Programmes of diversification and productivity improvement now under preparation;
- (d) Potential for diversification both in agriculture and industry (and other non-farm activities) which has already been identified; and limitations and difficulties of preparing and implementing diversification programs;
- (e) On-going research and development activity and promotion efforts (i) to improve yields of the four commodities; (ii) to advance the stage of processing in the producing regions, and (iii) to widen the application in industrial uses and in direct consumption of these four commodities.

22. The work envisaged above cannot be successfully done without the support of the regional offices as well as that of the CPS. Such support has been requested, on December 7, 1975. We have asked for their advice, comments and suggestions on the scope and conception of the study, as well as any observations they care to make concerning the past experience with programs of diversification and adjustment and the lessons they may hold for the future. We expect to get these by January 12, 1976. In addition, the regions have helped us put together existing material dealing with the issues of diversification, productivity improvement and production increase, in the products concerned. We are grateful for the cooperation and support we have received.

23. It is intended to review the progress of the study at the end of January 1976.

Attachments.

Dragoslav Avramovic

ADOPTED ON DECEMBER 19, 1975

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19 December 1975
Original: ENGLISH

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
TRADE AND DEVELOPMENT BOARD
Committee on Commodities
Third part of the eighth session
Geneva, 8 December 1975
Agenda item 5

AN INTEGRATED PROGRAMME FOR COMMODITIES

Draft resolution submitted by the Chairman

The Committee on Commodities

Recalling General Assembly resolution 3202 (S-VI) of 1 May 1974 on the Programme of Action on the Establishment of a New International Economic Order, in particular the provisions relating to raw materials, food and general trade, more especially those relating to the preparation of an over-all integrated programme for "a comprehensive range of commodities of export interest to developing countries",

Recalling also the Charter of Economic Rights and Duties of States,

Recalling further that the Committee on Commodities, in its resolution 15 (VIII) adopted at the first part of its eighth session, decided that the Committee, at its resumed eighth session, should "hold comprehensive discussions aimed at reaching conclusions on an integrated programme for commodities, formulate suggestions, including suggestions for possible negotiations between producers and consumers, for arrangements on internationally traded commodities without prejudice to negotiations in progress and taking note of the existing arrangements on specific commodities, and recommend procedures which the Board, at its seventh special session, will be in a position to elaborate into detailed recommendations for appropriate action",

Recalling also that the General Assembly, in its resolution 3362 (S-VII), agreed that "an important aim of the fourth session of UNCTAD, in addition to work in progress elsewhere, should be to reach decisions on the improvement of market structures in the field of raw materials and commodities of export interest to the developing countries, including decisions with respect to an integrated programme and the applicability of elements thereof",

Bearing in mind that the provisional agenda for the fourth session of UNCTAD, adopted by the Board at its fifteenth session, includes an item on "action on commodities, including decisions on an integrated programme, in the light of the need for change in the world commodity economy",

Taking note with appreciation of the comprehensive and detailed studies on the objectives, elements and principles and possible procedures for negotiation and implementation, of the integrated programme prepared by the UNCTAD secretariat in the light of informal discussions with Governments and of the Committee's deliberations at the first, second and third parts of its eighth session,

1. Agrees that the detailed and comprehensive studies referred to above and the inter-governmental discussions thereon have reached a stage at which it is possible to take concrete decisions.

2. Recommends to this end that the Board, at its seventh special session, should make, with respect to an integrated programme and its applicability, detailed recommendations for decision by the Conference at its fourth session, inter alia, on:

- (a) objectives;
- (b) commodities to be covered;
- (c) international measures;
- (d) follow-up procedures and timetable for the implementation of agreed measures.

16 September 1975
Original: English

TRADE AND DEVELOPMENT BOARD
Fifteenth session
Geneva, 5 August 1975
Item 5(a) of the provisional agenda

REPORT OF THE COMMITTEE ON COMMODITIES ON THE SECOND PART OF ITS EIGHTH SESSION */, held at the Palais des Nations, Geneva from 21 to 25 July 1975

*/ This report is being circulated in mimeographed form in order that it should be at the disposal of Governments with the least possible delay. Later, the report will be issued in printed form as document TD/B/543-TD/B/C.1/182, which will be Supplement No. 2A to the Official Records of the Trade and Development Board, Fifteenth Session.

.....

2. Financial savings resulting from the common fund

29. Several statements were made concerning economies which might result from the establishment of a common fund. One delegation wondered whether the common fund was the most effective means of providing finance for commodity stocks, and another was not clear whether any economies were in fact likely to be achieved. On the other hand, one delegation stated that if the movements in individual commodity prices were mutually offsetting, stock increases for some commodities would coincide with stock decreases for others, indicating that a common fund might lead to reduced capital requirements. In this connection, the question was raised whether it was possible to estimate the magnitude of a possible reduction in the financing requirement.

30. The secretariat referred to the analysis in TD/B/C.1/184, paragraphs 12 and 13, and to table 2 of that document. It pointed out that during the past 15 years, offsetting price movements had been the rule, with commodity prices fluctuating in opposite directions in most years, usually between one-third and two-fifths in one direction and the rest in the other. It followed that movements of stocks of different commodities, had they existed, would also have been mutually offsetting to a substantial degree, and therefore a common fund would need less finance than the aggregate of individually financed commodity stocks. Whether the same amount of offsetting would prevail in the future depended on whether the amplitude of the international business cycle would be of the same order as in the past.

31. Some idea of the magnitude of possible savings could be obtained by considering the operations which the common fund probably would have had to undertake, had it been in existence, in the present international recession. If the 1970-1974 prices in real terms (i.e., adjusted for inflation) were used as a floor level which the common fund would support, five of the ten "core"

commodities would need to be purchased for the international stock, but the other five would not. Another illustration was provided by the current position with respect to the operations of the international cocoa and international tin agreements. The international cocoa stock had available in cash some \$50 million. Since the present price of cocoa was substantially above the floor price, these funds were not needed for stocking operations. At the same time, the International Tin Agreement had introduced export restrictions, as it had run out of funds. If the cash of the cocoa stock could be used to buy tin, these export restrictions would not be necessary and smaller amounts would be requested from governments. As a further illustration, if international copper and sugar stocks had existed, and been managed in conjunction with the common fund, sugar would have been sold from stock in 1974-1975, when its price was booming, and the proceeds used to buy copper, the price of which was depressed; conversely, while in 1976-1977, if world economic activity revived, the copper market might well improve and sales be made from the stock, the proceeds of these sales could provide support for the sugar price, which might well be depressed by then if the present investment and output expansion resulted in a temporary surplus in that period. In the absence of a common fund, certain commodity organizations would have idle balances (and would search for a maximum commercial return), while others would be desperately short of funds, and would ask the member countries for necessary support from government budgets.

.....

Mr. Robert S. McNamara

December 1, 1976

Hollis B. Chenery

Agenda for Today's Meeting on Development Policy

In my discussion with you of October 27, we agreed to approach the range of topics that you laid out on October 22 in three steps.

1) Objectives: An evaluation of the extent of Bank influence on different areas of development policy and priorities for further work.

2) Means: Identification of audiences and institutions to which our work should be addressed and the form of product best adapted to reach them.

3) Work Program: To be drawn up in the light of the discussions of (1) and (2).

I suggest that we focus on topics (1) and (2) today. Although I have a preliminary draft of (3), it needs to be pruned to fit staff limitations.

OBJECTIVES

An assessment of objectives is given in my memorandum of November 19 on The World Bank as a Development Institution. The main recommendations of that memorandum are to extend our analysis more systematically from topics III and IV (development strategy and sector policy) to the implications for the international framework and donor policies.

MEANS

The form that this extension should take depends very much on the audiences that we decide to focus on. At present our role in the various North-South dialogs is largely that of an observer, and only a small part of our analytical output is available for international discussion. There would seem to be three main means of extending this role:

- building up the Development Committee and the Bank Board as a forum for discussion;
- more active participation in the CIEC, UNCTAD and other existing forums;
- issuance of policy papers not related to international discussions.

I would suggest that we give priority to topics that may be suitable for the Development Committee agenda but also plan to issue Bank policy analyses aimed at the development community at large rather than any particular international forum. Since international documents tend to be long on political rhetoric and short on economic analysis, it seems to me that our major function should be to redress this balance. This is particularly true of the ILO basic needs approach, which relies heavily on the Bank's research on poverty and income distribution but does not carry the analysis much further.

cc: Mr. William Clark
Mr. Ernest Stern
Mr. Burmester

HBChenery:di

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: November 19, 1976

FROM: Hollis B. Chenery, Vice President, DP

SUBJECT: Quarterly Report on Country Economic and Sector Work

1. I enclose herewith a report on the progress of the Bank's country economic and sector work in the first quarter of FY77. Also attached are Tables Va and Vb prepared by P&B.

2. Besides dealing with crucial development issues in certain selected countries, for example, in Nepal, Burma, Yugoslavia and Greece, the principal focus of the work in this quarter has been on three other significant issues: exports and trade policy (e.g., Ghana, India, Indonesia, Ecuador and Senegal); employment and migration (e.g., Portugal, Philippines, and Turkey) and problems of urbanization (e.g., Brazil and Jamaica).

3. As is brought out in paragraphs 19 through 22, the increasingly issue-oriented nature of the Bank's economic work has contributed towards a greater impact on the policies of the countries concerned. Another encouraging feature is that work is now proceeding pretty much on schedule. In a few instances, where delays in excess of a month have occurred, it has been because of a restructuring of the report in the light of new developments.

Attachment

cc: Messrs. Karaosmanoglu, Haq, Chernick, Bharier

COUNTRY ECONOMIC AND SECTOR WORK

QUARTERLY PROGRESS REPORT

November 1976

Program Review Division, DPS
in consultation with CPS & P&B
November 1, 1976

Introduction

1. This report provides an over-view of the Bank's country economic and sector work during the first quarter of FY77. As usual during this time of the year, considerable staff time went into the preparation of briefs and position papers for the Annual Meeting, while a large number of new studies were in the process of being launched in headquarters and by missions in the field. During FY77, the economic and sector work program calls for the completion of 9 Basic and 77 other economic reports besides 74 Sector Reports.

Basic Reports

2. The East Africa Region is responsible for the largest number of Basic Reports scheduled for FY77. The field mission to Tanzania for the Basic Report is now completing its work, and a draft of the report is due in November. A report on Mauritius is also in an advanced state of preparation, and it is presently planned for the findings to be discussed with the Government in February. The report focuses on the physical constraints to growth, especially the employment and manpower training and policies necessary for a more equitable distribution of the benefits of growth. Work on the Zambia report, though delayed because of higher priority work assigned to the author, concentrates on the distortions in the economy caused by inappropriate policies, especially commodity and factor price policies. The report on Rwanda that had been planned for May 1977 is now no longer deemed necessary; instead, a special economic mission is planned for May; this together with the agricultural sector report now ready in draft should provide adequate coverage of this country.

3. In the West Africa Region, the Basic Report on Togo has reached the yellow-cover stage and it is planned to discuss the report with the Government in February. The report puts particular emphasis on changes in the development strategy for agriculture as well as the evaluation of large-scale phosphate and clinker projects. A Basic Economic Mission to Senegal is now in the field and a first draft of the report is expected next April.

4. The East Asia and Pacific Region published in red its Basic Report on the Philippines in time for the Annual Meetings; this report has already been commented on in previous progress reports. Preparation of the draft report on Korea is proceeding according to schedule but, as the Government is making a number of changes in its Five-Year Plan, the timing of the report has been kept flexible in order to be able to incorporate any changes in the Plan. The grey cover report: "Malaysia's Second Plan Performance and Third Plan Issues" was released by the EAP Region in September after some delay caused by the Government's desire to have the Plan discussed in Parliament first.

Since then, a mission has visited Malaysia to appraise the Plan. Other work initiated in Malaysia includes an agricultural/rural poverty study in Sabah and Sarawak. In Thailand, many special and sector studies which will provide inputs into the Basic Report planned for FY78, are going on. They include highways (especially rural roads), power (including rural electrification), irrigation, education, marketing/credit (in close cooperation with the Government) and employment.

5. In continuation of the work already done on Romania, a basic economic mission has already left for Bucharest. A special economic mission preparatory to the Basic Report on Syria is in the field; as an input to the latter, a report on the manufacturing sector has already been completed. Other such reviews of the agricultural sector and water supply and sewerage are scheduled for later this year or early 1977. A reconnaissance mission visited Afghanistan in August; this was in preparation for the Basic Economic Mission scheduled for April. The EMENA Region is also planning on mounting a mission to the Yemen Arab Republic in the spring of 1977 to prepare for a Basic Economic Mission in the autumn.

Special Economic Reports

6. The East Africa Region has been engaged in the preparation of a number of special economic reports. Among those completed in draft during this quarter are a report on Zaire with particular focus on the country's prospects in light of the present economic crisis. A further special mission will prepare the necessary documentation for the February 1977 meeting of the Consultative Group. A final draft of "Electricity Tariffs in Ethiopia" has been completed and circulated to the Board. In addition, two Sectoral Studies of Ethiopia have been completed in draft; one relates to small scale industry, including cottage industries and handicrafts; the other is a review of the agricultural sector. Considerable progress has also been made on the "Special Regional Study of Migrant Labor in Southern Africa". A special mission visited Botswana, Lesotho, Swaziland and South Africa, but it was not possible for the mission to visit Mozambique, and Malawi did not wish to participate in the study. Nevertheless, data from secondary sources on these two countries will be incorporated in the study, interesting features of which are a cost-benefit analysis of migration in the labor supplying countries and an assessment of the likely development of demand for migrant labor in South Africa. Among other tasks under way in the East Africa Region are a study of parastatals in Somalia, a study of the external public debt of Tanzania by DPS and an Eastern Africa/DRC agricultural policy model for Zambia.

7. The West Africa Region has recently completed two special studies on Ghana. One of these is a flow-of-funds analysis and the other is on export promotion. Besides these studies, the exchange rate issue has been discussed with the Ghanaian authorities on a confidential basis. A mission has visited the Congo to take stock of recent financial developments. A consultant retained by the Bank has participated in the special Government Commission set up by Senegal to investigate and advise on tariff reform. Following discussions with the Government in July, the special report on Mauritania's Five-Year Plan is being revised. Other work scheduled for the forthcoming quarter are missions to review the Development Plan for Liberia, and a joint mission with the Fund to Nigeria in preparation for an "in-depth" industrial study.

8. In the East Asia Region work on rural non-farm employment is being undertaken in the Philippines and Indonesia. An Industrial Sector Mission, concentrating on industrial exports, will shortly visit Indonesia. The Government of Papua New Guinea has requested assistance in the development of a debt model; a mission is in the field to discuss the project as well as the further program of economic work.

9. The South Asia Region has also brought out several papers on India and Pakistan. The Issues Paper on Agricultural Pricing in India has been completed, as has a report on the leather sub-sector. The special report on Indian exports is nearing completion but the "Export Processing Zone" report has been dropped as the Government of India has abandoned this approach to export stimulation. Another paper nearing completion is on urbanization. The draft reports of two missions to Pakistan, one on manufactured industry and the other on public sector industry are ready; the revised versions of these studies will be duly incorporated in the proposed Basic Report on Pakistan. Papers which focus on the strategic development issues and related policies of Burma and Nepal have been circulated to the countries which will participate in the Aid Coordination Meetings being organized by the Bank for these two countries at the end of November and the beginning of December.

10. In the EMENA Region, a recent report on Greece which discussed, inter-alia, the economic implications of membership in EEC, has been sent to the Government. The report on the Agricultural Sector in Romania went through a series of protracted discussions with the Government whose agreement to release the report in grey was obtained recently. As a follow-up to the CEM on Turkey, which has been discussed with the Government, informal reports relating to (a) fiscal and monetary policies and (b) prices, credit and incentive policies in the agricultural sector have been prepared. A third informal report on domestic employment and external migration is under way. The August mission to Portugal focussed on the problem of employment creation and on the policy options of decision makers in light of the difficulties of restructuring an economy which has undergone fundamental

social, political and economic changes such as decolonization, land reform and nationalization. Finally, a special mission is visiting Yugoslavia to assess the new Development Plan and the implications of the new Constitution, and the energy sector reviews or memoranda have also been completed on Yugoslavia, Yemen, PDR, and Yemen, AR.

11. The LAC Region has recently completed a report on Surinam which, although labelled a CEM, is much more extensive; it deals with the developmental problems the country has had to face since independence and assays its long-range prospects. Another report in much the same genre is the CEM on Argentina which recently went to the Board. The report is noteworthy for its brief but incisive analysis of Argentina's stabilization program which has reduced hyper-inflation to the point where the average monthly price rise is now only 3 percent; more importantly, the psychological acceptance of inflation that existed for so long, appears to have been assuaged, if not broken.

12. The report on Ecuador, being prepared for the first meeting of a Consultative Group, is on schedule. The basic thrust of the analysis is on how petroleum revenues, while easing financial problems, have thrown into sharper focus problems of absorptive capacity. It also considers the implications for future development of a likely levelling off in petroleum export revenues due to increased domestic consumption and limited exploitation activities.

13. Among the more interesting studies under way in the LAC Region are those relating to urban problems in Kingston, Jamaica and in Brazil; poverty in Brazil, a Special Regional Study of the Center-West of Brazil, a report on the mineral sector in Bolivia and, associated with it, a comprehensive economic memorandum on the hydro-carbon sector in Bolivia.

Country Economic Memoranda

14. Among the CEMs issued by the East Africa Region during the quarter under review, that on Kenya was completed and discussed with the Government. It is being distributed to the Consultative Group which is due to meet in November. Likewise, a green cover version of a CEM on Madagascar has been discussed with the Government. This opened up a number of possibilities for further productive work, particularly in the agricultural sector. The report in grey on Rwanda, issued in July, will be a major document to be presented at the forthcoming meeting of the Government with Rwanda's principal aid agencies, and other reports which will be part of the documentation for a CG meeting are those on the economic conditions and prospects of Zaire and of Sudan.

15. The West Africa Region has continued its work on three economic memoranda, i.e., on Chad, Guinea and Ghana; the yellow cover reports of these CEMs are scheduled for completion shortly. In addition, the Region is planning a CEM on Cameroon and is currently maintaining an active dialogue with one half of the countries in the Region viz. Cameroon, Congo, Gambia, Ivory Coast, Liberia, Mauritania, Senegal, Togo and Upper Volta.

16. The East Asia and Pacific Region has completed the draft CEMs on Fiji and Thailand referred to in our report for the last quarter. The memorandum on Thailand, which will be presented at the CG meeting, discusses a number of longer-term development issues and makes a case for a significantly expanded program of public external borrowing. The CEM on Fiji is, however, a more conventional type of report; it reviews the structural changes in the economy that have occurred over the past decade and discusses developmental issues and the country's growth potential. Pursuant to a request from the Government, a mission is to visit Hong Kong later in the year. The mission will provide an outside view of the Government's policies and will concentrate on macro-economic and financial management as well as industrial development and prospects.

17. A number of country economic memoranda on countries in the EMENA Region have been completed; work on some or all of these had been initiated in the last quarter. Besides those referred to in paragraph 10, others are on Tunisia in grey, and on Algeria in yellow. The green cover version of a report on the Peoples Democratic Republic of Yemen was issued in August. An interesting side-light on this report, which has been discussed with the Government, is the latter's concern over what it regards as a relatively high per capita income imputed to PDRY by the mission. More work will be done on this subject. Another mission in the offing is to Jordan, to update the last report.

18. In the LAC Region, the country economic memorandum on El Salvador was issued in yellow cover, the Honduras report was issued in grey, as was that on Colombia and the reports on Haiti and Venezuela were issued in green.

Impact of Country Economic and Sector Work

19. The impact of the Bank's economic reports and its ability to influence policy depends on a number of factors, including the objectivity and analytical rigor of the reports and their timeliness. Apropos of the latter, it should be noted that where there have been delays in the completion of reports, they have usually been not more than a month. The quality of a report depends, in turn, on its access to country data and information and on the specialized inputs it receives from DPS, e.g., on shadow pricing, national accounts and indebtedness. For example, the report on Mauritania made an impression on the Government through its findings that local savings and available foreign aid would be inadequate to mount a \$1.1 billion public investment program; however political imperatives meant that the Government could not see its way to subdividing the investment program into three tranches on a priority basis as had been recommended, and further discussions will now be held. In other parts of West Africa relationships with Benin, Equatorial Guinea and Gabon are practically non-existent and their effectiveness in Mali and Sierra Leone is weak. A major reason in the case of the first group of countries is their perception that their economic philosophies are alien to those of the Bank. In the case of the latter group, the financial position has deteriorated to the point where political considerations have become paramount; thus the clash of interest between the civilian and military powers in Mali and that between the technocrats and politicians in Sierra Leone is hardly conducive to a meaningful dialogue. In Nigeria, the Region is exploring the possibility of assisting the Government in investigating the problems of industrialization.

20. The Bank's influence through its economic contribution to countries in the South Asia Region continues to be large. The Region's activities in India, Pakistan, Burma, Nepal and Sri Lanka have been reported on earlier. In addition, it proposes to develop a medium term perspective on the Bangladesh economy. The report will identify development priorities and prescribe policies and will be distributed to the Bangladesh Aid Group meeting in March 1977. Besides this study, the Bank has already made a crop sector review with particular reference to food grains and jute. A study of irrigation water charges has also been completed and a desk study of agricultural pricing policies for Bangladesh is under way. All will be discussed with the Government shortly.

21. The working relations with a number of countries in the EAP Region are also excellent. The work on the Philippine Basic Economic Report has sharpened the Government's focus on a number of important issues, such as export promotion and employment creation. This is particularly important since the country has no formal development plan and such studies provide

the Government with a quantitative framework. The Bank has provided a major input into the preparation of the Malaysia Third Plan, which the Prime Minister has acknowledged in his foreward to that document. The Malaysian Government has requested continued participation by the Bank in its planning process. The close cooperation with the Korean Government in the formulation of its Fourth Five Year Plan has been reported earlier; this cooperation is continuing. The Bank continues to make important contributions to Indonesia's planning and development efforts in many fields and at several levels, mainly through the Resident Staff. Finally, while the Bank's dialogue with successive Thai Governments had been steadily improving, the effects of the recent change in leadership still need to be awaited.

22. The EMENA Region reports that the Montenegro Regional Economic Report was greatly appreciated by the Yugoşlav authorities for its methodology and objectivity. The report was discussed at considerable length with the Institute for Planning, the Secretariat for Economy and the Chamber of Economy. The discussions revealed that among other things, Yugoslav industrial strategy was dictated more by resource constraints and the size of the market rather than by considerations of profitability and employment creation.

Va. IBRD & IDA: FY77 Schedule of Economic Missions and Reports a/

Region/Country	Type of Report	Manweeks		Most Recent Previous Report	Original Schedule (July 1976)		Current Schedule (Sept. 1976)		Identification Number
		FY77	Total		Mission a/	Report b/	Mission a/	Report b/	
EASTERN AFRICA - C. P. I									
Ethiopia	Country Economic Memo	59	59	6/75	11/76	2/77	1/77	5/77	2ETHREH1
	Parastatal Review	33	62		2/77	6/77	5/77	9/77	2ETHFEY1
	Special Economic Study	9	34		2/76	7/76	2/76	9/76	2ETHYEV2
Kenya	Country Economic Memo	19	69	3/75	3/76	8/76	3/76	9/76	2KENAREH1
	Development Plan Study	42	42		2/77	3/77	4/77	7/77	2KENAREH2
Somalia	Country Economic Memo	18	44	4/75	4/76	10/76	4/76	10/76	2SOMREH1
	Country Economic Memo	22	34		4/77	9/77	4/77	9/77	2SOMREH2
Sudan	Country Economic Memo	-	27	4/75	3/76	7/76	11/76	12/76	2SOMREH3
	Country Economic Memo	-	30		1/77	4/77	To FY78		2SUDAREH1
	Public Sector Enterprise Study	88	114		9/76	3/77	NS	NS	2SUDYEV2
	Development Plan Study	42	42		10/76	3/77	3/77	8/77	2SUDYEV3
Tanzania	National Accounts Study ^a	12	12		9/76	NS ^b	Cancelled	Cancelled	2TANJJEV2 ^a
	Special Economic Study ^a	-	-		-	-	FY77	NS ^b	2TANJJEV1 ^a
	Basic Economic Report	132	211	3/76	7/76	12/76	7/76	2/77	2TANREH1
	Country Economic Memo	-	20		4/77	7/77	9/77	12/77	2TANREH2
	Special Economic Study	6	19		5/76	8/76	5/76	10/76	2TANYEV2
EASTERN AFRICA - C. P. II									
Botswana	Country Economic Memo	34	34	1/75	10/76	3/77	1/77	6/77	2BOTREH1
Burundi	Country Economic Memo	20	28	7/75	11/76	3/77	3/77	7/77	2BURREH1
Comoros	Country Economic Memo	32	32		-	-	11/76	3/77	2COMREH1
Madagascar	Country Economic Memo	14	112	5/76	10/75	5/76	10/75	5/76	2MADRREU3
	Country Economic Memo	-	31		3/77	7/77	10/76	3/78	2MADRREU2
Malawi	Country Economic Memo	11	37	10/74	11/75	9/76	11/75	10/76	2MALREU4
Mauritius	Basic Economic Report	35	92	2/75	4/76	12/76	4/76	1/77	2MURSREU1
Rwanda	Special Economic Study	15	32	3/76	5/77	4/78	5/77	17/77	2RWAREU1
	Country Economic Memo	1	33		9/75	3/76	9/75	3/76	2RWAREU3
Swaziland	Country Economic Memo	41	41	8/75	6/77	11/77	8/77	1/78	2SWAREU1
Zaire	Country Economic Memo	3	27	11/75	4/76	9/76	4/76	10/76	2ZAIAREU1
	Consultative Group Report	10	10		9/76	12/76	11/76	1/77	2ZAIYEV4
Zambia	Basic Economic Report	18	99	1/74	5/75	11/76	5/75	11/76	2ZAMREH1
	Country Economic Memo	15	31		6/77	11/77	6/77	11/77	2ZAMFEV1
EASTERN AFRICA - Regional									
	Public Sector Enterprises Study	15	15		NS	NS	NS	NS	2EANYEV1
	Labor Migration Study	25	27		8/76	2/77	8/76	3/77	2EANLLEV1
EASTERN AFRICA TOTAL									
	FY77 Manpower	-	Original Schedule : 861						
		-	Current Schedule : 780						
	FY77 Report Completions	-	Original Schedule : Basic - 3; Formal Memo - 8; Formal Study - 8; Other - 3.						
		-	Current Schedule : Basic - 3; Formal Memo - 9; Formal Study - 5; Other - 0.						
WESTERN AFRICA - C. P. I									
Ghana	Special Economic Study	2	48	2/75	3/76	10/76	3/76	11/76	3GHAYEV2
	Flow of Funds Study	4	4		8/76	11/76	NS	11/76	3GHAYEV4
Liberia	Labor Study	30	30		NS	1/77	NS	1/77	3GLALLEY3
	Country Economic Memo	37	37	9/75	3/76	2/77	11/76	5/77	3LIBREH1
Mali	Country Economic Memo	29	29	4/76	10/76	2/77	NS	NS	3MLIAREH3
	Special Economic Study	4	62		1/76	4/76	1/76	4/76	3MLIYEV1
Niger	Country Economic Memo	12	40	3/76	6/77	10/77	6/77	10/77	3NIGREH4
Nigeria	Country Economic Memo	1	11	4/74	NS	3/76	NS	3/76	3NIGREH3
	Manufacturing Study	24	24		9/76	12/76	10/76	NS	3NIRYEV2
Sierra Leone	Debt Study ^b	16	16	3/76	9/76	NS ^c	9/76	NS ^c	3SILABEV1 ^b
Upper Volta	Plan Review Study	42	42	11/74	2/77	6/77	2/77	6/77	3UPVYEV1
WESTERN AFRICA - C. P. II									
Benin	Country Economic Memo	56	68	6/73	3/77	9/76	2/77	9/77	3BENREH1
Cameroun	Country Economic Memo	62	64	8/75	10/76	6/77	NS	NS	3CAMREH1
Chad	Country Economic Memo	11	50	1/74	3/76	10/76	3/76	NS	3CHOREH1
Guinea Bissau	Country Economic Memo	24	24		NS	NS	NS	NS	3GUBREH1
Guinea	Country Economic Memo	17	90		4/76	11/76	4/76	1/77	3GUIREH1
Ivory Coast	Southwest Regional Study	25	71	12/73	5/77	FY78	5/77	FY78	3IVCVYEV1
Mauritania	Country Economic Memo	1	41	6/76	12/75	6/76	12/75	6/76	3MAREH3
Senegal	Basic Economic Report	109	131	6/76	10/76	7/77	NS	NS	3SENAREH2
Togo	Basic Economic Report	27	95	5/74	3/76	10/76	3/76	12/76	3TOGREH1
WESTERN AFRICA TOTAL									
	FY77 Manpower	-	Original Schedule : 527						
		-	Current Schedule : 533						
	FY77 Report Completions	-	Original Schedule : Basic - 1; Formal Memo - 6; Formal Study - 5; Other - 1.						
		-	Current Schedule : Basic - 1; Formal Memo - 6; Formal Study - 5; Other - 1.						
EMENA - C. P. I									
Afghanistan	Basic Economic Report	126	146	3/76	4/77	9/77	4/77	10/77	3AFGRREH1
Bahrain	Country Economic Memo	29	29	11/74	2/77	5/77	NS	NS	3BHAREH1
Egypt	Basic Economic Report	101	192	2/76	5/76	4/77	5/76	5/77	3EGTRREH1
	Country Economic Memo	25	25		11/76	3/77	NS	NS	3EGTRREH2
	Country Economic Memo ^a	20	20		4/77	4/77 ^b	2/77	NS ^b	3EGTRREH3
Iran	Special Economic Study	20	30		8/77	NS	NS	NS	3EGTYEV3
	Country Economic Memo	59	59	9/75	10/76	2/77	NS	NS	3IRNREH1
	Monetary and Fiscal Study	8	17		6/77	8/77	NS	NS	3IRNFEV1
	Income Distribution Study	47	47		10/76	8/77	NS	NS	3IRNLEV2
Kuwait	Country Economic Memo	8	20		5/77	8/77	NS	NS	3IRNREH2
Portugal	Special T. A. Study	24	24		10/76	12/76	10/76	12/76	3KUPYEV1
	Country Economic Memo	70	70	6/76	7/76	11/76	7/76	11/76	3PORREH1
	Country Economic Memo	-	36		5/77	8/77	9/77	NS	3PORREH2
	Policy Discussions Study ^b	24	24		1/77	2/77 ^b	3/77	NS ^c	3PORREH3
Romania	Capital Markets Study	6	6		NS	NS	5/77	NS	3ROMKYE1
	Basic Economic Report	88	115	8/75	10/76	4/77	10/76	4/77	3ROMREH1
	Special Study	19	87		3/76	8/76	3/76	NS	3ROMYEV1
	Informal Updating Study ^a	5	5		6/77	7/77	2/77	3/77 ^a	3ROMYEV2
Yemen, A.R.	Basic Economic Report	95	113	1/76	10/75	3/77	3/77	9/77	3YARRREH1
Yemen, P.O.R.	Country Economic Memo	5	50	3/75	2/76	6/76	1/76	6/76	3YORREH1
Yugoslavia	Country Economic Memo	1	15	6/76	10/75	4/76	10/75	4/76	3YUGREH1
	Montenegro Regional Study	3	27		10/75	3/76	10/75	10/76	3YUGYEV6
	Special Study	90	106		10/76	3/77	10/76	4/77	3YUGYEV3

Region/Country	Type of Report	Manweeks		Most Recent Previous Report	Original Schedule (July 1976)		Current Schedule (September 1976)		Identification Number
		FY77	Total		Mission a/	Report b/	Mission a/	Report b/	
EMENA - C.P. II									
Algeria	Country Economic Memo	18	29	4/75	4/76	9/76	4/76	9/76	SALGAREH1
	Country Economic Memo	28	44		5/77	8/77	NS	NS	SALGAREH2
Cyprus	National Accounts Study ^b	16	16		1/77	2/77 ^c	1/77	2/77 ^c	SALGYVEY1
	Special Economic Study	8	12		-	-	NS	NS	SALGVVEY1
	Informal Economic Study ^b	12	12	4/76	1/77	2/77 ^c	NS	NS ^c	SCYPYVEY1
Greece	Country Economic Memo	6	47	7/75	2/76	7/76	2/76	7/76	SGRERREH1
	Country Economic Memo	12	45		6/77	11/77	NS	NS	SGRERREH2
Jordan	Country Economic Memo	46	46	4/76	4/77	6/77	4/77	6/77	SJORRREH2
	Country Economic Memo	33	33	3/75	4/77	NS	4/77	NS	SLERREH1
Morocco	Country Economic Memo	10	24	5/76	5/76	2/76	5/76	10/76	SHYCRREH1
	Special Economic Study	NA	13		12/75	4/76	12/75	4/76	SHYCYVEY1
Oman	Special Tax Study	10	10		4/77	7/77	4/77	7/77	SHYCFVEY1
	Special Development Study	78	78	11/75	11/76	5/77	NS	NS	SOHAYVEY1
Syria	Country Economic Memo	142	142	6/75	11/76	NS	11/76	NS	SYVRREH1
	Basic Economic Report	116	148		3/77	11/77	3/77	11/77	SYVRREH1
Tunisia	Country Economic Memo	2	39	5/75	1/76	6/76	1/76	6/76	STUNRREH1
	Special Statistical Study	21	21		7/76	NS	NS	NS	STUNSEY1
Turkey	Policy Review Study	8	8		10/75	NS	6/76	NS	STUNYVEY1
	Development Planning Study	74	74		11/76	5/77	NS	NS	STUNYVEY5
United Arab Emirates	Country Economic Memo	26	75	12/75	4/76	10/76	4/76	8/76	STURRREH1
	Special Economic Study	31	49		4/77	9/77	4/77	9/77	STURRREH2
		8	72	7/74	2/76	6/76	2/76	7/76	SUAAYVEY1
EMENA TOTAL									
	FY77 Manpower	- Original Schedule : 1343							
		- Current Schedule : 1578							
	FY77 Report Completions	- Original Schedule : Basic - 2; Formal Memo - 11; Formal Study - 8; Other - 4.							
		- Current Schedule : Basic - 2; Formal Memo - 10; Formal Study - 10; Other - 6.							
LATIN AMERICA & CARIBBEAN - C.P. I									
Chile	Special Economic Study	137	143	12/75	10/76	5/77	1/77	8/77	6CHLYVEY1
	Updating Economic Report	72	73	7/75	9/76	5/77	10/76	5/77	6COSRREU5
Dominican Republic	Updating Economic Report	126	128	1/75	10/76	4/77	10/76	5/77	6DOMRREU4
Ecuador	Special Economic Study	88	88	12/75	8/76	12/76	8/76	12/76	6ECURREH1
	Updating Economic Report	4	42	5/74	11/75	8/76	11/75	10/76	6ESLRREU4
Guatemala	Country Economic Report	43	44	1/75	10/76	2/77	11/76	4/77	6GLARREH1
	Country Economic Report	10	87	4/74	3/76	9/76	3/76	9/76	6HALRREH1
Haiti	Basic Economic Report	2	128	4/74	9/75	5/76	9/75	5/76	6HDSRREH1
	Basic Economic Report	198	236	10/75	3/77	8/77	8/77	8/77	6MXCRREH2
Nicaragua	Country Economic Memo	10	35	7/75	6/77	11/77	6/77	11/77	6NICRREH1
	Country Economic Memo	33	33	2/75	1/77	4/77	1/77	4/77	6PERRREH1
Peru	Basic Economic Report	54	145		3/76	2/77	3/76	2/77	6PERRREH1
	Updating Economic Report	3	115	10/73	11/75	8/76	11/75	8/76	6VENRREU4
LATIN AMERICA & CARIBBEAN - C.P. II									
Argentina	Country Economic Memo	4	15	11/74	11/76	5/77	5/76	8/76	6ARGRREH1
	Special Economic Study	45	67		-	-	4/77	10/77	6ARGRREH2
Barbados	Country Economic Memo	30	30	12/75	4/77	7/77	1/77	5/77	6BARRREH1
	Country Economic Memo	9	36	3/76	2/76	8/76	2/76	11/76	6BOLRREH1
Bolivia	Country Economic Memo	28	42		5/77	10/77	5/77	10/77	6BOLRREH2
	Special Economic Study	5	29		1/76	7/76	1/76	7/76	6BOLYVEY2
Brazil	Country Economic Memo	9	82	6/76	3/76	9/76	3/76	8/76	6BRARREH1
	Country Economic Memo	34	42		3/77	8/77	5/77	9/77	6BRARREH2
Hato Gordo Regional Study	Hato Gordo Regional Study	5	39		10/75	8/76	10/75	10/76	6BRAVVEY4
	Northeast Poverty Study	67	72		11/76	4/77	1/77	6/77	6BRAVVEY3
Colombia	Country Economic Memo	5	36	5/76	2/76	7/76	2/76	5/76	6CLHRREH1
	Country Economic Memo	86	94		2/77	6/77	3/77	7/77	6CLHRREH2
Guyana	Country Economic Memo	30	30	1/76	1/77	5/77	1/77	5/77	6GPARREH1
	Country Economic Memo	29	29	10/75	11/76	NS	10/76	5/77	6PARRREH1
Paraguay	Country Economic Memo	4	48	6/72	2/76	7/76	2/76	7/76	6SHRREH1
	Country Economic Memo	52	74	8/74	6/76	12/76	6/76	12/76	6URRREH1
LATIN AMERICA & CARIBBEAN - Regional									
Windward & Leeward Islands		29	55		4/77	10/77	5/77	11/77	6CRBYVEY1
LATIN AMERICA & CARIBBEAN TOTAL									
	FY77 Manpower	- Original Schedule : 1343							
		- Current Schedule : 1251							
	FY77 Report Completions	- Original Schedule : Basic - 1; Formal Memo - 18; Formal Study - 3; Other - 0.							
		- Current Schedule : Basic - 1; Formal Memo - 16; Formal Study - 3; Other - 0.							
EAST ASIA & PACIFIC									
Fiji	Country Economic Memo	27	51	2/74	5/76	11/76	5/76	10/76	7FIJRRREH1
	Country Economic Memo	22	22	5/73	11/76	1/77	11/76	4/77	7HKCRREH1
Indonesia	Country Economic Memo	96	96	5/76	10/76	2/77	11/76	2/77	7INSRREH2
	Basic Economic Report	185	227	4/75	6/76	12/76	NS	12/76	7KORRREH1
Malaysia	Country Economic Memo	32	32	5/76	2/77	4/77	2/77	5/77	7MAYRREH1
	Malaysia Publication	NA	25		NS	NS	No Report	NS	7MAYRREH2
Papua New Guinea	Basic Economic Report	24	24	3/75	1/76	6/76	1/76	6/76	7PAPRREH1
	Debt Model Study ^b	80	104	3/76	NS	NS	11/76	NS ^c	7PAPRREH1 ^c
Philippines	Country Economic Memo	24	24		2/77	6/77	4/77	8/77	7PHLRREH1
	Rural Employment Study ^b	24	6		NS	NS	NS	NS ^c	7PHLLLEY1 ^c
Thailand	Special Economic Study	24	6		-	-	4/77	9/77	7PHLLLEY2
	Basic Economic Report	54	168	10/75	10/77	6/78	10/77	6/78	7THLRREH1
Thailand	Country Economic Memo	26	42		6/76	9/76	9/76	9/76	7THLRREH1
	Employment Generation Study	56	56		NS	NS	1/77	6/77	7THLLLEY1
EAST ASIA & PACIFIC TOTAL									
	FY77 Manpower	- Original Schedule : 641							
		- Current Schedule : 684							
	FY77 Report Completions	- Original Schedule : Basic - 1; Formal Memo - 5; Formal Study - 0; Other - 4.							
		- Current Schedule : Basic - 1; Formal Memo - 5; Formal Study - 1; Other - 2.							

Region/Country	Type of Report	Manweeks		Most Recent Previous Report	Original Schedule (July 1976)		Current Schedule (Sept. 1976)		Identification Number
		FY77	Total		Mission a/ Report b/	Mission a/ Report b/			
SOUTH ASIA									
Bangladesh	Updating Economic Report	61	61	3/76	11/76	3/77	11/76	3/77	8BANREUS
Burma	Special Economic Study	28	28	11/74	8/76	9/76	8/75	9/76	8BUAYEY1
India	Public Sector Study	30	52		4/77	7/77	4/77	7/77	8BUAFFEY1
	Updating Economic Report	10	64	3/76	1/76	8/76	NS	10/76	8INDREU4
	Updating Economic Report	210	210		NS	4/77	NS	3/77	8INDREUS
	ICICI Export Study	10	20		NS	10/76	NS	1/77	8INDJJEY3
Pakistan	Export Processing Study	0	12		11/75	8/76	11/75	NS	8INDYVEY1
	Basic Economic Report	135	135	2/76	10/76	4/77	10/76	4/77	8PAKRREB1
	Country Economic Memo	50	50		10/76	3/77	10/76	2/77	8PAKRREB1
Nepal	Country Economic Memo ^{b/}	27	27	3/75	9/76	10/76 ^a	9/76	No Report	8NEPREM1 ^a
Sri Lanka	Country Economic Memo	57	57	2/76	11/76	12/76	11/76	1/77	8SIRREMI

SOUTH ASIA TOTAL

FY77 Manpower - Original Schedule : 552
- Current Schedule : 618

FY77 Report Completions - Original Schedule : Basic - 1; Formal Memo - 4; Formal Study - 3; Other - 1.
- Current Schedule : Basic - 1; Formal Memo - 5; Formal Study - 2; Other - 0.

TOTAL ALL REGIONS

FY77 Manpower - Original Schedule : 5041
- Current Schedule : 5444

FY77 Report Completions - Original Schedule : Basic - 9; Formal Memo - 52; Formal Study - 27; Other - 13.
- Current Schedule : Basic - 9; Formal Memo - 51; Formal Study - 26; Other - 9.

^{a/} Indicates informal reports, i.e. reports which are prepared in only back to office or white cover.
^{b/} Date under Mission indicates month of main mission departure.
^{b/} Date under Report (including previous report) indicates month of final internal cover completion. All reports, except the informal reports marked with an asterisk, are formal reports which are prepared in at least green or yellow cover.

Region/Country	Type of Report	Manweeks		Original Schedule (July 1976)		Current Schedule (Sept. 1976)		Identification Number
		FY77	Total	Mission a/	Report b/	Mission a/	Report b/	
EASTERN AFRICA - C.P. I								
Ethiopia	Agriculture Sector Memo ¹	8	60	1/76	8/76 ²	1/76	NS ³	2ETHAASH ¹
	Education Sector Memo	16	16	-	-	NS	NS	2ETHEESH ¹
	Education Fiscal Study	18	18	-	-	NS	NS	2ETHEESY ¹
	Industry Study	19	33	4/76	9/76	4/76	11/76	2ETHISY ¹
	Informal Transport Sector Study	3	11	2/76	2/76	2/76	8/76	2ETHTSY ¹
Kenya	Water Sector Memo ²	3	3	NS	2/77 ⁴	NS	2/77 ²	2ETIMWMT ¹
	Education Sector Memo	10	10	-	-	NS	NS	2KENESH ¹
	Transport Sector Memo ²	3	12	NS	12/76 ²	NS	4/77 ²	2KENTSM ¹
	Education Sector Review	39	45	-	-	NS	NS	2KENESU ¹
	Water Sector Memo ²	4	4	NS	2/77 ⁴	NS	2/77 ²	2KENWMT ¹
Sudan	Power Sector Memo ²	2	2	NS	11/76 ²	NS	6/77 ²	2KENPPSH ¹
	Agriculture Sector Memo	58	68	12/76	3/77	2/77	7/77	2SUDAASH ¹
	Power Sector Memo ²	2	2	NS	4/77 ⁴	NS	4/77 ²	2SUDPPSH ¹
	Transport Sector Memo ²	3	8	NS	9/76 ²	NS	10/76 ²	2SUDTTSM ¹
Tanzania	Education Sector Review ²	31	61	-	-	NS	NS	2SUDCESU ¹
	Power Sector Memo ²	2	2	NS	3/77 ⁴	NS	3/77 ²	2TANPPSH ¹
	Transport Sector Memo ²	3	12	NS	10/76 ²	NS	10/76 ²	2TANTSM ¹
EASTERN AFRICA - C.P. II								
Burundi	Education Sector Memo ²	8	8	-	-	NS	NS	2BUIEESH ¹
Madagascar	Transport Sector Memo ²	6	6	NS	10/76 ²	NS	NS	2BUITSM ¹
	UNESCO Study	55	85	1/77	6/77	12/76 & 3/77	7/77	2MAGEESY ¹
Malawi	Power Sector Memo ²	2	2	NS	10/76 ²	NS	9/76 ²	2MAGPPSH ¹
	Transport Sector Memo	12	12	NS	6/77	NS	NS	2MAGTSM ¹
Mauritius	Education Sector Review	30	30	-	-	NS	NS	2MALEESY ¹
	Power Sector Memo ²	2	2	NS	6/77 ²	NS	6/77 ²	2MALPPSH ¹
Rwanda	Transport Sector Memo ²	5	10	NS	5/77 ⁴	NS	NS	2MALTTSM ¹
	Education Sector Memo	10	10	-	-	NS	NS	2MTEESH ¹
Somalia	Power Sector Study	8	15	4/76	9/76	4/76	9/76	2MTPSPSY ¹
	Water Sector Memo ²	4	4	NS	FY77 ²	FY77 ²	FY77 ²	2MTSWMT ¹
Swaziland	Agriculture Sector Study	6	62	5/76	10/76	5/76	11/76	2RMAASY ¹
	UNESCO Study	52	52	1/77	5/77	1/77	6/77	2RMAESY ¹
Zaire	Transport Sector Memo	8	8	6/76	1/77	NS	1/77	2RWATSM ¹
	Education Sector Survey	29	58	-	-	NS	NS	2SODEESB ¹
Zambia	Water Supply Sector Memo ²	2	2	NS	2/77 ⁴	NS	2/77 ²	2SMAWMT ¹
	Rural Development Memo	21	55	6/77	11/77	Cancelled	Cancelled	2ZAIADSH ¹
Zimbabwe	Education Sector Memo ²	8	8	-	-	NS	NS	2ZAIESH ¹
	Transport Sector Memo ²	13	13	10/76	NS	NS	NS	2ZAITSM ¹
Zambia	Water Supply Sector Memo ²	2	2	NS	1/77 ⁴	NS	1/77 ²	2ZAIWMT ¹
	Power Sector Memo ²	2	2	NS	3/77 ⁴	NS	3/77 ²	2ZAHPPSH ¹
	Transport Sector Study	19	28	NS	NS	NS	FY77	2ZAHTTY ¹
	Water Sector Memo ²	2	2	NS	3/77 ⁴	NS	3/77 ²	2ZAWWMT ¹
	Education Sector Review ²	11	25	5/77	2/78 ²	5/77	2/78 ²	2ZAMEESY ¹
EASTERN AFRICA TOTAL								
FY77 Manpower - Original Schedule : 295								
Current Schedule : 541								
FY77 Report Completions - Original Schedule : Formal Memo - 6; Formal Study - 5; Formal Survey/Review - 0; Other - 18.								
Current Schedule : Formal Memo - 6; Formal Study - 8; Formal Survey/Review - 0; Other - 21.								
WESTERN AFRICA - C.P. I								
Ghana	Agriculture Sector Memo	41	44	NS	7/77	NS	7/77	3GHAASH ¹
	Agriculture Sector Memo ²	1	2	NS	7/77 ⁴	NS	7/77 ²	3GHAASH2 ¹
Liberia	Transport Sector Memo	5	6	7/76	10/76	3/77	6/77	3GHATTSM ¹
	Water Sector Memo ²	8	8	11/76	4/77 ⁴	11/76	3/77 ²	3GHAWMT ¹
Mali	Agr. Lending Policy Study ²	2	2	NS	5/77 ⁴	NS	5/77 ²	3LIBASH ¹
	Transport Sector Memo	8	8	-	-	NS	11/76	3LIBTSM ¹
Niger	Agr. Lending Policy Study ²	2	2	NS	11/76 ²	NS	11/76 ²	3MLAASH ¹
	Education Sector Memo ²	3	20	2/76	7/76 ²	2/76	11/76 ²	3MLEESH ¹
Sierra Leone	Tourism Sector Study ²	2	2	NS	7/76 ²	NS	9/76 ²	3MLIQSY ¹
	Transport Sector Memo	3	3	7/76	11/76	NS	NS	3MLITSM ¹
Upper Volta	Agr. Lending Policy Study ²	2	2	NS	11/76 ²	NS	3/77 ²	3MIGAASH ¹
	Telecom. Sector Memo ²	2	2	NS	3/77	FY77	NS	3MIGTSM ¹
Upper Volta	Transport Sector Memo	13	13	9/76	11/76	Postponed	Postponed	3MIGUSH ¹
	Urban Development Memo	5	8	NS	8/76	NS	NS	3MLITSM ¹
	Transport Sector Memo	2	2	NS	11/76 ²	NS	NS	3MPPASH ¹
	Agr. Lending Policy Study ²	2	2	2/77	6/77 ²	2/77	6/77 ²	3MPPASH2 ¹
WESTERN AFRICA - C.P. II								
Benin	Agr. Sector Study ²	4	4	NS	11/76 ⁴	NS	4/77 ²	3BEMAASY ¹
	Power Sector Memo ²	2	2	NS	NS ²	NS	NS ²	3BEMPPSM ¹
Cameroon	Industrial Devel. Study	34	114	10/77	4/78	1/77	4/78	3CAMISY ¹
	Transport Sector Memo	2	2	5/76	8/76	5/76	10/76	3CAMTSM ¹
Central African Republic	Transport Sector Memo	7	7	3/76	11/76	3/76	1/77	3CARTSM ¹
	Agr. Lending Policy Study ²	2	2	NS	9/76 ⁴	NS	11/76 ²	3CHOAASH ¹
Congo	Transport Sector Memo	2	10	NS	9/76 ⁴	NS	NS	3CHDTSM ¹
	Transport Sector Memo	7	12	3/76	11/76	3/76	NS	3COBTSM ¹
Equatorial Guinea	Transport Sector Memo	4	4	NS	NS	NS	NS	3EQGTTSM ¹
	Transport Sector Memo	4	4	NS	NS	NS	NS	3GAMAASY ¹
Gambia	Agriculture Sector Memo	1	6	10/75	8/76	10/75	11/76	3GAMTSM ¹
	Transport Sector Memo	5	8	3/76	8/76	NS	3/77	3GAMTSM ¹
Guinea-Bissau	Public Utilities Memo ²	3	3	NS	NS ²	NS	NS ²	3GUBHSM ¹
	Transport Sector Memo	6	8	NS	NS	FY78	FY78	3GUBTSM ¹
Guinea	Education Sector Survey ²	8	20	4/76	8/76 ²	4/76	9/76 ²	3GULESB ¹
	Power Sector Memo ²	3	3	NS	NS ²	NS	NS ²	3GUPPPSH ¹
Ivory Coast	Education Sector Memo	32	32	1/77	3/77	1/77	4/77	3IVCESM ¹
	Transport Sector Memo	7	7	NS	12/76	NS	NS	3IVCTSM ¹
Mauritania	Water/Sewerage Memo ²	8	8	10/76	2/77 ⁴	10/76	1/77 ²	3IVCESM ¹
	Agr. Lending Policy Study	2	2	NS	3/77	NS	3/77	3MTAASH ¹
Senegal	UNESCO Study	36	36	10/76	3/77	10/76	2/77	3SENEESH ¹
	Transport Sector Memo	8	8	9/76	12/76	11/76	NS	3SENTSM ¹
Togo	Agr. Sector Study	2	2	NS	7/76	NS	11/76	3TODASY ¹
	Education Sector Memo	4	18	3/76	8/76	3/76	10/76	3TODESB ¹
Togo	Transport Sector Memo	5	7	3/76	9/76	NS	NS	3TODTSM ¹
	Tourism Sector Memo	2	2	3/76	7/76	NS	NS	3TODQSM ¹

Region/Country	Type of Report	Manweeks		Original Schedule (July 1976)		Current Schedule (Sept. 1976)		Identification Number
		FY77	Total	Mission a/	Report b/	Mission a/	Report b/	
WESTERN AFRICA - Regional								
	Regional Foodgrain Study	1	9	NS	7/76	NS	7/76	JWANASV1
	Livestock Study	2	13	NS	7/76	NS	12/76	JWANALSV1
	UNESCO Textbook Study	15	36	4/76	10/76	4/76	10/76	JWANESV1
	Highways Study	15	15	NS	NS	NS	NS	JWANHSV1
	Railways Study	18	46	NS	NS	NS	FY77	JWANRSV1
	Industrial Policy Study	41	288	6/74	5/76	6/74	6/77	JWANISV1
WESTERN AFRICA TOTAL								
	FY77 Manpower - Original Schedule :	307						
	Current Schedule :	393						
	FY77 Report Completions - Original Schedule :	Formal Memo - 18; Formal Study - 8; Formal Survey/Review - 1; Other - 16.						
	Current Schedule :	Formal Memo - 18; Formal Study - 8; Formal Survey/Review - 1; Other - 15.						
EMENA - C.P. I								
Afghanistan	Power & Energy Sector Review	9	9	-	-	4/77	NS	SAGPPSV2
	Industry Sector Survey	5	35	4/76	7/76	4/76	11/76	SAGFISV1
	Tourism Sector Study	25	25	4/77	7/77	4/77	7/77	SAGQOSV1
Egypt	WHO Report	55	59	7/76	1/77	7/76	NS	SEGTWSV1
Iran	Urban Sector Review	NA	96	10/74	10/76	10/74	NS	SIRMUUSV1
Portugal	Agriculture Sector Review	87	87	10/76	2/77	10/76	3/77	SPORAASV1
	Ed./Manpower Study ^a	47	47	10/76	2/77 ^b	11/76	3/77 ^b	SPORAESV1
	Water Sector Study	37	41	6/76	1/77	9/76	6/77	SPORAASV1
Romania	Agr. Sector Review	1	85	5/75	12/75	5/75	12/75	SROMAASV1
Yemen, A.R.	Energy/Power Study	2	8	4/76	9/76	4/76	9/76	SVARPPSV1
Yemen, P.O.R.	Energy/Power Study	2	8	4/76	9/76	4/76	9/76	SVDRPPSV1
Yugoslavia	Agr. Strategy Study	46	46	9/76	3/77	9/76	3/77	SVUGAASV1
	Energy Sector Review II	8	50	10/75	7/76	10/75	9/76	SVUGPPSV2
EMENA - C.P. II								
Algeria	Pastoral Livestock Study	5	46	9/77	NS	NS	NS	SALGALSV1
Cyprus	UNESCO Education Sector Review	41	41	-	-	10/76	NS	SCYPEESV1
Greece	Ed. Strategy Study ^a	NA	NA	10/76	2/77 ^b	-	Completed ^c	SGREESV1
Morocco	Rural Development Projects	23	67	5/76	10/76	5/76	10/76	SHYCAASV1
	Industry Sector Review	30	30	NS	NS	NS	NS	SHYCLISV1
	Water Sector Study	6	28	6/77	12/77	6/77	12/77	SHYQWSV1
Syria	Manufacturing Sector Study ^a	13	24	6/76	9/76 ^b	6/76	7/76 ^b	SSYRISV1
	Agr. Sector Study	93	93	1/77	NS	2/77	NS	SSYRAASV1
	Water Sector Survey	28	32	10/76	2/77	11/76	5/77	SSYRWSB2
Tunisia	Rural Development Study	91	91	NS	NS	NS	NS	STUNADS1
	Petroleum Related Industry Study	5	5	10/76	1/77	10/76	1/77	STUNPPSV2
	Power Sector Study	3	4	6/76	12/76	6/76	NS	STUNPPSV1
Turkey	Agr. Development Study	93	93	10/76	3/77	10/76	4/77	STURASV1
	Industry Sector Study	37	72	5/76	9/76	5/76	11/76	STURISV1
	Urban Sector Study	31	33	2/77	7/77	NS	NS	STURUUSV1
EMENA - Regional								
	Fruit and Vegetable Study	47	170	5/76	10/76	5/76	11/76	SENNAASV1
EMENA TOTAL								
	FY77 Manpower - Original Schedule :	778						
	Current Schedule :	870						
	FY77 Report Completions - Original Schedule :	Formal Memo - 0; Formal Study - 14; Formal Survey/Review - 6; Other - 3.						
	Current Schedule :	Formal Memo - 0; Formal Study - 13; Formal Survey/Review - 8; Other - 3.						
LATIN AMERICA & CARIBBEAN - C.P. I								
Chile	Education Sector Memo	7	7	-	-	NS	NS	6CHLEESH1
	Water & Sewerage Sector Survey	2	48	10/74	4/75	10/74	12/76	6CHLWMSB1
Ecuador	Power Sector Memo	17	17	8/76	2/77	Cancelled	Cancelled	6ECURPSH1
	Water Sector Study	0	0	1/77	5/77	1/78	6/78	6ECUMWSV1
El Salvador	Tourism Sector Study	29	29	-	-	NS	NS	6ESLQOSV1
Guatemala	Tourism Sector Study	7	17	6/76	8/76	6/76	10/76	6GUAQOSV1
	Transport Sector Memo	4	22	10/75	8/76	10/75	10/76	6GUATSU1
	Water Sector Survey	9	27	5/75	7/75	5/75	7/75	6GUAMWSB1
Haiti	Education Sector Memo	20	20	11/76	12/76	11/76	12/76	6HAITEESH1
	Tourism Sector Study ^a	14	14	-	-	NS	NS ^b	6HAITTSV1
	Transport Sector Memo	8	8	9/76	11/76	1/77	4/77	6HAITTSV1
Honduras	Agr./Rural Devel. Survey	4	124	5/74	1/76	5/74	1/76	6HOSASB1
	Ed. Planning Study ^a	11	11	11/76	3/77 ^b	11/76	NS ^c	6HOSAESV1
Mexico	Manufacturing Sector Study	117	117	10/76	4/77	10/76	3/77	6MXCISV2
	Water Sector Survey	2	41	1/74	3/75	1/74	3/75	6MXDMSB1
Nicaragua	Agr. Sector Survey	10	108	1/75	10/76	1/75	10/76	6NICASB1
Peru	Agr. Sector Survey	19	50	3/76	10/76	3/76	2/77	6PERAASB1
	Ed. Plan Review	35	35	4/77	6/77	4/77	6/77	6PEREESH1
	Water Supply Sector Study	6	15	2/77	7/77	10/77	3/78	6PERWWSV1

Region/Country	Type of Report	Manweeks		Original Schedule (July 1976)		Current Schedule (Sept. 1976)		Identification Number
		FY77	Total	Mission a/	Report b/	Mission a/	Report b/	
LATIN AMERICA & CARIBBEAN - C.P. II								
Argentina	Power Sector Memo ^c	4	11	6/76	8/76 ^c	6/76	No Report	6ARGPPSH1
Bolivia	Telecom. Memo	9	43	4/76	8/76	4/76	9/76	6BOLCCSB1
	Transport Sector Memo	17	42	3/76	11/76	3/76	11/76	6BOLTTSH1
Brazil	Education Investment Study	45	45	2/77	5/77	2/77	5/77	6BRAEESK1
	Industry Subsector Study ^a	25	25	11/76	4/77 ^c	11/76	1/77 ^b	6BRAIISM1
Colombia	Agr. Sector Study	0	0	10/76	2/77	FY78	FY78	6CLHAASY1
	Industry Sector Memo	4	8	NS	9/76	NS	10/76	6CLHISM1
	Power Sector Memo	8	11	8/76	2/77	3/77	9/77	6CLHPPSH1
	Transport Sector Memo ^c	6	6	6/76	NS ^a	6/76	NS ^a	6CLHTTSH1
Grenada	Tourism Sector Review ^d	22	22	-	-	9/76	11/76 ^c	6GRDQSH11
Guyana	Agr. Strategy Study	43	43	10/76	NS	2/77	NS	6GUYAASY1
Jamaica	UNESCO Study ^e	12	12	7/76	10/76 ^c	8/76	10/76 ^c	6JAMEESY1
	Education Sector Study	21	21	-	-	11/76	1/77 ^c	6JAMEESY2
	Urban Devel. Study	77	77	9/76	3/77	11/76	5/77	6JAMUISY1
Trinidad & Tobago	UNESCO Study	42	42	7/76	11/76 ^c	7/76	11/76 ^c	6TRIEESY1
	Education Sector Study ^c	22	22	-	-	11/76	12/76 ^c	6TRIEESY2
Uruguay	Agr. Sector Memo	5	18	3/76	9/76	3/76	11/76	6URUAAAM1
	Urban Sector Memo ^c	5	17	3/76	NS ^a	3/76	No Report	6URUJUSH1
	Industry Sector Memo	2	10	3/76	9/76	3/76	12/76	6URUISM1

LATIN AMERICA & CARIBBEAN - Regional

CACH Agriculture Study	28	45	NS	NS	NS	FY77	6CENAASY1
Industry Subsector Review	8	43	9/75	7/76	9/75	9/76	6CENIISU1
Sanitation Sector Survey	7	50	4/74	4/75	4/74	4/75	6CENMWSB1

LATIN AMERICA & CARIBBEAN TOTAL

FY77 Manpower - Original Schedule : 874
- Current Schedule : 733

FY77 Report Completions - Original Schedule : Formal Memo - 12; Formal Study - 8; Formal Survey/ Review - 5; Other - 4.
- Current Schedule : Formal Memo - 9; Formal Study - 6; Formal Survey/Review - 6; Other - 8.

EAST ASIA & PACIFIC

Indonesia	Sumatra Agr. Study	59	59	10/76	1/77	10/76	2/77	7INSAAAY1
	Agro-Industrial Study ^c	6	38	11/75	NS ^b	NS	NS ^a	7INSAAAY2
	Agr./Rural Devel. Memo	18	24	NS	10/76	NS	10/76	7INSADSM1
	Land Settlement Analysis ^b	25	25	1/77	5/77 ^b	1/77	5/77 ^b	7INSADSY2
	Education Memo	12	12	3/76	8/76	3/76	10/76	7INSSESM1
	Industrial Sector Study	58	58	11/76	4/77	11/76	4/77	7INSIISY2
	Transport Sector Memo	4	6	NS	9/76	NS	11/76	7INSTTSH1
	Urban Devel. Study ^c	30	30	NS	NS ^b	NS	NS ^a	7INSUUSY1
	Water/Sewerage Memo ^d	4	6	3/77 ^c	-	NS	8/76 ^c	7INSWWSH1
	Water/Sewerage Review	3	59	4/75	8/76	4/75	2/77	7INSWWSU1
Korea	Agr./Rural Devel. Memo	22	30	NS	5/77	NS	5/77	7KORADSM1
	Education Memo ^d	4	12	6/76	7/76 ^c	6/76	7/76 ^c	7KOREESM1
	Industrial Export Study	36	44	2/77	5/77	4/77	NS	7KORISY1
	Transport Coord. Study	5	49	11/76	NS	11/75	12/76	7KORTTSY1
Malaysia	Agr./Rural Devel. Survey	44	48	4/77	8/77	4/77	11/77	7MAYADSY1
	Education Memo	34	37	3/77	NS	3/77	7/77	7MAYEESM1
	Tourism Sector Review	NA	8	4/76	7/76	4/76	7/76	7MAYQSSY1
	Transport Sector Memo	4	6	NS	12/76	NS	12/76	7MAYTTSH1
	Sewerage Study	5	53	3/76	1/77	3/76	10/76	7MAYWWSY1
	Water/Sewerage Memo ^d	6	6	NS	4/77 ^b	NS	4/77 ^b	7MAYWWSM1
Papua New Guinea	Agr./Rural Devel. Memo	5	9	NS	10/75	NS	10/76	7PARADSM1
	Transport Sector Study	36	36	NS	NS	NS	NS	7PARTTSY1
Philippines	Agr./Rural Devel. Memo	8	20	NS	12/77	NS	12/77	7PHLADSM1
	Financial Sector Memo ^d	14	14	1/77	NS ^a	NS	NS ^b	7PHLDDSM1
	Water & Sewerage Review	38	40	8/76	4/77	8/76	4/77	7PHLWWSY1
	Water & Sewerage Memo ^d	6	6	NS	11/76 ^c	NS	6/77 ^c	7PHLWWSM1
Thailand	Agr. Credit Study	3	5	3/76	2/77	3/76	2/77	7THLAASY1
	Irrigation Program Review	5	47	2/76	10/76	2/76	11/76	7THLAISY1
	Education Sector Survey	24	88	3/76	10/76	3/76	12/76	7THLEESY1
	Education Memo ^d	8	8	NS	11/76 ^c	NS	NS ^a	7THLEESM1
	Industrial Devel. Study ^c	36	44	4/77	9/77	4/77	9/77	7THLISY1 ^b
	Utilities Study	16	64	1/76	8/76	1/76	9/76	7THLPPSY1
	Highway Subsector Study	17	59	5/76	10/76	5/76	10/76	7THLTHSY1
	Transport Sector Memo	6	6	NS	2/77	NS	2/77	7THLTTSH1
	Water & Sewerage Review	2	55	2/76	8/76	2/76	8/76	7THLWWSU1
	Water & Sewerage Memo ^d	4	6	NS	3/77 ^c	NS	3/77 ^c	7THLWWSM1
Regional	Industrial Strategies Study ^a	28	30	NS	10/77 ^c	NS	10/77 ^c	7AENISY1 ^b

EAST ASIA & PACIFIC TOTAL

FY77 Manpower - Original Schedule : 611
- Current Schedule : 635

FY77 Report Completions - Original Schedule : Formal Memo - 6; Formal Study - 14; Formal Survey/Review - 2; Other - 11.
- Current Schedule : Formal Memo - 7; Formal Study - 13; Formal Survey/Review - 2; Other - 10.

Region/Country	Type of Report	Manweeks		Original Schedule (July 1976)		Current Schedule (Sept. 1976)		Identification Number
		FY77	Total	Mission a/	Report b/	Mission a/	Report b/	
Bangladesh	Irrigation Water Changes Study	21	21	-	-	8/76	10/76	BBANA1SY1
	Agr. Input Pricing Study	46	52	2/77	7/77	2/77	7/77	BBANAASV1
	Water & Sewerage Memo ^a	4	6	NS	8/77 ^a	NS	5/77 ^a	BBANWWSH1 ^a
Burma	Education Sector Survey	43	65	-	-	3/77	12/77	BBANEESB1
	Agr. Sector Study	96	96	2/77	9/77	2/77	9/77	BBUAAASV1
	Industry Sector Study	NA	40	4/76	8/76	4/76	10/76	BBUAI1SV1
	Water & Sewerage Memo ^a	4	6	NS	9/77 ^a	NS	9/77 ^a	BBUAWWSH1 ^a
India	Foodgrain Pricing Study	60	115	NS	NS	NS	NS	8INDAASV3
	Oilseed Processing Industry	5	10	NS	11/76	NS	NS	8INDAASV2
	Assam Agr. Review	4	78	2/76	8/76	2/76	8/76	8INDAASV2
	U. P. Foodgrains Study	125	125	1/77	9/77	1/77	9/77	8INDAASV2
	Bihar Foodgrains Study	72	76	9/76	3/77	9/76	3/77	8INDAYSV1
	Rural Training Study	60	60	NS	NS	NS	NS	8INDEESV1
	Urban Sector Study	64	68	2/77	8/77	4/77	9/77	8INDUISV1
Pakistan	Cotton Devel. Survey	14	14	-	-	2/77	NS	8PAKASB2
	Industry Sector Study	14	36	5/76	9/76	5/76	9/76	8PAK11SV1
	UNESCO Study	40	76	3rd Qtr.	NS	3rd Qtr.	NS	8PAKEESV1
	Water & Sewerage Memo ^a	4	6	NS	9/77 ^a	NS	9/77 ^a	8PAKWSH1 ^a
Nepal	Water & Sewerage Review	4	43	9/75	9/76	9/75	10/76	8NEPWSU1
	Water & Sewerage Memo ^a	6	6	NS	2/77 ^a	NS	NS ^a	8NEPWSH1 ^a
Sri Lanka	Export Crop Study	3	92	9/77	2/78	9/77	2/78	BSRIAASV1
	Tourism Study	9	9	1/77	3/77	Cancelled	Cancelled	BSRIQDSV1
	Water & Sewerage Memo ^a	1	3	NS	8/76 ^a	NS	7/76 ^a	BSRIWWSH1 ^a

SOUTH ASIA TOTAL

FY77 Manpower - Original Schedule : 630
- Current Schedule : 699

FY77 Report Completions - Original Schedule : Formal Memo - 0; Formal Study - 6; Formal Survey/Review - 2; Other - 3
- Current Schedule : Formal Memo - 0; Formal Study - 6; Formal Survey/Review - 3; Other - 3

TOTAL ALL REGIONS

FY77 Manpower - Original Schedule : 3495
- Current Schedule : 3871

FY77 Report Completions - Original Schedule : Formal Memo - 42; Formal Study - 55; Formal Survey/Review - 16; Other - 54
- Current Schedule : Formal Memo - 39; Formal Study - 54; Formal Survey/Review - 20; Other - 60

^a Indicates informal reports; i.e. reports which are prepared in only back to office or white cover.

a/ Date under Mission indicates month of main mission departure.

b/ Date under Report indicates month of final internal cover completion. All reports, except the informal reports marked with an asterisk, are formal reports which are prepared in at least green or yellow cover.

OFFICE MEMORANDUM

McN fill

TO: Mr. S. Burmester

FROM: A. Kundu (through W. Tims, *W. Tims* Director EPD)

SUBJECT: Social Indicators in "World Economic Indicators"

DATE: October 29, 1976

1. Mr. McNamara requested Mr. Chenery (see attached) if we could maintain and update comparative social indicator data in our World Economic Indicators in a format as used by UNRISD. This can be done. We propose therefore an expanded comparative social indicator table utilizing all the available information in our Data Bank. The proposed format of the table is enclosed for Mr. McNamara's consideration.

2. We have selected 37 social indicators from our regular Data Sheet. As has been done in the "World Tables", we think the comparison of indicators will be most useful if we show "adjusted group averages" by income groups of countries instead of UNRISD's medians for all countries. The adjusted group averages are population weighted geometric means derived for each group of countries but excluding the largest country and extreme indicator values, in order to reflect the group characteristics in a more representative manner. The income groups proposed are \$0-199, \$200-499, \$500 and above for developing countries, oil exporters, and developed countries according to 1975 per capita GNP.

3. In the proposed format data will be shown for 1960 and most recent estimate (generally 1970-75), and the percentage change over the period for countries with data for both years. It will be possible to expand the table showing data for 1960, 1970 and most recent estimate (generally 1975) in 1978 when we shall have better coverage of recent data. Although the proposed Data Sheet does show percentage changes between years, we consider it inadvisable to carry those since the most recent estimates do lack adequate coverages and changes shown may be rather spurious. The proposed table shows only some group average values from the World Tables as a sample. Incidentally, it is also possible, as in the World Tables, to show comparisons by geographic regions such as developing countries of Africa, Asia, Europe and Middle East, and Latin America, if you think these will be of sufficient interest.

4. If you agree, we shall include the comparative social indicator table at the earliest possible time in the World Economic Indicators.

Attachments

cc: Messrs. Chenery ✓
 Karasmanoglu
 McPheeters (o/r)
 T. King

cc: and cleared with Mr. Lee *Lee*

OCT 15 1976 10/12 To Dr. Phelan

Could this information (original source UNRISD) be incorporated up to date by the Bank and added to our "World Economic Indicators" report.

13

To reach the 1970 level of CBR 30 countries To reach the 1970 level of CBR 20 countries

In infant mortality	28 years	53 years
In school enrollment	8	13
In GDP per capita	22	38

Comparison of Development Indicators, 1960-1970

	No. of Countries*	Median 1960	Median 1970	Percentage change
<u>Demography</u>				
Crude birth rate	26	46.0	42.0	-9%
Crude death rate	22	11.8	9.8	-17%
Dependency ratio (under 15 plus over 65 as % of 15-64)	55	86.6	90.8	+5%
<u>Health</u>				
Expectation of life at birth	17	57.0	61.4	+8%
Infant mortality rate	15	80	68	-15%
Inhabitants per physician	46	7,730	6,212	-20%
<u>Food & Nutrition</u>				
Calorie consumption (per capita/day)	34	2,110	2,310	+9%
Protein consumption (per capita/day)	33	55.9	61.3	+10%
<u>Education</u>				
Primary enrollment as % of age group 5-14	46	42.5	63.9	+50%
Combined primary & secondary enrollment as % of age group 5-19	57	35	45	+29%
Female, as % of total primary enrollment	39	34.0	39.0	-15%
Literate, as % of total pop. (age 15 & over)	14	61%	74%	+21%
<u>Economy</u>				
GNP per capita	44	\$197	\$285	+45%
Energy consumption (kg. of coal equivalent per capita)	73	139	206	+48%
Adult male labor in agriculture, as % of total male labor	24	60%	54%	-11%
<u>Communication</u>				
Radio receivers per 1000 pop.	38	53	87	+64%
Newspapers ("daily general interest"), circulation per 1000 pop.	41	12	16	+33%

*Developing countries for which data available for both years.

COMPARATIVE SOCIAL INDICATORS
(adjusted country group averages)

Page 1

Indicators	Developing countries					
	Income Group \$0-199		Income Group \$200-499		Income Group \$500 & above	
	1960	Most recent estimate	1960	Most recent estimate	1960	Most recent estimate
GNP per capita (US\$ at 1975 prices)						
<u>Population</u>						
Growth rate (%) - total					2.1	2.0
- urban					4.5	4.3
Density (/sq.km)- total land					27.5	34.8
- agric. land				
Urban population (% of total)					39.6	50.5
<u>Vital Statistics</u>						
Crude birth rate (/000)					38.3	32.9
Crude death rate (/000)					11.4	9.8
Infant mortality rate (/000)					80.8	55.6
Gross reproduction rate				
Life expectancy at birth (Yrs.)					55.6	61.4
<u>Employment & Income</u>						
Dependency ratio - age					1.4	1.4
- economic				
Labor force in agr. (% of total)					48.9	38.1
Unemployed (% of labor force)					4.7	5.8
Income received by - highest 5%				
- lowest 20%				
<u>Health & Nutrition</u>						
Population per physician					2093	1729
" " nursing person					1790	1508
" " hospital bed					425	406
Per capita per day supply of -						
calories (% of requirements)					100.8	103.2
protein (grams) - total					65.7	68.2
" - from animal & pulse					26.7	29.3
Death rate (/000) ages 1-4 yrs.				
<u>Education</u>						
Adj. enroll. ratio - primary					78.8	94.4
- secondary					17.0	33.7
Vocational enroll. (% of sec.)					15.7	14.5
Adult literacy rate (%)					51.4	70.3
<u>Housing</u>						
Persons per room - urban				
Occupied dwellings w/o water				
Access to electricity (%) - all				
- rural				
<u>Consumption</u>						
Radio receivers (/000 pop.)					74	145
Passenger cars (/000 pop.)					9.6	22.9
Electricity (Kwh/yr. per capita)					299.4	597.3
Newsprint (kg/yr. per capita)					1.6	3.2
<u>Memo item</u>						
Population - <u>Group total</u> (mill.)					240.4	309.4

+28.7(26)

COMPARATIVE SOCIAL INDICATORS (continued)
(adjusted country group averages)

Page 2

Indicators	Oil Exporters		Developed countries		All countries	
	Most recent 1960 estimate	% change (countries with data for both Years)	Most recent 1960 estimate	% change (countries with data for both Years)	Most recent 1960 estimate	% change (countries with data for both Years)
<u>GNP per capita (US\$ at 1975 prices)</u>						
<u>Population</u>						
Growth rate (%) - total						
- urban						
Density (/sq.km) - total land						
- agric. land						
Urban population (% of total)						
<u>Vital Statistics</u>						
Crude birth rate (/000)						
Crude death rate (/000)						
Infant mortality rate (/000)						
Gross reproduction rate						
Life expectancy at birth (Yrs.)						
<u>Employment & Income</u>						
Dependency ratio - age						
- economic						
Labor force in agr. (% of total)						
Unemployed (% of labor force)						
Income received by - highest 5%						
- lowest 20%						
<u>Health & Nutrition</u>						
Population per physician						
" " nursing person						
" " hospital bed						
Per capita per day supply of -						
calories (% of requirements)						
protein (grams) - total						
" - from animal & pulse						
Death rate (/000) ages 1-4 yrs.						
<u>Education</u>						
Adj. enroll. ratio - primary						
- secondary						
Vocational enroll. (% of sec.)						
Adult literacy rate (%)						
<u>Housing</u>						
Persons per room - urban						
Occupied dwellings w/o water						
Access to electricity (%) - all						
- rural						
<u>Consumption</u>						
Radio receivers (/000 pop.)						
Passenger cars (/000 pop.)						
Electricity (Kwh/yr. per capita)						
Newsprint (kg/yr. per capita)						

Memo item

Population - Group total (mill.)

R. McPherson

10/26

Please reply.

OCT 15 1976

10/14 To Dr. M...
 Could this information (origin
 source UNRISD) be incorporated
 up to date by the Bank and added
 to our World
 Economic
 Indicators
 report.
 L...

10/15
 cc: AK
 T...
 DO reply

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*Developing countries for which data available for both years.

OFFICE MEMORANDUM

W. Leontief

TO: Mr. Robert S. McNamara

DATE: October 27, 1976

FROM: Hollis B. Chenery *HBC*SUBJECT: The Leontief Report

I have now discussed with Tims and Carter the meetings that took place in New York last week on the Leontief report (The Future of the World Economy) and can give you a preliminary assessment of its possible usefulness to the Bank and the U.N. Carter's report of the meeting is attached.

It is necessary to make a sharp distinction between the research that led to the model used in the report and the report itself. The model was originally designed to study the relation between development, resource use and pollution, using a detailed input-output framework. The input-output technique--with which I have worked for many years--is particularly adapted to the analysis of changes in the structure of production and trade, and most of the research effort went into the construction of regional input-output matrices. The macroeconomic aspects of the model, however, are rather crude compared to the Bank's models and are largely supplied by hypothesis in the present study. This is particularly true of the balance of payments and capital flows.

The basic assumptions as to growth rates, aid flows, etc., were largely supplied to the research team by the U.N. Center for Development Planning and are politically motivated. They are not necessarily endorsed by the research team. When I discussed the preliminary results with Leontief in Stockholm last June, he tended to disown the aggregate assumptions as being imposed by the U.N. and said that the research team was only doing the calculations that it was instructed to do. As Carter indicates, the report in its present form was largely written by the U.N. staff and its publication in advance of discussion with outside experts seems to have been politically motivated. Thus, although the underlying research is much more scientific than that of the first two Club of Rome studies, some of the assumptions imposed on the model suffer from the same lack of plausibility.

Future work. I think that we should give full support to the further development of the Leontief model and to its use under more realistic assumptions. We retained Petri and Stern as consultants to the Bank several months ago in order to use their data in our research on industrialization and employment. I will be discussing forms of collaboration with the U.N. in the next several weeks.

Attachment

HBChenery:di

OFFICE MEMORANDUM

TO: Mr. Hollis B. Chenery

DATE: October 26, 1976

FROM: Nicholas G. Carter SUBJECT: Back-to-Office Report - Meeting of the Ad Hoc Expert Group on
The Future of the World Economy, 18-20 October 1976

On October 18 and 19 I attended the meeting of an Ad Hoc Expert Group held at the U.N. in New York. The topic of discussion was the document entitled The Future of the World Economy, prepared by a research team headed by Professor Wassily Leontieff. The experts included Chakravarty, Klein, Linnemann, Ridker, as well as others who have been active in the field of global modelling; a list of experts and observers is attached. The meeting was chaired by Linnemann.

Status of the Document

The report describes the work of the Leontieff team and some of the results of their model of the world economy. The purpose of the model is to provide a consistent projection framework for the world economy from 1970 to 2000. Although a great deal of careful and thoughtful work has gone into the formulation of the model, it still is far from being satisfactorily complete. In actual fact, the report was written rather hastily by the UN Center for Development Planning, Projections and Policies (UNCDPPP) and, if an analogy can be drawn, is approximately related to the actual model in the same manner that Limits to Growth was related to its' model. The motivation for premature publication and perhaps significant overstatement of the conclusions appears to have been to upstage the Tinbergen RIO report which is due for release in the near future. The report, slightly edited from the version we received, was already at the printers and scheduled for mass distribution within the next few weeks. It will therefore not reflect the criticisms and suggestions of the expert group.

Purpose and Cost of the Study

The study was originally commissioned somewhat over three years ago (i.e. before the onset of the "energy crisis"). Its original purpose was a UN response to the "Limits of Growth" with particular focus on the relationship between development and the environment. Subsequent developments in the world economy suggested that the framework should also incorporate a somewhat broader set of questions, including the development outlook for the poor nations of the world. The chief researchers, Wassily Leontieff of New York University, Anne Carter and Peter Petri of Brandeis University, began substantive work about two years ago and produced a first model run late in 1975. Subsequently they worked out a number of "alternate scenarios" at the request of the UNCDPPP while the report was being written.

Press reports place the total cost of the project at \$500,000. My impression after talking to the researchers is that the funds were exhausted some time ago and that the project was continued, largely without charge, by the researchers because of their personal interest in seeing it completed. In addition, the study is not as complete as was intended originally. Thus, the real cost of the study should be reckoned for comparative purposes at well over \$1 million.

Comments of the Expert Group

About half of the meeting time was taken up by representatives of the various members of the UN family who reiterated the objectives for the coming decades of their particular organization and who generally criticized the fact that their particular objectives had not been explicitly built into the model. Particularly noticeable in this respect were ECE, UNIDO, ECLA, ILO, UNITAR and UNEP. The response both from the research team and from the experts was that such objectives could be built into the model, that the model was in fact intended to provide a consistency framework for such objectives and that the limited experiments that had been done seemed to indicate that there were significant inconsistencies and infeasibilities both within as well as between many of the agency objectives.

The balance of the discussion centered first on trying to discover what exactly the model was (as distinct from the vague generalizations of the report) and then to critique it both in a theoretical as well as an operational sense. In general it was agreed that there are weaknesses in the areas of employment, trade, prices, in supply and capacity constraints and in the intertemporal dynamics of the model. Prices, for example, do not enter into the system and there is no mechanism to allow demand structures to be affected by prices. The model generates relative costs based on resource scarcities and on technological progress, these are then run through the North American matrix (one of fifteen regional matrices) to produce a vector of relative "prices" for the entire model. These prices are used only to translate the import and export aggregates into balance of payments gaps; the model has no inflation (aside from the secular interplay of resource scarcities and technological improvements) and yet external debt is charged at 8% per annum. A point which puzzled many experts and for which there was no immediate answer is that the implicit ICORs rise throughout while the relative price of capital goods is falling.

Other significant criticism centered on the fact that the model was essentially being guided towards North American technologies of both production and consumption, that its trading patterns were biased towards the status quo of 1970, and that it was impossible to discern an unbiased "base-case" scenario, or even to figure out where the initial viable and feasible space lay. The general consensus was therefore that much more work is required both in improving the theoretical structure as well as in allowing the system to truly reflect the policy implications of specific world development objectives. The model is not something which as yet can be taken seriously for policy purposes.

The Model and its Projections

The model is an input-output system of approximately 300 equations repeated for fifteen regions and for the four decade years 1970-2000. The regions are only roughly similar to those which we use for Prospects; significant work would have to be done to make them compatible. The technical coefficients were derived by repricing the input-output matrices of eight countries included in the ICP study and then regressing the weighted row sums against Atlas GNP/capita for 1970 to get "input-output adjusters". Each of the fifteen regions has an average income per capita which thus determines its technical coefficients. For non-food consumption a similar technique was used. For income levels beyond 1970 North America, U.S. cross-section consumption estimates were used, while future technical coefficients were taken from the Ridker/RFF study of the U.S. Calibration with actual 1970 data was done only for agriculture and for trade flows; gross outputs are thus "synthetic" and in many cases are quite distorted. Employment coefficients were obtained from cross-sections and for regions below \$1500 per capita non-urban employment is omitted. The model is solved for each of the four years, but the connection between the four "snapshots" is limited to calculating the necessary capital stock and thus the required investment demand, to the depletion of certain natural resources and thus to the increases in relative costs, and to the crude calculation of debt and debt service.

The initial run of the model, named "scenario A" assumes a continuation of existing trends and requires that the external accounts of the developing nations be roughly in balance. This allows the Third World an annual growth rate of 3.1% per capita, exactly the same as emerges for the developed world. This is the only immediately feasible scenario, but has been rejected as representing the "old world order". Focus then shifts to "scenario X" which incorporates target rates for the developing nations of 6% gross and 3.5% per capita annual increase in GDP and without constraining the balance of payments. This scenario requires the developed nations also to grow at 3.5% per capita, requires over-employment in those countries and produces an LDC payments deficit of close to \$200 billion (1970 relative prices) in the terminal year, 2000. (Expressed in the relative prices of 2000, excluding OPEC, and calculating with a "real" interest rate of 3%, the NOLDC deficit would be more like \$150 billion). The rest of the Scenarios are attempts to eliminate the balance of payments deficit while at the same time reducing the income per capita gap. As no scenario seems capable of this, the report then concludes that the model shows that "new world order" is necessary.

The Model and IBRD's Economic Work

As far as the DPS is concerned, I think that it would be wise to take this model more seriously than would be warranted by the technical evaluations thus far. The researchers and the "experts", unlike the case with most world models, are all top notch people and, given sufficient finance, may well be able to produce a coherent and meaningful model in the near future. In addition, it would appear likely that regardless of the technical soundness of the model, it will, through the auspices of the CDPPP, become the framework for the UN "Plan 2000" and thus

may well produce a framework for development action for all the UN family, including the Bank. Finally, the structural nature of the system is such that, if properly done, could provide a useful external framework for our Prospects exercises.

I would propose the following steps:

1. We should attempt to clarify and pin down the technical structure more clearly than was possible at the conference and should at the same time investigate the possibilities of putting the model on our own computer. To this end I propose to send Mr. Gupta to Brandeis for a couple of days to talk to Carter and Petri.
2. We should then investigate the feasibility of and subsequently carry out a reconciliation of the model with our own Prospects/SIMLINK framework.
3. If the first two prove successful, we should run the model, using an IBRD framework, on a regular basis.

Attachment

cleared and cc: Mr. Tims 

cc: Mr. Knapp
Mr. Baum
Mr. Cargill
Mr. Clark
Mr. Stern
Mr. Karaosmanoglu
DPS Directors
Mrs. Hughes
Mr. Burney
Mr. Grenfell
Mr. Ohlin
Mr. McPheeters
EPD Division Chiefs

NGC/cl

15 October 1976

AD HOC EXPERT GROUP ON THE
FUTURE OF THE WORLD ECONOMY
New York, 18-22 October 1976

LIST OF PARTICIPANTS

Experts

- Professor Sukhamoy Chakravarty, Member, Planning Commission, INDIA
- Monsieur Michel Courcier, Centre Français du Commerce Extérieur,
Paris, FRANCE
- Dr. M.M. El Imam, Minister of Planning, Cairo, Arab Republic of EGYPT
- Professor Emilio Fontela, Battelle Centre de Recherche de Genève,
SWITZERLAND
- Professor Lawrence R. Klein, Benjamin Franklin Professor of Economics,
University of Pennsylvania, Philadelphia, UNITED STATES
- Professor Hans Linneman, Professor, Economic and Social Institute,
Free University, Amsterdam, NETHERLANDS
- Dr. Mihajlo Mesarovic, Systems Research Centre, Case Western Reserve
University, Cleveland, Ohio, UNITED STATES
- Professor Krzysztof Porwit, Director, Institute of Economic Research,
Planning Commission of the Council of Ministers, Warsaw, POLISH
PEOPLE'S REPUBLIC
- Dr. Ronald Ridker, Resources for the Future, Washington, D.C.,
UNITED STATES
- Professor S. Shishido, Professor, Tsukuba University, Tokyo, JAPAN

Consultants to the United Nations

- Professor Wassily Leontief, Professor of Economics, New York University
- Professor Anne Carter, Professor of Economics, Brandeis University,
Waltham, Mass.
- Professor Peter Petri, Professor of Economics, Brandeis University,
Waltham, Mass.

Observers

Representatives of Regional Economic Commissions

Economic Commission for Europe:	Mr. Janez Stanovnik
Economic Commission for Latin America:	Mr. Manuel Balboa
Economic Commission for Africa:	Mr. Christopher Gerrard
Economic and Social Commission for Asia and the Pacific:	Mr. Ian McDougall
Economic Commission for West Asia:	Mr. Basim Hannush

Representatives of organizations of the United Nations System

United Nations Industrial Development Organization:	Mr. A.J. Aizenstat Mr. Young Rin Cho
United Nations Environment Programme:	Mr. Philip Ndegwa
United Nations Conference on Trade and Development:	Mr. Vrudhula Sastry Mr. Francois Le Guay
Food and Agriculture Organization:	Mr. J.P. O'Hagan
United Nations Educational, Scientific and Cultural Organization:	Mr. Erwin S. Solomon
World Health Organization:	Mr. S. Malafatopoulos Mrs. Vera Kalm Mr. Norman Graham
International Bank for Reconstruction and Development:	Mr. Nicholas Carter
International Labour Organization:	Mr. M. Hopkins
UNITAR	Mr. Phillips de Seynes

Representatives of Other Inter-governmental Organizations

Organization for Economic Co-operation
and Development:

Mr. Jacques Lesourne
Mr. Duncan Miller

International Institute for Applied
Systems Analysis:

Mr. Morris Norman
Mr. Kirit Parikh



Record Removal Notice



File Title Hollis B. Chenery Papers - McNamara discussions / notebooks / memoranda - 1976 (July - December)		Barcode No. 30235183		
Document Date Oct. 27, 1976	Document Type Memorandum			
Correspondents / Participants From: Hollis Chenery To: Robert McNamara				
Subject / Title Replacement for Wouter Tims				
Exception(s) Personal Information				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td>Withdrawn by Ann May</td><td>Date 13-Jan-17</td></tr></table>	Withdrawn by Ann May	Date 13-Jan-17
Withdrawn by Ann May	Date 13-Jan-17			

Meeting to Discuss Future Work on Development, October 22, 1976

Present: Messrs. McNamara, Chenery, Clark, Stern

Mr. McNamara said that we should think of a dramatic change in the intellectual leadership role of the Bank over the next five years. In this context, he asked Mr. Chenery to prepare a work program, including a timetable and assignment of responsibility, for further discussion within the group of the following items:

- 1. ^{Haq} theme for the Governors' speech 1977;
- 2. extension of the prospects work;
- 3. "prospects and progress for development in LDCs"--this would be similar to but still different from the prospects paper;
- 4. ^{Stern} work to be undertaken by the Development Committee;
- 5. approach to the recently established ad hoc group at the ACC--Mr. Chenery or someone designated by him should represent the Bank on the ad hoc group. The ad hoc group would prepare for a discussion at the Spring session of the ACC of the development programs of the UN system and the degree to which they were likely to achieve the established goals, such as the ILO resolution on basic human needs. The work of the ad hoc group should be seen within the framework of the Leontief report;
- 6. Mr. Haq's work program on follow-up of the Manila speech;
- 7. the population speech for which Mr. T. King was preparing an outline for discussion with Messrs. McNamara, Chenery and Karaosmanoglu at 10:00 a.m. on Thursday, October 28;
- 8. approach to the Third Development Decade or possibly an alternative to the Third Development Decade, such as meeting basic human needs or eliminating absolute poverty by the end of the century;
- 9. a planned series of discussions of prospects for development in the Board;
- 10. establishment of the Brandt Commission; and
- 11. establishment of an advisory group on development. (research & policy)

Mr. McNamara said that he wanted Mr. Stern to continue to be responsible for the Development Committee.

Mr. Stern said that the 11 items could be seen under one umbrella, namely what is required to eliminate poverty. We had not done much work related to this and we did not even know whether it was possible or even desirable. The question was how to interrelate the strategies for food, employment, energy, etc. This could be used as the theme for the Governors' speech, for work of the Development Committee and for the Third Development Decade. He felt that it was very important that a working group of two or three senior people be established to carry out the work. Mr. McNamara agreed.

Mr. Chenery said that he would prepare a memorandum on the work program for discussion before October 29.

Amendment Oct 23: Prepare background paper first. Work program after discussion

cc: Messrs. Chenery, Clark, Stern

Dec 13 Memo. to McN

SB

October 22, 1976

Hollis B. Chenery, Vice President, Development Policy

INDIA Country Program Paper: Major Policy Issues

1. As this CPP notes, there has been real progress in India's economic situation over the past year and there are reasonable prospects for further improvements. We therefore endorse the paper's main recommendations on the size of the IBRD lending program and changes in its sectoral composition. However, the main issue concerns the underlying assumption in the paper that India's share of IDA must remain at 40 percent. If India can sustain and reinforce the progress of the past few years, it may be necessary, on grounds of equity, to reopen the possibility of an increase in this share.

India's Medium-Term Outlook

2. According to the CPP, progress has continued along the lines predicted last year in agricultural development as well as in domestic substitution for imported fertilizers and steel. In two other key areas advances have been even greater than expected; export policies and performance have improved markedly, and the prospects for petroleum production are much brighter. Taken against the background of high food stocks and growing foreign exchange reserves, this means that the foreign exchange situation for the next few years is likely to be easier than it has been for a long time. This gives the country a realistic option of choosing between two major strategies. It can either reinforce its previous efforts to reduce reliance on imports and foreign aid, or it can plan for higher growth based on more efficient investment and liberalization of imports and investment licensing. We consider that a major objective of the Bank's dialogue with India should be to encourage the latter course of action.

Creditworthiness and IBRD Lending

3. Annex I of the CPP supports the conclusion that India's creditworthiness prospects have improved since last year. (The increased authoritarianism of the Central Government, however, has probably increased the political risks.) We concur that IBRD lending at about \$200 million a year is justified as long as export performance continues to be reasonably good and prudent borrowing policies are maintained. However, as the annex emphasizes, the most crucial factor in determining the viability of the Indian economy is agricultural output. The 1.5 percent growth rate of foodgrain production achieved over the past five years appears to be the minimum consistent with economic viability. Until this rate can be increased significantly, India's creditworthiness will remain too limited to permit large amounts of borrowing on conventional Bank terms. As for the CPP's proposal of a \$300 million IBRD program in FY77, we accept the argument that (with the

phasing proposed) the Bank's exposure by FY82 would not be unduly increased. However, such an increase this year could give a misleading indication of our intentions to the rest of the financial community. Moreover, the proposal may present difficult problems of re-programming for other countries in FY77.

Program Lending

4. The proposal for reduced program lending in FY77 and beyond rests mainly on the use of this form of lending to facilitate the Bank's dialogue on export and investment policies. In general we concur with this view but feel that the case needs to be evaluated each year in light of the policy measures taken. For example, program loans in FY77 or FY78 of the magnitudes proposed might well be justified as an inducement and support for further liberalization of import and investment policies. But this should require more decisive policy steps than the CPP indicates are likely in the near future.

The Case for More IDA in the Medium-Term

5. In the medium-term, a better vehicle for supporting the policy dialogue would be the possibility of increasing India's share of IDA. Given the constraints facing IDA in FY77, recognize that an increase in India's IDA allocation above the 'traditional' 40 percent is not feasible this year. But, as the CPP points out, India's total per capita receipts of concessional aid are very low. Moreover, at least through 1974, India's share of total aid had declined steadily for a number of years and the absolute level fell in real terms. (See Table I). This was, of course, due in part to India's policy of autarchic development and partly to the reaction of India's donors to its disappointing performance. That situation now seems to be changing. If the progress of the past two years can be reinforced through the stimulation of a more efficient use of resources, India would be able to make effective use of increased aid. Thus, the existing equity case for increased concessional aid to India, would be substantially strengthened on productivity grounds. There remains, of course, real concern about the impact of recent domestic political developments in India on the willingness of some donors to increase aid. However on the assumption that this will not prove to be an overriding obstacle, we urge that in the discussions of the Fifth IDA Replenishment, the door be kept open for an increase in India's share beyond 40 percent, to be clearly conditional on further progress by India in the direction of export promotion and liberalizing its imports and investment policies. If the World Bank cannot itself increase the share of its concessional aid to India if it is justified by performance, its recommendations to other donors to reallocate aid in favor of the poorest countries will have a hollow ring.

Table 1

Distribution of Grant Equivalent Commitments of Total Concessional Assistance
1967-74 to 89 Borrowers of the IBRD 1/

By Income Group 2/	No. of Countries	Percent of Population	Percent of Total Commitments			
		1970	1967-69 Average	1970-72 Average	1973	1974
<u>I. Oil Importers</u>						
A. Under 200 p.c.						
India	1	32.0	17.5	14.4	12.8	9.9
All Other	39	23.5	26.7	29.1	32.7	36.3
B. \$200-\$300 p.c.	14	8.8	17.3	18.5	21.7	26.0
C. Over \$300 p.c.	28	21.9	25.9	21.8	19.7	17.0
Subtotal	80	86.2	87.4	83.8	87.0	89.2
<u>ii. Oil Exporters</u>						
Indonesia (under \$200)	1	6.9	5.5	9.9	8.3	6.0
All Other	8	6.9	7.1	6.3	4.7	4.8
Subtotal	9	13.2	12.6	16.3	13.0	10.8
<u>iii. Grand Total</u>	89	100.0	100.0	100.0	100.0	100.0
Memo Item: Total in Billion \$ (Current prices)			4.91	5.84	8.74	12.85

1/ Includes Bilateral ODA, OPEC, and all Multilateral commitments. Data are from OECD sources, with some estimates by the IBRD staff for the grant equivalent of OPEC commitments. The sample of 89 countries covers about 85 percent of all concessional assistance. The main exclusions are the countries of Indochina and the overseas territories of France, Netherlands, the U.K. and the U.S.

2/ Based on 1970 per capita income levels.

Composition of the Program

6. The shifts in sectoral emphasis proposed by the CPP are commendable. Agriculture certainly warrants the top priority it is now accorded. If additional staff inputs are required to implement this program as indicated (para. 66), we would support such increases - so long as the dialogue with the Government on sector policies and project implementation continues to be good. We also concur that the probable impact of continued high lending activity in telecommunications and railways is likely to produce smaller incremental benefits than increased lending in agriculture, energy, urban development and family planning.

Economic Work Program

7. The economic work program presented in Attachment 5 represents an impressive effort to relate economic work to India's main development problems and to the main concerns of the Bank. We have one additional suggestion. In view of the great importance of food supplies to India's economic viability, we propose that a study be undertaken of past and projected balances (production, imports, exports and consumption) for all major foodstuffs, and of policy measures that might be needed to stimulate optimum production of all food supplies, not just foodgrains.

cc: Management Review Group

JAEdelman/HBChenery:ag

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
FROM: Hollis B. Chenery *HBC*
SUBJECT: Berelson Report

DATE: August 13, 1976

I think you will find the attached comments on the
Berelson Report interesting.

Attachment

HBChenery:nff

OFFICE MEMORANDUM

TO: Mr. B. Berelson
DATE: July 30, 1976

FROM: Timothy King

SUBJECT: Report of the External Advisory Panel on Population: Some
Belated Comments

1. I like the Report very much indeed. Its tone is, for the most part, candid but fair, its comments are generally perceptive and its recommendations valuable. In one or two places, your wording is perhaps on the harsh side - e.g. the first sentence of recommendation 6a on page 54 - but I gather that you have already been taken to task by various Bank staff for this and other points. In one or two other places, I feel a little defensive. We are certainly not trying to keep research results hidden from the world. The list of papers we gave the Panel covered a period immediately following the White Paper, which had utilized much of our research results up to then, and included several contributions to other work such as that of our Department's Urban Task Force. I must acknowledge, however, that a perennial temptation in the Bank, particularly when one is understaffed, is to start too much, to circulate a draft or a Working Paper and then go on to other things. Since the incentive structure, in the DPS at least, now puts much more weight on completing work for publication than it used to, the problem has become less serious than it was six years ago; but I still appreciate that we are in danger of getting overrun with first drafts.

2. Since you have already had prolonged discussions of the Report with Bank staff, there must be little I can add by way of comment that you have not heard before. I believe that others have urged you to clarify your organizational recommendations, especially recommendation 12. I have personally been unable to understand how you envisage a "special senior officer" functioning within the present structure of the Bank, or what relationship he would have to the relevant Vice-Presidents, both of whom appear to me to be individually, as well as officially, actively concerned about population issues, and who are both capable of reporting to the President on all aspects of the subject. It seems to me that the role that you are advocating for this officer is essentially the one that the Panel is now playing, and, I hope, will continue to play. To the degree that the role is meant to be purely advisory, it is best not placed permanently in the bureaucratic hierarchy. This is bound to create questions of mandate and authority, and is not likely to improve the poor record of the population staff in cooperating with each other or with other parts of the Bank. Incidentally, in this regard, we have not felt isolated from other

parts of the Bank - we have had very good relations with the Rural Development Department and several of us have participated in their project missions. In recent months, Mr. Moran has been working on the design of a monitoring and evaluation system which would eventually measure the impact of a Brazilian rural development project on fertility, as well as other project objectives.

3. I found some of your recommendations particularly welcome. It is indeed time that Mr. McNamara speak publicly again about population. The fact that he did so very frequently from 1968-72 and has not done so since seems to have created the quite false impression in some population quarters that his belief in the efficacy of direct action (as distinct from general development) is waning. Obviously I welcome your emphasis on a larger research effort, and especially on the desirability of attempting to measure the population impact of its social sector activities by taking advantage of the Bank's wide range of development-promoting activities as "natural experiments".

4. We have been thinking a good deal about how we can exploit these opportunities more effectively. One way is to utilize the growing number of monitoring and evaluation units and to try to collect a wider variety of data; this has been one motive for our work on household surveys. In this respect we have recently been thinking of this as an efficient way to organize the collection of cross-section data, even while recognizing that collecting longitudinal data has ultimately greater research potential. We have not given enough attention to the methodological issues associated with longitudinal research. Should we follow panels of households in project and in non-project areas? Alternatively, can we rely on measuring fertility levels periodically in project and non-project areas?

5. If your Panel has any guidance to supply here, we should receive it most willingly. I personally think that unless we can develop a sharper set of behavioral hypotheses to test, we are not going to be able to utilize the research potential of project experience very effectively. Aren't we roughly in the following position? We know that enough "general development" will bring down fertility, and can find a host of plausible explanations why. But "development" is too broad a prescription to make for population policy - we're trying to develop as fast as we can anyway, and it takes too long; and present rates of population growth might prevent some countries, especially in South Asia, from ever attaining the levels of general development needed for major fertility reduction. Fortunately - but teasingly - we also know that no single one of the social conditions associated with high levels of general development - whether low infant and child mortality, or high literacy rates or income levels etc. - is absolutely necessary to fertility reduction, since we can find

historical circumstances where fertility fell without any one particular condition being achieved. So the challenge is to find the most efficient way of bringing down fertility by achieving enough of one or more of the general development targets while others remain at a low levels.

6. If "general development" is too blunt an instrument to be of much use in policy prescription, what about the somewhat more precise suggestions of the Panel: "lower infant mortality", "basic education", and "increased income"? I am, frankly, not sure that they go far enough in the direction of refined policy instruments to be very usable. We know that there is a widespread but not universal negative correlation between education levels and fertility. What does this tell us about lending priorities? I don't think we can answer this without a clearer idea of how education affects fertility. Do we know whether education works primarily by "modernizing" the outlook of those who receive it, independent of their later economic circumstances, or primarily by increasing the opportunity cost of a woman's time spent in child-rearing? The difference between these two is of considerable significance. Many of the countries which would like to borrow from the Bank for education presently face extensive unemployment of secondary and college graduates. The economic case for expanding education above the primary levels is therefore weak. If, however, one was convinced that there might be fertility benefits, perhaps some otherwise marginal projects might be justified. However, one would need to be able to attach some order of magnitude to the probable effects on fertility of, say, expanding secondary education for girls if one wished to justify such a project in circumstances where it was likely that the products of these schools would spend their lives in very similar occupations to the products of primary schools now.

7. If I understand what the Panel is saying in this regard, you consider the primary stage of education as much more critical than the secondary. Does this carry the implication that you believe that it is the "modernizing" rather than the "economic" benefits of education that is the key for fertility reduction? My own view is that we need much more research at a household level before we can be confident enough of such a finding to be able to utilize it to guide the Bank in its lending program in other sectors.

8. I also welcome your recommendations with respect to a more explicit recognition of the health delivery nature of our population projects.^{1/} Do you think we are moving towards some sort of general consensus that the most sensible delivery system for family planning is a reformed health delivery system, relying on a fairly dense network of service points, utilizing paramedicals who have an integrated set of duties to perform in a limited area?

1/ The experience of the IDB is instructive. It finances family planning activities routinely as part of health projects, and has, we understand, an ample demand for loans. In this respect, I think the report is very wide of the mark on p. 31 in asking the Bank to encourage the IDB to enter this field.

Such a view would be, supported by, first, the observation that the number of service points seems to be the only thing that seems to show up consistently across regions and across countries in accounting for differentials in family planning acceptance. And second, perhaps a consensus is emerging that even relatively poor countries can afford such a network. It seems that simple preventive health tasks can be performed, rudimentary primary care provided and the limited number of cases requiring modern medical care screened and referred elsewhere, by individuals with a relatively low level of education and light training.

9. If this is a reasonable view, there seems to be little doubt that our future projects ought to go in the direction of supporting this type of a system. Our comparative advantage will undoubtedly continue to be hardware, but the buildings we finance should perhaps be simpler than in the past, and I suspect the case for rural maternity beds is probably not very strong. Do you think we know enough firmly to be able to proceed on these assumptions to full-scale Bank projects or do we still need much smaller experiments? And to what extent should we try to insist on this model against the more conventional physician-based systems likely to be preferred by most health ministries? In this respect I was rather surprised by your remarks which implied that it is the Bank rather than national governments which are conservative with respect to innovation.

10. If this is correct, it might tend to worsen our image with respect to our apparent lack of humility. Here I was also surprised by your comments. Bank staff are used to being told that they are excessively arrogant and insensitive but my impression is that the population staff of the Bank has been much more conscious of national sensitivities than those in more established fields, because the whole subject is so politically sensitive in many countries. It is inevitable that any banker, however sympathetic to his clients' objectives, will review loan proposals with a skeptical and disciplined eye. And inevitably the Bank finds itself having to take sides on controversial issues. I do not know to what extent it is currently the case for population projects, but I rather suspect that if we move more into the health sector, quite a number of finance and planning ministries, who are the Bank's main points of contact with most countries, are going to look on the Bank's involvement as a way of imposing some sort of managerial discipline on health ministries that are regarded as inefficient and wasteful. Since I think the planning ministries are often correct, this is probably a role the Bank should accept but one must recognize that we shall draw blame as well as praise for doing so. On page 60 you suggest that we accept invitations, if offered, to set up a task force to make policy recommendations on topics including some of the most politically sensitive of all - such as the terms on which a central government makes funds available to local authorities. It must be recognized that few countries are politically monolithic. No matter from what source

such an invitation comes, our recommendations would not be universally loved, and there will therefore be some people who will regard us as "heavy-handed" or even "dictatorial".

TKing/yvw

cc: Messrs. Chenery, Karaosmanoglu
Baum, van der Tak, Kanagaratnam, Baldwin, Messenger
Avramovic, Gulhati, Stoutjesdijk, Little
ECPH Members

AUG 2 1976

~~Cheney/AA~~
File

8/4 To Dr. Cheney
HPL's please work
with Bernard to remove
the translation to the week.

also develops the thesis that because Venezuela, at least once in its past, adapted to a sudden steep increase in its foreign exchange revenues, the sudden rise in oil prices in 1973 may not require a basic structural shift but only an acceleration of its existing development strategy.

Delays
and
processing
Economic
Reports
central
to be
present
had
long.
Lena

33. In Mexico the latest report discusses the costs and benefits of Government policies undertaken in the '70s in order to promote social progress. It also deals with the delicate issue of the slow erosion of the competitive capacity of Mexican industrial exports.

34. The Basic Economic Report on Peru, now in preparation, will focus on the long-term problems, employment creation and growth with particular emphasis on income distribution and on major long-term constraints (demographic pressure, water, energy and food). The report on Honduras, which is in grey cover and which is more comprehensive than most updating reports, will examine the long-term stagnation of the economy and trade-offs between alternative public investments in the future. In Bolivia, a special study on mining and metallurgy is being circulated in green cover as part of the Bank's assessment of Bolivia's improved longer-term prospects, while for Uruguay the forthcoming Economic Memorandum is expected to be accompanied by separate sector studies on power, agriculture and urban problems. The forthcoming report on Surinam will be of particular interest since it will be the first since full independence was achieved.

35. Discussions of the Country Economic Memorandum with the Government of Colombia focussed on the performance of the Government in its efforts to reduce inflation and adjust to the new external environment. The Government agreed with the mission's assessment of needs to increase investment and external borrowing. Discussions in Brazil focussed mainly on the country's policies for adjustment to the new world situation. In Honduras, the Government agreed with the mission's major finding that the proposed public investment plan for 1976-81 was very ambitious and that not all of it can be done at once because of fiscal as well as balance of payments constraints. The report proposed a lower investment level especially for the power sector.

VIII. PROGRAMMING PROBLEMS

36. Delays in excess of two months were experienced in the production of nine reports during the last quarter. Some problems are still being faced in obtaining efficient translation facilities, as in the case of the Ivory Coast Basic Report (scheduled now for November), while unforeseeable delays

ROUTING SLIP		DATE August 2, 1976	
NAME		ROOM NO.	
Messrs. Duloy/Ahluwalia		N234	
APPROPRIATE DISPOSITION	NOTE AND RETURN		
APPROVAL	NOTE AND SEND ON		
COMMENT	PER OUR CONVERSATION		
FOR ACTION	PER YOUR REQUEST		
INFORMATION	PREPARE REPLY		
INITIAL	RECOMMENDATION		
NOTE AND FILE	SIGNATURE		
REMARKS			
<p>"Please prepare a short comment for McNamara that AK can forward. My own view of the paper is rather negative. You might point out that the Korea study is an RPO and may have some more specific implications in the prototype framework."</p>			
FROM		ROOM NO.	EXTENSION
H. B. Chenery		E1239	3665

JUL 30 1976

OFFICE OF THE PRESIDENT

7/29

To Dr. Henry
Hillis, do you agree with
these conclusions.

If so, what implications
do they have for Bank Operations.

Good.

Duloy / Philinovich

Please prepare a short comment
for Mc Namara that AK can forward -
~~that~~ my own view of the paper is
rather negative - you might point out
that the Korea study is an RPO and
may have some more specific implications
in the prototype framework

DAE

POLICIES FOR EQUITABLE GROWTH

by

Irma Adelman

Cynthia Taft Morris

and

Sherman Robinson

(Given first at Boulder, Colo in April)

Lecture 2
Bicentennial Year Lecture Series
Economic Research Service
U. S. Department of Agriculture
May 1976

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Hollis B. Chenery *HBZ*

SUBJECT: Prospects for Developing Countries, 1977-85

DATE: July 23, 1976

1. Attached is the penultimate draft of the Prospects paper for your review and approval. It is being sent simultaneously to members of the President's Council with a request for comments by Thursday, July 29. I hope to review it with you on July 30 and to send the final version to the Board the following week.

2. The study follows the outline reviewed with you earlier. In comparison to the past two Prospects papers, it is based more on country analyses and relies less heavily on the "model" projections, which are given in summary form in Chapters V and VI. Technical material is put in the annexes to the extent possible.

3. In hopes of producing a factual and non-controversial analysis that could be released to the public--perhaps at the time of your Governors' speech--we have avoided detailed discussions of politically controversial issues. A separate paper on debt is being prepared for management, so that we do not go beyond the conventional country groups in discussing that topic. Since your Governors' speech contains recommendations on aid levels and the role of the Bank, this study provides only the background analysis for these topics. It would, however, be easy to strengthen the policy implications if you so desire.

Attachment

HBChenery:nff

cc: President's Council